

TEHO Takes An Impairment Charge of S\$18.7 million In Its FY2016 Results

- *Excluding the impairment charge and a realised revaluation reserve of S\$9.7 million, TEHO achieved underlying profit before tax of S\$4.7 million*
- *The Group registered a loss for the year of S\$23.8 million mainly due to an impairment charge of S\$18.7 million comprising goodwill, property, plant and equipment, and investment in associates*
- *TEHO is focused on taking proactive measures to keep costs low, monitor credit risk exposure and maintain optimal amount of inventory*

Financial Highlights

S\$ million	FY2016	FY2015	Change (%)
Revenue	57.4	61.7	(6.9)
Gross Profit	17.9	18.7	(4.1)
Gross Profit Margin (%)	31.2	30.3	0.9 (percentage points)
Loss Before Tax*	(23.7)	(7.5)	217.3
Attributable Loss	(23.8)	(7.6)	212.6

*The underlying profit before tax for FY2016 is shown below, in S\$ million:

Loss before tax	(23.7)
Impairment losses on goodwill, property, plant and equipment, and investment in associates	18.7
	(5.0)
Realised revaluation reserve upon completion of disposal of property at 47 Tuas Avenue 9	9.7
Underlying profit before tax	4.7

Singapore, 26 August 2016 - TEHO International (or the “Group”), a leading offshore marine and engineering equipment and service provider as well as property developer, has recorded a full year loss before tax of S\$23.7 million for the 12 months ended 30 June 2016 (“FY2016”) compared to a loss before tax of S\$7.5 million a year ago. Most of the reported

full year operating losses for FY2016 was due to impairment charges of S\$2.3 million for the Marine, Offshore Oil and Gas Segment and S\$16.4 million for the Property Segment.

Although the Group took an impairment charge on goodwill in the Marine, Offshore Oil and Gas segment which amounted to S\$2.3 million, this was more than offset by the S\$9.7 million in the realised revaluation reserve following its disposal of its property at Tuas. Taken together, the Marine, Offshore Oil and Gas segment's underlying profit was S\$12.0 million for the year.

Commenting on the current operating environment, Mr Lim See Hoe, Executive Chairman and CEO of TEHO International, explains, **“With challenging industry conditions in our key segments, our approach during this period is to proactively take measures to keep our costs low, closely monitor our credit risk exposure and maintain an optimal amount of inventory so that we stay operationally lean and fit to ride out the troughs. However, I am encouraged that our Marine, Offshore Oil and Gas segment has shown resilience.”**

Looking ahead at the Marine, Offshore Oil and Gas segment, TEHO International is exploring new markets for its products. It is also reaching out to customers in new geographical areas and industries to identify new sources of income. Improving on its operational efficiency also remains a key strategy for the Group amidst the industry weakness. In Europe, its wholly-owned unit announced in April 2016 an acquisition of a freehold property in The Netherlands to consolidate the Group's Rotterdam operations with the objective of raising operating efficiency.

The Group's Property segment was challenged by a combination of unfavourable macro-economic conditions in the condominium sector in Phnom Penh, Cambodia, as well as the lacklustre property market landscape in Singapore. “The Bay” project in Cambodia is faced with unfavourable macro-economic outlook in the condominium sector in Phnom Penh. There is a heightened risk of oversupply of condominiums which is expected to increase significantly through to 2018. In the best interests of the Group's “The Bay” project, and having considered the market conditions in Phnom Penh and other factors, the Group and its joint venture partner have decided to put on hold the residential development phase of the project. The Group is currently working together with its joint venture partner in assessing the market changes and repositioning the development project.

Note to readers: Please read this press release in conjunction with the results announcement that is released concurrently on the SGXNet

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About TEHO International

TEHO International is a global, diversified holding company specialising in offshore marine, engineering and property development. The company has been listed on the Singapore Stock Exchange Catalist Board since 2009. Originally established as a small local rigging and mooring company in 1986, TEHO International adopted an organic and inorganic growth approach to expand its businesses, creating synergy with the provision of related products and services. In May 2014, TEHO International diversified into property investment and development through its acquisition of two Singapore-based property companies.

At present, the Group offers products, services and solutions to customers across a wide range of economic sectors, including marine, offshore oil and gas and real estate. TEHO International's network spans across South East Asia, East Asia, Europe and North America.

For more information, please go to www.teho.com.sg

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