

TEHO INTERNATIONAL INC LTD.

(Company Registration No: 200811433K)
(Incorporated in the Republic of Singapore)

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Company's Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A consolidated statement of comprehensive income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of profit or loss

Half Year ended 31 December 2016

	Group		Change
	Half Year Ended		
	31 Dec 2016	31 Dec 2015	
	Unaudited	Unaudited	
	\$	\$	%
Revenue	26,551,171	27,133,822	(2.1)
Cost of sales	(17,918,199)	(18,492,991)	(3.1)
Gross profit	8,632,972	8,640,831	(0.1)
Other income	1,930,858	844,732	128.6
Distribution expenses	(888,275)	(1,666,293)	(46.7)
Administrative expenses	(6,608,307)	(6,804,915)	(2.9)
Other operating expenses	(2,826,521)	(3,575,358)	(20.9)
Results from operating activities	240,727	(2,561,003)	n.m.
Finance income	1,344	1,587	(15.3)
Finance costs	(480,285)	(535,012)	(10.2)
Net finance costs	(478,941)	(533,425)	(10.2)
Loss before tax	(238,214)	(3,094,428)	(92.3)
Tax (expense) / credit	(23,210)	44,616	n.m.
Loss for the period	(261,424)	(3,049,812)	(91.4)
Loss attributable to:			
Owners of the Company	(261,424)	(3,035,354)	(91.4)
Non-controlling interests	-	(14,458)	n.m.
Loss for the period	(261,424)	(3,049,812)	(91.4)
Loss per share			
Basic and diluted (cents)	(0.11)	(1.30)	(91.5)

1(a)(i) A consolidated statement of comprehensive income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated statement of comprehensive income
Half Year ended 31 December 2016**

	Group		Change
	31 Dec 2016	31 Dec 2015	
	Unaudited	Unaudited	
	\$	\$	%
Loss for the period	(261,424)	(3,049,812)	(91.4)
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
Foreign currency translation differences, net of tax	1,232,731	1,285,014	(4.1)
Other comprehensive income for the period, net of tax	1,232,731	1,285,014	(4.1)
Total comprehensive income / (loss) for the period	971,307	(1,764,798)	n.m.
Total comprehensive income attributable to:			
Owners of the Company	679,816	(2,883,789)	n.m.
Non-controlling interests	291,491	1,118,991	(74.0)
Total comprehensive income / (loss) for the period	971,307	(1,764,798)	n.m.

1(a)(ii) Notes to the consolidated statement of comprehensive income

	Group		Change
	31 Dec 2016	31 Dec 2015	
	Unaudited	Unaudited	
	\$	\$	%
Allowance for impairment on trade receivables	–	(125,127)	n.m.
Amortisation of intangible assets	(232,000)	(262,611)	(11.7)
Depreciation	(872,858)	(958,291)	(8.9)
Fair value gain on derivatives	–	355,889	n.m.
Foreign exchange gain, net	522,496	98,862	428.5
Interest income	1,344	1,587	(15.3)
Interest expense	(480,285)	(535,012)	(10.2)
(Loss) / Gain on disposal of plant and equipment	(1,776)	183,477	n.m.
Over provision of tax in respect of prior years	152,280	331	45,906.0

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

As at 31 December 2016

	Group		Company	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	Unaudited \$	Audited \$	Unaudited \$	Audited \$
Assets				
Property, plant and equipment	25,847,797	24,241,153	106,564	128,548
Intangible assets	2,092,018	2,324,018	–	–
Investment in subsidiaries	–	–	25,415,814	25,315,814
Investment in associates	–	–	–	–
Other receivables	–	–	1,006,776	1,205,792
Non-current assets	27,939,815	26,565,171	26,529,154	26,650,154
Inventories	21,774,014	22,057,845	–	–
Development properties	47,632,660	45,175,070	–	–
Trade and other receivables	15,518,777	16,278,109	22,861,900	21,336,937
Cash and cash equivalents	5,202,502	7,795,289	33,257	307,646
Current assets	90,127,953	91,306,313	22,895,157	21,644,583
Total assets	118,067,768	117,871,484	49,424,311	48,294,737
Equity				
Share capital	32,922,108	32,922,108	32,922,108	32,922,108
Other reserves	13,405,103	12,637,220	–	–
Accumulated losses	(5,098,629)	(5,046,069)	(22,108,214)	(23,569,946)
Equity attributable to owners of the Company	41,228,582	40,513,259	10,813,894	9,352,162
Non-controlling interests	21,857,880	21,566,389	–	–
Total equity	63,086,462	62,079,648	10,813,894	9,352,162
Liabilities				
Loans and borrowings	22,623,343	21,226,900	–	–
Other payables	–	–	1,006,776	1,205,792
Deferred tax liabilities	2,524,743	2,599,208	–	–
Non-current liabilities	25,148,086	23,826,108	1,006,776	1,205,792
Loans and borrowings	22,493,019	22,473,816	–	–
Current tax liabilities	501,431	939,663	2,680	5,607
Trade and other payables	6,838,770	8,552,249	37,600,961	37,731,176
Current liabilities	29,833,220	31,965,728	37,603,641	37,736,783
Total liabilities	54,981,306	55,791,836	38,610,417	38,942,575
Total equity and liabilities	118,067,768	117,871,484	49,424,311	48,294,737

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

As at 31 Dec 2016		As at 30 Jun 2016	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
22,493,019	–	22,473,816	–

Amount repayable after one year

As at 31 Dec 2016		As at 30 Jun 2016	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
22,623,343	–	21,226,900	–

Details of collateral

The bank borrowings are secured by corporate guarantee by the Company, first charge on the Group's leasehold land and buildings, and legal mortgages on the Group's development properties. Finance leases are secured by charge over the leased assets.

1(c) A statement of cash flow (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Cash Flows
Half Year ended 31 December 2016**

	Group	
	31 Dec 2016	31 Dec 2015
	Unaudited	Unaudited
	\$	\$
<u>Cash flows from operating activities</u>		
Loss before tax	(238,214)	(3,094,428)
Adjustments for:		
Amortisation of intangible assets	232,000	262,611
Allowance for impairment on trade receivables, net	–	125,127
Bad debts written off	177	–
Depreciation	872,858	958,291
Fair value gain on derivatives	–	(355,889)
Loss / (Gain) on disposal of plant and equipment	1,776	(183,477)
Net finance costs	478,941	655,340
Operating cash flows before changes in working capital	<u>1,347,538</u>	<u>(1,632,425)</u>
Changes in:		
- Inventories	379,119	637,160
- Development properties	(1,942,443)	6,021,285
- Trade and other receivables	1,183,257	888,387
- Trade and other payables	<u>(1,515,284)</u>	<u>995,381</u>
Cash (used in) / generated from operations	(547,813)	6,909,788
Income taxes paid	<u>(500,400)</u>	<u>(295,120)</u>
Net cash (used in) / from operating activities	<u>(1,048,213)</u>	<u>6,614,668</u>
<u>Cash flows from investing activities</u>		
Acquisition of property, plant and equipment ^(Note 1)	(935,429)	(2,065,122)
Proceeds from disposal of plant and equipment	–	183,477
Payment of deferred consideration	–	(2,000,000)
Payment of contingent consideration	–	(78,924)
Interest received	1,344	1,587
Net cash used in investing activities	<u>(934,085)</u>	<u>(3,958,982)</u>
<u>Cash flows from financing activities</u>		
Payment of finance lease liabilities	(8,252)	(90,450)
Acquisition of non-controlling interests	–	(101,863)
Proceeds from loans and borrowings	8,376,400	3,296,958
Repayment of loans and borrowings	(8,479,502)	(12,971,729)
Interest paid	<u>(480,285)</u>	<u>(656,927)</u>
Net cash used in financing activities	<u>(591,639)</u>	<u>(10,524,011)</u>

Consolidated Statement of Cash Flows (continued)
Half Year ended 31 December 2016

	Group	
	31 Dec 2016	31 Dec 2015
	Unaudited	Unaudited
	\$	\$
Net decrease in cash and cash equivalents	(2,573,937)	(7,868,325)
Cash and cash equivalents at 1 Jul	7,782,289	13,731,705
Effect of exchange rate fluctuations on cash held	(18,850)	20,023
Cash and cash equivalents at 31 Dec ^(Note 2)	<u>5,189,502</u>	<u>5,883,403</u>
 <u>Note 1</u>		
Additions of property, plant and equipment	2,462,429	2,065,122
Funded by bank loans	(1,527,000)	–
Cash used in acquisition of property, plant and equipment	<u>935,429</u>	<u>2,065,122</u>
 <u>Note 2</u>		
Cash and cash equivalents	5,202,502	5,896,403
Cash pledged for bank facilities	(13,000)	(13,000)
Cash and cash equivalents at 31 Dec	<u>5,189,502</u>	<u>5,883,403</u>

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity

	Attributable to owners of the Company				Total \$	Non- controlling interests \$	Total equity \$
	Share capital \$	Foreign currency translation reserve \$	Revaluation reserve \$	Retained earnings/ (Accumulated losses) \$			
Group							
At 1 July 2016	32,922,108	97,712	12,539,508	(5,046,069)	40,513,259	21,566,389	62,079,648
Total comprehensive income for the period							
Loss for the period	–	–	–	(261,424)	(261,424)	–	(261,424)
Foreign currency translation differences	–	941,240	–	–	941,240	291,491	1,232,731
Total comprehensive income for the period	–	941,240	–	(261,424)	679,816	291,491	971,307
Others							
Transfer to retained earnings	–	–	(173,357)	173,357	–	–	–
Deferred tax income credited directly to equity	–	–	–	35,507	35,507	–	35,507
Total others	–	–	(173,357)	208,864	35,507	–	35,507
At 31 December 2016	32,922,108	1,038,952	12,366,151	(5,098,629)	41,228,582	21,857,880	63,086,462

Statement of changes in equity

	Attributable to owners of the Company				Total \$	Non- controlling interests \$	Total equity \$
	Share capital \$	Foreign currency translation reserve \$	Revaluation reserve \$	Retained earnings/ (Accumulated losses) \$			
Group							
At 1 July 2015	32,922,108	170,984	22,735,731	6,484,524	62,313,347	21,471,659	83,785,006
Total comprehensive loss for the period							
Loss for the period	–	–	–	(3,035,354)	(3,035,354)	(14,458)	(3,049,812)
Foreign currency translation differences	–	151,565	–	–	151,565	1,133,449	1,285,014
Total comprehensive loss for the period	–	151,565	–	(3,035,354)	(2,883,789)	1,118,991	(1,764,798)
Others							
Transfer to retained earnings	–	–	(287,886)	287,886	–	–	–
Deferred tax income credited directly to equity	–	–	–	58,965	58,965	–	58,965
Total others	–	–	(287,886)	346,851	58,965	–	58,965
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	(101,863)	(101,863)
At 31 December 2015	32,922,108	322,549	22,447,845	3,796,021	59,488,523	22,488,787	81,977,310

Statement of changes in equity

Company	Share capital \$	Accumulated losses \$	Total equity \$
At 1 July 2016	32,922,108	(23,569,946)	9,352,162
Total comprehensive income for the period	–	1,461,732	1,461,732
At 31 December 2016	32,922,108	(22,108,214)	10,813,894
At 1 July 2015	32,922,108	(2,180,632)	30,741,476
Total comprehensive loss for the period	–	(610,466)	(610,466)
At 31 December 2015	32,922,108	(2,791,098)	30,131,010

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the share capital of the Company since 30 June 2016 up to 31 December 2016. As at 30 June 2016 and 31 December 2016, the share capital of the company comprised 233,324,614 ordinary shares. As at 31 December 2016 and 31 December 2015, the Company had no outstanding convertibles or treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31 Dec 2016	As at 30 Jun 2016
Total number of issued shares (excluding treasury shares)	233,324,614	233,324,614

The Company did not have treasury shares as at 31 December 2016 and 30 June 2016.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have treasury shares during the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and method of computations in the financial statement for the current financial period as those applied to the audited financial statements for the financial year ended 30 June 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

Earnings per ordinary share for the period based on profit attributable to owners of the parent, net of tax:

	Group	
	Half Year ended 31 Dec 2016 Unaudited	Half Year ended 31 Dec 2015 Unaudited
(i) Based on weighted average number of ordinary shares in issue (cents)	(0.11)	(1.30)
Weighted average number of ordinary shares	233,324,614	233,324,614
(ii) On a fully diluted basis (cents)	(0.11)	(1.30)
Weighted average number of ordinary shares	233,324,614	233,324,614

The basic and diluted earnings per share of the Group were the same for both reporting periods as the Company did not have any potentially dilutive instruments.

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group As at		Company As at	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
Net asset value per ordinary share (cents)	27.04	17.36	4.63	4.01
Number of shares in issue	233,324,614	233,324,614	233,324,614	233,324,614

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Financial Performance Review

Revenue

Revenue decreased by \$0.5 million or 2.1% to \$26.6 million for the financial period ended 31 December 2016 ("HY2017") from \$27.1 million for the financial period ended 31 December 2015 ("HY2016"). The decrease was mainly due to the following:

- Marine & Offshore Segment revenue declined by \$0.1 million or 0.4%. The decline was mainly attributable to decreased revenue contribution from customers in the offshore oil & gas industries, partially offset by a marginal improvement in revenue contribution from customers in the marine and related industries.
- Revenue from the Property Development Segment decreased by \$0.4 million as compared to HY2016. Revenue attributable to the property agency and international marketing activities declined by \$0.2 million and revenue contribution from the property consultancy business decreased by \$0.2 million. The business was negatively affected due to its exposure to the Singapore property market, which remained subdued as a consequence of the cooling measures implemented by the Singapore government.

Gross profit

Gross profit remained stable at \$8.6 million in HY2017 as compared to HY2016.

Overall, the Group's Gross Profit Margin increased to 32.5% in HY2017 as compared to 31.8% in HY2016.

- Marine & Offshore Segment contributed gross profit of \$8.1 million to the Group in HY2017, similar to the contribution made in HY2016. The decrease in gross profit contribution from customers in the offshore oil & gas industries was offset by the increase in gross profit contribution from customers in the marine industry.
- Property Development Segment contributed gross profit of \$0.5 million to the Group in HY2017, similar to that in HY2016.

Other income

Other income increased by \$1.1 million or 128.6% to \$1.9 million in HY2017 from \$0.8 million in HY2016. The increase of \$1.6 million was mainly due to the following:

- Commission income, one-off compensation received from a vendor, foreign exchange gain and sundry income increased by \$0.4 million each respectively.

The increase in other income was offset by the following:

- An absence of fair value gain on derivatives of \$0.3 million in HY2017 compared to HY2016 as the Group did not have outstanding derivatives as at 31 December 2016.
- A reduction in gain on disposal of plant and equipment of \$0.2 million in HY2017 as compared to HY2016.

Distribution expenses

Distribution expenses decreased by \$0.8 million or 46.7% to \$0.9 million in HY2017 from \$1.7 million in HY2016. This was mainly due to the Group and its joint venture partner's decision to put on hold the residential development phase of "The Bay" project, thus, the Group did not incur advertising, travelling and marketing costs in relation to this project during HY2017.

Administrative expenses

Administrative expenses decreased by \$0.2 million or 2.9% to \$6.6 million in HY2017 from \$6.8 million in HY2016. The decrease was mainly due to the following:

- Employee benefits expenses decreased by \$0.3 million mainly due to a decrease in headcount and average staff remuneration in the Property Development Segment.

The decrease in administrative expenses was offset by the following:

- Professional fees increased by \$0.1 million mainly due to fees incurred for tax and compliance reviews.

Other operating expenses

Other operating expenses decreased by \$0.8 million or 20.9% to \$2.8 million in HY2017 from \$3.6 million in HY2016. The decrease was mainly due to the following:

- Staff welfare, entertainment and refreshment expenses decreased by \$0.5 million.
- An absence of allowance for doubtful debts of \$0.1 million in HY2017 as compared to HY2016. Although additional allowance for doubtful debts was made, these were offset by doubtful debts that were recovered during the period.
- Depreciation charges for Property Development Segment decreased by \$0.1 million mainly due to disposal of assets as a result of the closure of the segment's office in Taiwan in HY2016.

Finance income

The Group's finance income, comprising mainly interest income, remained insignificant in HY2017.

Finance costs

Finance costs remained at \$0.5 million in HY2017, similar to that incurred in HY2016.

Income tax expense

There was an income tax expense of approximately \$23,000 in HY2017 compared to an income tax credit of approximately \$45,000 in HY2016. The income tax credit in HY2016 was attributable mainly to deferred tax income.

Loss before tax

Combining the profit before tax of \$1.3 million for the Marine & Offshore Segment, loss before tax of \$1.1 million for the Property Development Segment and the unallocated head office expenses of \$0.4 million, the Group's loss before tax is \$0.2 million in HY2017 as compared to a loss before tax of \$3.1 million in HY2016.

Total comprehensive income / (loss) for the period

After accounting for foreign currency translation, the total comprehensive income for HY2017 is \$1.0 million, compared to a total comprehensive loss of \$1.8 million in HY2016.

Balance Sheet Review

Non-current assets

Non-current assets increased by \$1.3 million or 5.2% to \$27.9 million as at 31 December 2016 from \$26.6 million as at 30 June 2016. The increase was mainly due to the following:

- Property, plant and equipment increased by \$1.6 million. The increase was mainly due to the Group's acquisition of the property located at Nikkelstraat 19 in Ridderkerk (2984 AM), The Netherlands. The acquisition, which contributed to an increase in the Group's property, plant and equipment amounting to \$2.5 million, was completed on 1 September 2016. This was offset by depreciation charges for the period of \$0.9 million.
- No material changes to intangible assets. The slight decrease in intangible assets of \$0.2 million was due to amortisation charges for the period.

Current assets

Current assets decreased by \$1.2 million or 1.3% to \$90.1 million as at 31 December 2016 from \$91.3 million as at 30 June 2016. The decrease was due to the following:

- Inventories decreased marginally by \$0.2 million. Inventory turnover days in HY2017 increased to 237 days from 228 days in the financial year ended 30 June 2016 ("FY2016") even though inventories decreased marginally due to the decrease in annualised cost of goods sold in HY2017 as compared to FY2016.
- Trade and other receivables decreased by \$0.8 million. Trade and other receivables turnover days increased marginally to 107 days in HY2017 from 104 days in FY2016. Trade and other receivables includes a receivable of \$1.1 million arising from the Group's claim against the vendors of shares in TIEC Holdings Pte. Ltd. due to their non-compliance of certain contractual obligations under a sale and purchase agreement dated 20 March 2014 and a deed of indemnity entered in relation thereto.
- Cash and cash equivalents decreased by \$2.6 million. Please refer to the "Cash Flows Review" section below for details.

The decreases above were offset by:

- Development properties increased by \$2.4 million. Currency translation differences due to the strengthening of the United States dollar vis-à-vis the Singapore dollar contributed \$1.7 million to the increase in development properties. The remaining increase of \$0.7 million was due to costs incurred on the Elite Residences project located at Elite Terrace, Singapore.

Non-current liabilities

Non-current liabilities increased by \$1.3 million or 5.5% to \$25.1 million as at 31 December 2016 from \$23.8 million as at 30 June 2016. The increase was due to the following:

- Loans and borrowings (non-current portion) increased by \$1.4 million, mainly due to a bank loan obtained to fund the acquisition of the property located at Nikkelstraat 19 in Ridderkerk (2984 AM), The Netherlands.

The increase was offset by:

- Deferred tax liabilities decreased by \$0.1 million. The decrease relates to amortisation of intangible assets and depreciation of the Group's revalued properties.

Current liabilities

Current liabilities decreased by \$2.2 million or 6.7% to \$29.8 million as at 31 December 2016 from \$32.0 million as at 30 June 2016.

The decrease was due to the following:

- Trade and other payables decreased by \$1.8 million mainly as a result of the Group providing refunds of deposits made by buyers of the residential development phase of "The Bay" project.
- Current tax liabilities decreased by \$0.4 million as payments were made throughout the financial period.

Shareholders' equity

Shareholders' equity increased by \$1.0 million or 1.6% to \$63.1 million as at 31 December 2016 from \$62.1 million as at 30 June 2016. The increase was mainly due to the following:

- Total comprehensive income for HY2017 amounted to \$1.0 million.

Cash Flows Review

Cash flows from operating activities

Operating cash inflows before changes in working capital was \$1.3 million in HY2017. Net cash outflow from working capital was \$1.8 million due to the following:

- Cash inflows arising from a decrease in inventories of \$0.4 million
- Cash outflows arising from an increase in development properties of \$1.9 million
- Cash inflows arising from a decrease in trade and other receivables of \$1.2 million
- Cash outflows arising from a decrease in trade and other payables of \$1.5 million

After deducting income taxes paid of \$0.5 million, net cash used in operating activities in HY2017 was \$1.0 million.

Cash flows from investing activities

Net cash used in investing activities in HY2017 was \$0.9 million, attributable to the following:

- Cash used for the acquisition of property, plant and equipment amounting to \$0.9 million.

Cash flows from financing activities

Net cash used in financing activities in HY2017 was \$0.6 million, attributable to the following:

- Repayment of bank borrowings amounting to \$8.5 million
- Interest paid of \$0.5 million

Partially offset by:

- Proceeds from bank borrowings amounting to \$8.4 million

As a result of the above, cash and cash equivalents as at 31 December 2016 decreased by \$2.6 million to \$5.2 million from \$7.8 million as at 30 June 2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

Marine & Offshore Segment

The Group's Marine & Offshore Segment expects the industries in which it operates remain challenging and uncertain. The International Monetary Fund ("IMF") is anticipating the lowest level of global gross domestic product ("GDP") growth since 2009, and this in turn is expected to generate a lower level of shipping demand¹. Credit rating agency Moody's outlook for the

¹ Source: BIMCO outlines shipping industry outlook for 2017.
<http://americanshipper.com/main/news/bimco-outlines-shipping-industry-outlook-for-2017-66398.aspx?source=Little4#hide>

global shipping industry in 2017 is negative, reflecting continued oversupply and a forecasted decline in earnings before interest, tax, depreciation and amortisation (“EBITDA”) of between 7% and 10% ². With fuel prices slowly rising and idle ships crowding the waters, low rates and tight margins will likely remain the norm in the global shipping industry.

Towards the end of 2016, oil-producing nations, both in and outside the Organization of the Petroleum Exporting Countries (“OPEC”), have reached a decision to reduce output, the first cut in over a decade. Amid renewed optimism, oil prices have since risen above US\$50 per barrel, almost double the low seen in February 2016. This is a positive sign for the Group’s Marine & Offshore Segment.

The Group is proactively taking measures to ensure that its Marine, Offshore Oil & Gas Segment remains competitive and resilient. In addition to keeping costs under control, the Group will continue to closely monitor its exposure to credit risks and to maintain an optimal amount of inventory. The Group is also exploring new markets for its products and is reaching out to customers in new geographical areas and industries to identify new sources of income.

Property Development Segment

In relation to the Property Development Segment, the Group expects the property landscape in Singapore to remain subdued as it continues to be affected by the various cooling measures previously implemented by the Singapore government.

The Group has obtained a Certificate of Statutory Completion for its Urban Heritage development project in January 2017. Barring unforeseen circumstances, the Group expects to complete the construction of its Elite Residence project by the end of 2017. As part of the Group’s turnaround efforts, the Group has appointed two new personnel to lead the Property Development Segment and to head the real estate agency business.

In relation to “The Bay” project, the Group and its joint venture partner have put on hold the residential development phase of the project as previously announced on 26 October 2016 and is still working with its joint venture partner to reposition the development. The Board will update shareholders on any material developments in due course and the Group will make further announcements as and when there are any subsequent developments.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period

No dividends were declared or recommended in the previous corresponding period.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable.

² Source: Moody’s: Global transportation industry outlook largely steady in 2017; shipping challenged by oversupply. <http://www.hellenicshippingnews.com/moodys-global-transportation-industry-outlook-largely-steady-in-2017-shipping-challenged-by-oversupply/>

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the half year ended 31 December 2016.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for Interested Person Transactions.

14. Confirmation by the Board Pursuant to Rule 705(5)

We, Lim See Hoe and Lim Siew Cheng, being two Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for half year ended 31 December 2016 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all of its directors and executive officers (in the format set out in Appendix 7H) under rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7H of the Listing Manual.

On behalf of the Board of Directors

Lim See Hoe
Executive Chairman and Chief Executive Officer

Lim Siew Cheng
Executive Director and Chief Operating Officer

10 February 2017