

**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 2017**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), 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 2017**

	<b>Group</b>		<b>Change</b>
	<b>Half Year Ended</b>		
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	
	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>Revenue</b>	<b>25,737,093</b>	<b>26,551,171</b>	(3.1)
Cost of sales	(17,910,947)	(17,918,199)	(0.0)
<b>Gross profit</b>	<b>7,826,146</b>	<b>8,632,972</b>	(9.3)
Other income	392,756	1,930,858	(79.7)
Distribution expenses	(1,259,718)	(888,275)	41.8
Administrative expenses	(6,760,883)	(6,608,307)	2.3
Other operating expenses	(2,399,229)	(2,826,521)	(15.1)
<b>Results from operating activities</b>	<b>(2,200,928)</b>	<b>240,727</b>	n.m.
Finance income	373	1,344	(72.2)
Finance costs	(550,631)	(480,285)	14.6
<b>Net finance costs</b>	<b>(550,258)</b>	<b>(478,941)</b>	14.9
<b>Loss before tax</b>	<b>(2,751,186)</b>	<b>(238,214)</b>	1,054.9
Tax credit / (expense)	400,302	(23,210)	n.m.
<b>Loss for the period</b>	<b>(2,350,884)</b>	<b>(261,424)</b>	799.3
<b>Loss attributable to:</b>			
Owners of the Company	(2,350,884)	(261,424)	799.3
Non-controlling interests	-	-	-
<b>Loss for the period</b>	<b>(2,350,884)</b>	<b>(261,424)</b>	799.3
<b>Loss per share</b>			
Basic (cents)	(1.01)	(0.11)	818.2
Diluted (cents)	(1.00)	(0.11)	809.1

n.m.: not meaningful.

**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 2017**

	<b>Group</b>		<b>Change</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	
	\$	\$	%
<b>Loss for the period</b>	<b>(2,350,884)</b>	<b>(261,424)</b>	799.3
<b>Other comprehensive (loss) / income</b>			
<b>Items that are or may be reclassified to profit or loss:</b>			
Foreign currency translation differences, net of tax	(720,579)	1,232,731	n.m.
<b>Other comprehensive (loss) / income for the period, net of tax</b>	<b>(720,579)</b>	<b>1,232,731</b>	n.m.
<b>Total comprehensive (loss) / income for the period</b>	<b>(3,071,463)</b>	<b>971,307</b>	n.m.
<b>Total comprehensive (loss) / income attributable to:</b>			
Owners of the Company	(2,415,746)	679,816	n.m.
Non-controlling interests	(655,717)	291,491	n.m.
<b>Total comprehensive (loss) / income for the period</b>	<b>(3,071,463)</b>	<b>971,307</b>	n.m.

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

	<b>Group</b>		<b>Change</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	
	\$	\$	%
Amortisation of intangible assets	–	(232,000)	n.m.
Bad debts written off	(1,756)	(177)	892.1
Depreciation	(736,282)	(872,858)	(15.6)
Fair value gain on derivatives	40,764	–	n.m.
Foreign exchange (loss) / gain, net	(29,128)	522,496	n.m.
Interest income	373	1,344	(72.2)
Interest expense	(550,631)	(480,285)	14.6
Gain / (Loss) on disposal of plant and equipment	7,890	(1,776)	n.m.
Over provision of tax in respect of prior years	467,162	152,280	206.8
Reversal of allowance for foreseeable loss on development properties	181,366	–	n.m.

**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 2017**

	Group		Company	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	Unaudited \$	Audited \$	Unaudited \$	Audited \$
<b>Assets</b>				
Property, plant and equipment	25,130,151	25,484,134	63,928	84,579
Intangible assets	–	–	–	–
Investment property	–	–	–	–
Investment in subsidiaries	–	–	18,860,852	18,831,877
Investment in associates	–	–	–	–
<b>Non-current assets</b>	<b>25,130,151</b>	<b>25,484,134</b>	<b>18,924,780</b>	<b>18,916,456</b>
Inventories	22,222,837	21,780,022	–	–
Development properties	38,122,948	40,188,525	–	–
Trade and other receivables	11,023,699	12,580,746	4,772,378	4,720,831
Cash and cash equivalents	6,397,901	7,781,629	40,954	88,127
<b>Current assets</b>	<b>77,767,385</b>	<b>82,330,922</b>	<b>4,813,332</b>	<b>4,808,958</b>
<b>Total assets</b>	<b>102,897,536</b>	<b>107,815,056</b>	<b>23,738,112</b>	<b>23,725,414</b>
<b>Equity</b>				
Share capital	32,922,108	32,922,108	32,922,108	32,922,108
Other reserves	12,130,305	12,354,349	14,175	–
Accumulated losses	(16,615,150)	(14,473,130)	(47,859,260)	(46,653,923)
<b>Equity attributable to owners of the Company</b>	<b>28,437,263</b>	<b>30,803,327</b>	<b>(14,922,977)</b>	<b>(13,731,815)</b>
Non-controlling interests	21,410,047	22,065,764	–	–
<b>Total equity</b>	<b>49,847,310</b>	<b>52,869,091</b>	<b>(14,922,977)</b>	<b>(13,731,815)</b>
<b>Liabilities</b>				
Loans and borrowings	25,764,610	27,732,409	–	–
Deferred tax liabilities	2,255,720	2,291,425	–	–
<b>Non-current liabilities</b>	<b>28,020,330</b>	<b>30,023,834</b>	<b>–</b>	<b>–</b>
Loans and borrowings	18,510,805	16,665,130	–	–
Current tax liabilities	59,869	708,158	7,140	10,201
Trade and other payables	6,459,222	7,548,843	38,653,949	37,447,028
<b>Current liabilities</b>	<b>25,029,896</b>	<b>24,922,131</b>	<b>38,661,089</b>	<b>37,457,229</b>
<b>Total liabilities</b>	<b>53,050,226</b>	<b>54,945,965</b>	<b>38,661,089</b>	<b>37,457,229</b>
<b>Total equity and liabilities</b>	<b>102,897,536</b>	<b>107,815,056</b>	<b>23,738,112</b>	<b>23,725,414</b>

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 2017		As at 30 Jun 2017	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
18,510,805	–	16,665,130	–

**Amount repayable after one year**

As at 31 Dec 2017		As at 30 Jun 2017	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
25,764,610	–	27,732,409	–

**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 2017**

	<b>Group</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>\$</b>	<b>\$</b>
<b><u>Cash flows from operating activities</u></b>		
Loss before tax	(2,751,186)	(238,214)
Adjustments for:		
Amortisation of intangible assets	–	232,000
Bad debts written off	1,756	177
Depreciation	736,282	872,858
Equity-settled share-based payment transactions	14,175	–
Fair value gain on derivatives	(40,764)	–
(Gain) / Loss on disposal of plant and equipment	(7,890)	1,776
Net finance costs	550,258	478,941
Reversal of allowance for foreseeable loss on development properties	(181,366)	–
Operating cash flows before changes in working capital	<u>(1,678,735)</u>	<u>1,347,538</u>
Changes in:		
- Inventories	(514,188)	379,119
- Development properties	2,127,203	(1,942,443)
- Trade and other receivables	1,311,419	1,183,257
- Trade and other payables	(1,164,263)	(1,515,284)
Cash generated from / (used in) operations	<u>81,436</u>	<u>(547,813)</u>
Tax paid	<u>(248,185)</u>	<u>(500,400)</u>
Net cash used in operating activities	<u>(166,749)</u>	<u>(1,048,213)</u>
<b><u>Cash flows from investing activities</u></b>		
Acquisition of property, plant and equipment <sup>(Note 1)</sup>	(344,653)	(935,429)
Proceeds from disposal of plant and equipment	7,890	–
Interest received	373	1,344
Net cash used in investing activities	<u>(336,390)</u>	<u>(934,085)</u>
<b><u>Cash flows from financing activities</u></b>		
Payment of finance lease liabilities	(8,634)	(8,252)
Proceeds from loans and borrowings	11,050,288	8,376,400
Repayment of loans and borrowings	(11,163,778)	(8,479,502)
Interest paid	(720,818)	(480,285)
Net cash used in financing activities	<u>(842,942)</u>	<u>(591,639)</u>

**Consolidated Statement of Cash Flows (continued)**  
**Half Year ended 31 December 2017**

	<b>Group</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>\$</b>	<b>\$</b>
Net decrease in cash and cash equivalents	(1,346,081)	(2,573,937)
Cash and cash equivalents at 1 Jul	7,781,629	7,782,289
Effect of exchange rate fluctuations on cash held	(37,647)	(18,850)
Cash and cash equivalents at 31 Dec <sup>(Note 2)</sup>	<u>6,397,901</u>	<u>5,189,502</u>
<u>Note 1</u>		
Additions of property, plant and equipment	344,653	2,462,429
Funded by bank loans	–	(1,527,000)
Cash used in acquisition of property, plant and equipment	<u>344,653</u>	<u>935,429</u>
<u>Note 2</u>		
Cash and cash equivalents	6,397,901	5,202,502
Cash pledged for bank facilities	–	(13,000)
Cash and cash equivalents at 31 Dec	<u>6,397,901</u>	<u>5,189,502</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						Non-controlling interests	Total equity
	Share capital	Foreign currency translation reserve	Revaluation reserve	Share-based compensation reserve	Accumulated losses	Total		
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Group</b>								
At 1 July 2017	32,922,108	161,556	12,192,793	–	(14,473,130)	30,803,327	22,065,764	52,869,091
<b>Total comprehensive loss for the period</b>								
Loss for the period	–	–	–	–	(2,350,884)	(2,350,884)	–	(2,350,884)
Foreign currency translation differences	–	(64,862)	–	–	–	(64,862)	(655,717)	(720,579)
<b>Total comprehensive loss for the period</b>	<b>–</b>	<b>(64,862)</b>	<b>–</b>	<b>–</b>	<b>(2,350,884)</b>	<b>(2,415,746)</b>	<b>(655,717)</b>	<b>(3,071,463)</b>
<b>Transactions with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Share-based payment transactions	–	–	–	14,175	–	14,175	–	14,175
<b>Others</b>								
Transfer to accumulated losses	–	–	(173,357)	–	173,357	–	–	–
Deferred tax income credited directly to equity	–	–	–	–	35,507	35,507	–	35,507
<b>Total others</b>	<b>–</b>	<b>–</b>	<b>(173,357)</b>	<b>–</b>	<b>208,864</b>	<b>35,507</b>	<b>–</b>	<b>35,507</b>
<b>At 31 December 2017</b>	<b>32,922,108</b>	<b>96,694</b>	<b>12,019,436</b>	<b>14,175</b>	<b>(16,615,150)</b>	<b>28,437,263</b>	<b>21,410,047</b>	<b>49,847,310</b>



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

**Statement of changes in equity**

<b>Company</b>	<b>Share capital \$</b>	<b>Share-based compensation reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>At 1 July 2017</b>	<b>32,922,108</b>	<b>–</b>	<b>(46,653,923)</b>	<b>(13,731,815)</b>
Total comprehensive loss for the period	–	–	(1,205,337)	(1,205,337)
Share-based payment transactions	–	14,175	–	14,175
<b>At 31 December 2017</b>	<b>32,922,108</b>	<b>14,175</b>	<b>(47,859,260)</b>	<b>(14,922,977)</b>
<b>At 1 July 2016</b>	<b>32,922,108</b>	<b>–</b>	<b>(23,569,946)</b>	<b>9,352,162</b>
Total comprehensive income for the period	–	–	1,461,732	1,461,732
<b>At 31 December 2016</b>	<b>32,922,108</b>	<b>–</b>	<b>(22,108,214)</b>	<b>10,813,894</b>

**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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017 up to 31 December 2017. As at 30 June 2017 and 31 December 2017, the share capital of the company comprised 233,324,614 ordinary shares.

#### Share Awards

At the extraordinary general meeting of the Company held on 25 October 2011, the shareholders of the Company approved the adoption of the TEHO Performance Share Plan. On 1 November 2017, the Company granted 2,100,000 share awards to its employees which will vest accordingly based on the prescribed timelines set by the Remuneration Committee of the Company.

A reconciliation of outstanding share awards from 1 July 2017 to 31 December 2017 is as follows:

<b>Outstanding Share Awards</b>	<b>Number of Shares</b>
<b>At 1 July 2017</b>	-
Forfeited during the period	-
Vested during the period	-
Granted during the period	2,100,000
<b>At 31 December 2017</b>	<u>2,100,000</u>

As at 31 December 2017, the 2,100,000 outstanding share awards in issue are convertible into 2,100,000 ordinary shares in the share capital of the Company (31 December 2016: Nil).

As at 31 December 2017 and 31 December 2016, save as disclosed above, the Company had no outstanding convertibles, treasury shares or subsidiary holdings.

**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.**

	<b>As at 31 Dec 2017</b>	<b>As at 30 Jun 2017</b>
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 2017 and 30 June 2017.

**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.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings 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 2017.

**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 2017 Unaudited	Half Year ended 31 Dec 2016 Unaudited
(i) Based on weighted average number of ordinary shares in issue (cents)	(1.01)	(0.11)
Weighted average number of ordinary shares	233,324,614	233,324,614
(ii) On a fully diluted basis (cents)	(1.00)	(0.11)
Weighted average number of ordinary shares	234,024,614	233,324,614

The basic and diluted earnings per share of the Group were the same for HY2017 as the Company did not have any potentially dilutive instruments as at the end of HY2017.

**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 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
Net asset value per ordinary share (cents)	12.19	13.20	(6.40)	(5.89)
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 \$0.9 million or 3.1% to \$25.7 million for the financial period ended 31 December 2017 ("HY2018") from \$26.6 million for the financial period ended 31 December 2016 ("HY2017"). The decrease was mainly due to the following:

- Marine & Offshore Segment revenue in HY2018 declined by \$2.8 million as compared to HY2017. The decline was mainly attributable to decreased revenue contribution from customers in the offshore oil & gas industries.
- Revenue from the Property Development Segment in HY2018 increased by \$1.9 million as compared to HY2017, mainly due to increased revenue contribution of \$2.3 million from the sale of units of the Elite Terrace development project, which is recognised on a percentage-of-completion basis. This increase was offset by a \$0.4 million decrease in revenue attributable to the property agency.

### *Gross profit*

The Group's gross profit of \$7.8 million in HY2018 decreased by \$0.8 million or 9.3% from \$8.6 million in HY2017. The Group's gross profit margin in HY2018 decreased to 30.4% in HY2018 as compared to 32.5% in HY2017.

- Marine & Offshore Segment contributed gross profit of \$7.4 million to the Group in HY2018 as compared to \$8.1 million in HY2017. The gross profit margin increased to 33.6% in HY2018 from 32.4% in HY2017.
- Property Development Segment contributed gross profit of \$0.4 million to the Group in HY2018 as compared to \$0.6 million in HY2017. The Elite Terrace development project contributed gross loss of \$0.2 million. This was offset by \$0.6 million gross profit contribution from the property agency and property consultancy business.

### *Other income*

Other income decreased by \$1.5 million or 79.7% to \$0.4 million in HY2018 from \$1.9 million in HY2017. The decrease of \$1.5 million was mainly due to the following:

- Commission income, compensation received from a vendor and sundry income decreased by \$1.0 million;
- Foreign exchange gain decreased by \$0.5 million.

### *Distribution expenses*

Distribution expenses increased by \$0.4 million or 41.8% to \$1.3 million in HY2018 from \$0.9 million in HY2017. This was mainly due to commission expense incurred on the sale of units of the Elite Terrace development project in HY2018. The Property Development Segment did not incur commission expense in HY2017.

### *Administrative expenses*

Administrative expenses increased by \$0.2 million or 2.3% to \$6.8 million in HY2018 from \$6.6 million in HY2017. The increase was mainly due to the following:

- Legal and professional fees increased by \$0.6 million to \$0.9 million in HY2018. These mainly relate to proceedings in the Company's announcements dated 24 January 2017, 4 April 2017, 16 May 2017 and 22 May 2017. As further announced on 14 January 2018, an amicable out-of-court settlement has been reached and accordingly, the increase in legal and professional fees is expected to be one-off.

The increase in administrative expenses was offset by the following:

- Employee benefits expenses and related staff costs decreased by \$0.4 million mainly due to a decrease in headcount in the Property Development Segment.

### *Other operating expenses*

Other operating expenses decreased by \$0.4 million or 15.1% to \$2.4 million in HY2018 from \$2.8 million in HY2017. The decrease was mainly due to the following:

- Amortisation of intangible assets decreased by \$0.2 million as intangible assets have been fully amortised and impaired as at the beginning of HY2018.
- Depreciation charges and rental expense decreased by \$0.2 million. The reduction in depreciation charges was mainly attributable to more equipment becoming fully depreciated in the Marine & Offshore Segment. The reduction in rental expense is due to the Property Development Segment's show flat rental expenses incurred in HY2017 which was no longer incurred in HY2018.

### *Finance income*

The Group's finance income, comprising mainly interest income, remained insignificant in HY2018.

### *Finance costs*

In HY2018, the Marine & Offshore Segment increased its usage of credit facilities. This resulted in an increase in finance costs in HY2018 of approximately \$70,000 as compared to HY2017. The loans and borrowings of the Property Development Segment did not have a significant impact to the Group's finance costs during HY2018 because most of the segment's finance costs are capitalised and included in the carrying amount of development properties.

### *Income tax expense*

There was an income tax credit of \$0.4 million in HY2018 as compared to an income tax expense of approximately \$23,000 in HY2017. The over provision of income tax was mainly due to the utilisation of group relief in respect of prior year's taxes.

### *Loss before tax*

Combining the profit before tax of \$27,000 for the Marine & Offshore Segment, loss before tax of \$1.6 million for the Property Development Segment and the unallocated head office expenses of \$1.2 million, the Group's loss before tax is \$2.8 million in HY2018 as compared to a loss before tax of \$0.2 million in HY2017.

### *Total comprehensive (loss) / income for the period*

As a result of foreign currency translation, the total comprehensive loss for HY2018 is \$3.1 million, compared to a total comprehensive income of \$1.0 million in HY2017.

## **Balance Sheet Review**

### *Non-current assets*

Non-current assets, comprising property, plant and equipment, decreased marginally to \$25.1 million as at 31 December 2017 from \$25.5 million as at 30 June 2017. This decrease was mainly due to the following:

- Depreciation of property, plant and equipment of \$0.7 million, offset by acquisition of property, plant and equipment of \$0.3 million.

### *Current assets*

Current assets decreased by \$4.5 million or 5.5% to \$77.8 million as at 31 December 2017 from \$82.3 million as at 30 June 2017. The decrease was due to the following (the amounts below do not add up due to rounding):

- Development properties decreased by \$2.1 million. Currency translation differences due to the weakening of the United States dollar vis-à-vis the Singapore dollar contributed \$0.7 million to the decrease in development properties. The remaining decrease of \$1.4 million was mainly due to further progress billings of the Elite Terrace development project during HY2018.
- Trade and other receivables decreased by \$1.6 million. Trade and other receivables turnover days decreased marginally from 79 days in financial year ended 30 June 2017 ("FY2017") to 78 days in HY2018.
- Cash and cash equivalents decreased by \$1.4 million. Please refer to the "Cash Flows Review" section below for details.

The decreases above were offset by:

- Inventories increased by \$0.4 million. Inventory turnover days in HY2017 increased to 273 days from 250 days in FY2017. The increase in inventory mainly relates to inventory held overseas by the Marine & Offshore Segment.

### *Non-current liabilities*

Non-current liabilities decreased by \$2.0 million or 6.7% to \$28.0 million as at 31 December 2017 from \$30.0 million as at 30 June 2017. The increase was due to the following:

- Loans and borrowings (non-current portion) decreased by \$2.0 million due to repayment of long-term loans and borrowings.

The increase above was offset by:

- Deferred tax liabilities decreased by approximately \$36,000. The decrease relates to depreciation of the Group's revalued properties.

### *Current liabilities*

Current liabilities increased marginally by \$0.1 million to \$25.0 million as at 31 December 2017 from \$24.9 million as at 30 June 2017. The increase was due to the following:

- Loans and borrowings (current portion) increased by \$1.8 million due to an increase in utilisation of short-term trade facilities and short-term revolving credit facilities.

The increase above was offset by the following:

- Current tax liabilities decreased by \$0.6 million as settlements were made throughout the financial period.
- Trade and other payables decreased by \$1.0 million. Turnover days for the Group's trade and other payables increased from 62 days in FY2017 to 66 days in HY2018, mainly attributable to the Property Development Segment.

### *Shareholders' equity*

Shareholders' equity decreased by \$3.1 million or 5.9% to \$49.8 million as at 31 December 2017 from \$52.9 million as at 30 June 2017. The decrease was mainly due to the following:

- Total comprehensive loss for HY2018 amounted to \$3.1 million.

## **Cash Flows Review**

### *Cash flows from operating activities*

Operating cash outflows before changes in working capital was \$1.7 million in HY2018. Net cash inflow from working capital was \$1.8 million due to the following (the amounts below do not add up due to rounding):

- Cash outflows arising from an increase in inventories of \$0.5 million;
- Cash inflows arising from a decrease in development properties of \$2.1 million;
- Cash inflows arising from a decrease in trade and other receivables of \$1.3 million; and
- Cash outflows arising from a decrease in trade and other payables of \$1.2 million

After deducting income taxes paid of \$0.2 million, net cash used in operating activities in HY2018 was \$0.2 million.

### *Cash flows used in investing activities*

Net cash used in investing activities in HY2018 was \$0.3 million which was mainly attributable to the purchase of property, plant and equipment.

### *Cash flows used in financing activities*

Net cash used in financing activities in HY2018 was \$0.8 million, attributable to the following:

- Interest paid of \$0.7 million;
- Repayment of bank borrowings and finance lease liabilities totalling \$11.2 million; and
- Proceeds from bank borrowings amounting to \$11.1 million.



As a result of the above, cash and cash equivalents decreased by \$1.3 million during HY2018. Cash and cash equivalents as at 31 December 2017 was \$6.4 million.

**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**

Towards the end of January 2018, oil prices have risen above US\$65 per barrel for the first time in more than three years. However, major industry players in the offshore sector have yet to commence new projects and are still waiting at the side-lines<sup>1</sup>. Despite the uncertainty in the near term, the Group views this as a positive sign for the Marine & Offshore Segment and will look out for new business opportunities in this sector.

**Property Development Segment**

The Group expects to complete the construction of its Elite Residence project by the end of FY2018. The Group will continue to look for property development opportunities in Singapore.

**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.

**(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.

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<sup>1</sup> Source: *Oil prices up, but O&M players are not rolling out the barrel*, The Straits Times, 24 January 2018.

**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 2017.

**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 2017 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

9 February 2018