

For immediate release

## TEHO Reports 2018 Half-Year Results

- Revenue decline in the Marine & Offshore Segment contributed to overall lower gross profit of S\$7.8 million in HY2018 compared to S\$8.6 million in HY2017
- Profitability was also impacted by rise in administrative expense mainly due to a one-off increase due to increase in legal fees where the suits had been amicably settled out of court
- The Group's Elite Terrace development is expected to receive its temporary occupation permit (TOP) in FY2018
- The Group continues to seek out new opportunities in new markets and products in the Marine & Offshore Segment

### *Financial Highlights*

| S\$ million         | HY2018 | HY2017 | Change (%) |
|---------------------|--------|--------|------------|
| Revenue             | 25.7   | 26.6   | (3.1)      |
| Gross Profit        | 7.8    | 8.6    | (9.3)      |
| Loss Before Tax     | (2.8)  | (0.2)  | n.m.       |
| Loss for the Period | (2.4)  | (0.3)  | n.m.       |

n.m.: not meaningful

**Singapore, 9 February 2018** - TEHO International Inc Ltd. (the "Company") and its subsidiaries (the "Group"), a leading offshore marine and engineering equipment and service provider as well as property developer, reported its half-year financial performance for the financial period ended 31 December 2017 ("HY2018").

The Group's revenue declined by S\$0.9 million or 3.1% to S\$25.7 million for HY2018 from S\$26.6 million for the same financial period last year ("HY2017"), largely due to lower revenue contribution from the Marine & Offshore Segment of S\$2.8 million, which was offset by an increase in revenue of S\$1.9 million from the Group's Property Development segment.

Revenue decline in the Marine & Offshore segment was largely due to a lower revenue contribution from customers in the offshore oil & gas industry. However, the Property Development Segment saw an increase in revenue largely from the increased revenue contribution of S\$2.3 million from the sale of units in Elite Terrace development project, which is recognised on a percentage-of-completion basis.

Accordingly, the Group saw a decrease in gross profit by S\$0.8 million or 9.3% to S\$7.8 million in HY2018 from S\$8.6 million in HY2017. The Marine & Offshore segment contributed S\$7.4 million to the Group's gross profit in HY2018 compared to S\$8.1 million in HY2017. Whilst the Property Development segment contributed S\$0.4 million to the Group's gross profit in HY2018 compared to S\$0.6 million in HY2017.

The Group's administrative expenses increased by S\$0.2 million or 2.3% to S\$6.8 million in HY2018, and this was mainly due to the increased legal and professional fees of S\$0.6 million to S\$0.9 million in HY2018. The increase is due to a legal and professional fee in relation to the amicable out-of-the-court settlement reached and as announced.

The Group's distribution expenses increased by S\$0.4 million or 41.8% to S\$1.3 million in HY2018 from S\$0.9 million in HY2017, largely due to commission expenses incurred from the sale of units of the Elite Terrace development project in HY2018.

Overall, the Group registered a net loss of S\$2.4 million for the period of HY2018 compared to a net loss of S\$0.3 million for the period of HY2017.

Commenting on the Group's performance in HY2018, Mr Lim See Hoe, Executive Chairman and CEO, said, **“Overall, this past half year was tough. We remain focused on navigating some of the challenges before us. There are positive developments we can look forward to for the rest of FY2018. For one, the possible receipt of the T.O.P. for Elite Terrace in FY2018 which would enable us to recognise significant revenue, beef up our working capital and strengthen our balance sheet. We are also heartened by the amicable out-of-court settlement of our legal suits. The stabilisation in oil prices towards the end of calendar year 2017 also bodes well for the offshore oil & gas industries.”**

## **Outlook for the Coming Year**

Overall the Group's outlook is one of cautious optimism. Oil prices have risen above US\$65 per barrel for the first time in more than three years towards the end of January 2018. 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 continue to look out for new business opportunities in this sector.

As part of the Group's efforts to provide value-added services to customers and to further strengthen its competitive advantage, the Group will continue to broaden and diversify inventory at its key stock points globally. The Group will also identify new locations for establishing new stock points to enhance the Group's distribution network for mooring and rigging products. In addition to growing its distribution network, the Group is open to exploring upstream joint ventures or acquisitions when the relevant opportunities arise.

In the Property Development Segment, the Group expects the pick-up in sentiment across the property landscape in Singapore to bode well for the Property Development Segment. The Group is also on track to complete the receipt of the T.O.P. (Temporary Occupation Permit) for its Elite Residence project by the end of FY2018 and will continue to look for more property development opportunities in Singapore.

*Note to readers: This press release should be read in conjunction with the results announcement that is released concurrently on the SGXNet.*

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## **About TEHO International Inc Ltd. ("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.

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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.

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](http://www.teho.com.sg)

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