

TEHO INTERNATIONAL INC LTD.

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

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 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
Year ended 30 June 2017**

	Group		Change %
	2017 Unaudited \$	2016 Audited \$	
Revenue	58,087,374	57,396,769	1.2
Cost of sales	(44,737,153)	(39,499,040)	13.3
Gross profit	13,350,221	17,897,729	(25.4)
Other income	1,239,465	2,986,628	(58.5)
Distribution expenses	(1,930,405)	(3,254,445)	(40.7)
Administrative expenses	(13,072,553)	(14,137,287)	(7.5)
Other operating expenses ^(Note 1)	(8,298,292)	(25,839,585)	(67.9)
Results from operating activities	(8,711,564)	(22,346,960)	(61.0)
Finance income	2,549	7,038	(63.8)
Finance costs	(1,022,146)	(1,321,650)	(22.7)
Net finance costs	(1,019,597)	(1,314,612)	(22.4)
Share of loss from associates	-	-	n.m.
Loss before tax	(9,731,161)	(23,661,572)	(58.9)
Tax expense	(113,629)	(168,085)	(32.4)
Loss for the year	(9,844,790)	(23,829,657)	(58.7)
Loss attributable to:			
Owners of the Company	(9,844,790)	(23,815,199)	(58.7)
Non-controlling interests	-	(14,458)	n.m.
Loss for the year	(9,844,790)	(23,829,657)	(58.7)
Loss per share			
Basic and diluted (cents)	(4.22)	(10.21)	(58.7)

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
Year ended 30 June 2017**

	Group		Change %
	2017 Unaudited \$	2016 Audited \$	
Loss for the year	(9,844,790)	(23,829,657)	(58.7)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences, net of tax	563,219	137,779	308.8
Other comprehensive income for the year, net of tax	563,219	137,779	308.8
Total comprehensive income for the year	(9,281,571)	(23,691,878)	(60.8)
Total comprehensive income attributable to:			
Owners of the Company	(9,780,946)	(23,888,471)	(59.1)
Non-controlling interests	499,375	196,593	154.0
Total comprehensive income for the year	(9,281,571)	(23,691,878)	(60.8)

Notes to the consolidated statement of profit or loss and consolidated statement of comprehensive income

Note 1:	2017 \$	2016 \$	Change %
Other operating expenses:			
Non-recurring expenses (impairment loss on goodwill and intangible assets, investment property, and investment in associates)	1,860,019	18,682,249	(90.0)
Other expenses	6,438,273	7,157,336	(10.0)
Total other operating expenses	8,298,292	25,839,585	(67.9)

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

	Group		Change %
	2017	2016	
	Unaudited \$	Audited \$	
Allowance for impairment on trade and other receivables	(705,198)	(228,246)	209.0
Allowance for foreseeable loss on development properties	(2,543,188)	(74,300)	3,322.9
Amortisation of intangible assets	(464,000)	(521,000)	(10.9)
Audit fees paid to:			
- auditors of the company	(238,500)	(254,951)	(6.5)
- other auditors	(41,440)	(51,654)	(19.8)
Non-audit fees paid to:			
- auditors of the company	(39,750)	(28,150)	41.2
Bad debts written off	(35,919)	(213,836)	(83.2)
Depreciation	(1,603,195)	(1,716,870)	(6.6)
Fair value gain on derivatives	–	319,477	n.m.
Foreign exchange gain / (losses), net	57,392	(46,752)	n.m.
(Loss) / Gain on disposal of property, plant and equipment	(3,307)	1,449,790	n.m.
Impairment loss on goodwill and intangible assets	(1,860,019)	(16,931,227)	(89.0)
Impairment loss on investment in associates	–	(113,654)	n.m.
Impairment loss on investment property	–	(1,637,368)	n.m.
Land rental	(220,812)	(451,888)	(51.1)
Operating lease expenses	(1,490,618)	(1,226,046)	21.6
Over provision of tax in respect of prior years	118,327	105,585	12.1
Revaluation loss on leasehold properties	(110,000)	–	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 30 June 2017**

	Group		Company	
	30 June 2017 Unaudited \$	30 June 2016 Audited \$	30 June 2017 Unaudited \$	30 June 2016 Audited \$
Assets				
Property, plant and equipment	25,484,134	24,241,153	84,579	128,548
Intangible assets	–	2,324,018	–	–
Investment in subsidiaries	–	–	18,831,877	25,315,814
Other receivables	–	–	–	1,205,792
Non-current assets	25,484,134	26,565,171	18,916,456	26,650,154
Inventories	21,780,022	22,057,845	–	–
Development properties	42,366,271	45,175,070	–	–
Trade and other receivables	12,580,746	16,278,109	4,720,831	21,336,937
Cash and cash equivalents	7,781,629	7,795,289	88,127	307,646
Current assets	84,508,668	91,306,313	4,808,958	21,644,583
Total assets	109,992,802	117,871,484	23,725,414	48,294,737
Equity				
Share capital	32,922,108	32,922,108	32,922,108	32,922,108
Other reserves	12,354,349	12,637,220	–	–
Accumulated losses	(14,473,130)	(5,046,069)	(46,653,923)	(23,569,946)
Equity attributable to owners of the Company	30,803,327	40,513,259	(13,731,815)	9,352,162
Non-controlling interests	22,065,764	21,566,389	–	–
Total equity	52,869,091	62,079,648	(13,731,815)	9,352,162
Liabilities				
Loans and borrowings	27,732,409	21,226,900	–	–
Other payables	–	–	–	1,205,792
Deferred tax liabilities	2,291,425	2,599,208	–	–
Non-current liabilities	30,023,834	23,826,108	–	1,205,792
Loans and borrowings	16,665,130	22,473,816	–	–
Current tax liabilities	708,158	939,663	10,201	5,607
Trade and other payables	9,726,589	8,552,249	37,447,028	37,731,176
Current liabilities	27,099,877	31,965,728	37,457,229	37,736,783
Total liabilities	57,123,711	55,791,836	37,457,229	38,942,575
Total equity and liabilities	109,992,802	117,871,484	23,725,414	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 30 June 2017 (\$)		As at 30 June 2016 (\$)	
Secured	Unsecured	Secured	Unsecured
16,665,130	–	22,473,816	–

Amount repayable after one year

As at 30 June 2017 (\$)		As at 30 June 2016 (\$)	
Secured	Unsecured	Secured	Unsecured
27,732,409	–	21,226,900	–

Details of collateral

The bank borrowings are secured by corporate guarantees 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
Year ended 30 June 2017**

	Group	
	2017 Unaudited \$	2016 Audited \$
<u>Cash flows from operating activities</u>		
Loss before tax	(9,731,161)	(23,661,572)
Adjustments for:		
Allowance for impairment on trade and other receivables	705,198	228,246
Allowance for foreseeable loss on development properties	2,543,188	74,300
Amortisation of intangible assets	464,000	521,000
Bad debts written off	35,919	213,836
Depreciation	1,603,195	1,716,870
Fair value gain on derivatives	–	(319,477)
Impairment loss on investment in associates	–	113,654
Impairment loss on goodwill and intangible assets	1,860,019	16,931,227
Impairment loss on investment property	–	1,637,368
Loss / (Gain) on disposal of plant and equipment	3,307	(1,449,790)
Net finance costs	1,019,597	1,314,612
Revaluation loss on leasehold properties	110,000	–
Operating cash flows before changes in working capital	<u>(1,386,738)</u>	<u>(2,679,726)</u>
Changes in:		
Inventories	325,588	1,436,965
Development properties	826,642	2,126,386
Trade and other receivables	3,148,401	838,676
Trade and other payables	1,267,065	2,817,249
Cash generated from operations	<u>4,180,958</u>	<u>4,539,550</u>
Tax paid	<u>(581,903)</u>	<u>(507,601)</u>
Net cash from operating activities	<u>3,599,055</u>	<u>4,031,949</u>
<u>Cash flows from investing activities</u>		
Acquisition of property, plant and equipment ^(Note 1)	(1,279,450)	(2,026,339)
Payment of contingent consideration	–	(78,924)
Payment of deferred consideration	–	(2,000,000)
Interest received	2,549	7,038
Proceeds from disposal of plant and equipment	6,433	14,642,463
Net cash (used in) / from investing activities	<u>(1,270,468)</u>	<u>10,544,238</u>

Consolidated Statement of Cash Flows (continued)
Year ended 30 June 2017

	Group	
	2017	2016
	Unaudited	Audited
	\$	\$
<u>Cash flows from financing activities</u>		
Acquisition of non-controlling interests	–	(101,863)
Cash restricted in use	13,000	–
Interest paid	(1,352,603)	(1,603,450)
Payment of finance lease liabilities	(16,695)	(140,414)
Proceeds from loans and borrowings	24,080,984	20,910,176
Repayment of loans and borrowings	(24,944,867)	(39,602,450)
Net cash used in financing activities	<u>(2,220,181)</u>	<u>(20,538,001)</u>
Net increase / (decrease) in cash and cash equivalents	108,406	(5,961,814)
Cash and cash equivalents at beginning of the year	7,782,289	13,731,705
Effect of exchange rate fluctuations on cash held	(109,066)	12,398
Cash and cash equivalents at end of the year ^(Note 2)	<u>7,781,629</u>	<u>7,782,289</u>
<u>Note 1</u>		
Additions of property, plant and equipment	2,856,850	2,026,339
Funded by bank loans	(1,577,400)	–
Cash used in acquisition of property, plant and equipment	<u>1,279,450</u>	<u>2,026,339</u>
<u>Note 2</u>		
Cash and cash equivalents	7,781,629	7,795,289
Cash pledged for bank facilities	–	(13,000)
Cash and cash equivalents at 30 June	<u>7,781,629</u>	<u>7,782,289</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 \$	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 year							
Loss for the year	–	–	–	(9,844,790)	(9,844,790)	–	(9,844,790)
Foreign currency translation differences	–	63,844	–	–	63,844	499,375	563,219
Total comprehensive income for the year	–	63,844	–	(9,844,790)	(9,780,946)	499,375	(9,281,571)
Others							
Transfer to retained earnings	–	–	(346,715)	346,715	–	–	–
Deferred tax income credited directly to equity	–	–	–	71,014	71,014	–	71,014
Total others	–	–	(346,715)	417,729	71,014	–	71,014
At 30 June 2017	32,922,108	161,556	12,192,793	(14,473,130)	30,803,327	22,065,764	52,869,091

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 income for the year							
Loss for the year	–	–	–	(23,815,199)	(23,815,199)	(14,458)	(23,829,657)
Disposal of property, plant and equipment	–	–	(9,734,979)	9,734,979	–	–	–
Foreign currency translation differences	–	(73,272)	–	–	(73,272)	211,051	137,779
Total comprehensive income for the year	–	(73,272)	(9,734,979)	(14,080,220)	(23,888,471)	196,593	(23,691,878)
Others							
Transfer to retained earnings	–	–	(461,244)	461,244	–	–	–
Deferred tax income credited directly to equity	–	–	–	2,088,383	2,088,383	–	2,088,383
Total others	–	–	(461,244)	2,549,627	2,088,383	–	2,088,383
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	(101,863)	(101,863)
At 30 June 2016	32,922,108	97,712	12,539,508	(5,046,069)	40,513,259	21,566,389	62,079,648

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 year	–	(23,083,977)	(23,083,977)
At 30 June 2017	32,922,108	(46,653,923)	(13,731,815)
At 1 July 2015	32,922,108	(2,180,632)	30,741,476
Total comprehensive income for the year	–	(21,389,314)	(21,389,314)
At 30 June 2016	32,922,108	(23,569,946)	9,352,162

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 31 December 2016 up to 30 June 2017. As at 31 December 2016 and 30 June 2017, the share capital of the company comprised 233,324,614 ordinary shares. As at 30 June 2017 and 30 June 2016, 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.

	As at 30 June 2017	As at 30 June 2016
Total number of issued shares (excluding treasury shares)	233,324,614	233,324,614

The Company did not have any treasury shares as at 30 June 2017 and 30 June 2016.

1(d)(iv) A statement showing all sales, transfers, 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 any 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 or reviewed by the 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 accounting policies adopted and methods of computation in the preparation of the financial statements are consistent with those of the audited financial statements as at 30 June 2016 except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 July 2016. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group.

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 year based on profit attributable to owners of the parent, net of tax:

	Group	
	Year ended 30 June 2017 Unaudited	Year ended 30 June 2016 Audited
(i) Based on weighted average number of ordinary shares in issue (Cents)	(4.22)	(10.21)
Weighted average number of ordinary shares	233,324,614	233,324,614
(ii) On a fully diluted basis (Cents)	(4.22)	(10.21)
Diluted 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	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net asset value per ordinary share (Cents)	13.20	17.36	(5.89)	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

The Group's revenue of \$58.1 million for the financial year ended 30 June 2017 ("**FY2017**") increased by \$0.7 million or 1.2%, from \$57.4 million for the financial year ended 30 June 2016 ("**FY2016**").

Revenue contribution from the Marine & Offshore Segment declined by \$4.3 million to \$48.0 million in FY2017 compared to \$52.3 million in FY2016. The decline was mainly due to competition in the marine industry and negative impact of crude oil prices on customers in the offshore oil & gas industry.

Revenue contribution from the Property Development Segment increased by \$5.0 million or 98.0%, from \$5.1 million in FY2016 to \$10.1 million in FY2017. The increase was mainly due to revenue contribution from the sale of the remaining completed units of the Urban Heritage development project and the sale of units of the Elite Terrace development project, which is recognised on a percentage-of-completion basis.

Revenue from the Singapore Segment remained the highest geographical segment, at 65.6% of the Group's revenue in FY2017, which is comparable to 65.8% in FY2016.

Gross profit

The Group's gross profit of \$13.4 million in FY2017 decreased by \$4.5 million or 25.4% from \$17.9 million in FY2016. The Group's gross profit margin in FY2017 decreased by 8.2 percentage points to 23.0% as compared to 31.2% in FY2016.

- The Marine & Offshore Segment contributed gross profit of \$16.0 million to the Group in FY2017 as compared to \$17.0 million in FY2016. The gross profit margin in FY2017 was 33.4%, slightly higher than the gross profit margin of 32.4% in FY2016. The improved gross profit margin was attributable to better sales mix for the mooring and rigging business in FY2017.
- The Property Development Segment contributed gross loss of \$2.7 million to the Group in FY2017 as compared to a gross profit of \$0.9 million in FY2016. At the end of FY2017, the valuation of the Elite Terrace development project declined by 17.4% compared to the valuation at the end of FY2016. Therefore, an allowance for foreseeable loss on the Elite Terrace development project was recognised, contributing to the Property Development Segment's gross loss.

Other income

Other income of \$1.2 million in FY2017 decreased by \$1.8 million or 58.5% from \$3.0 million in FY2016 mainly due to the following:

- In FY2016, the Group recorded a gain on disposal of property, plant and equipment of \$1.5 million, arising from the disposal of one of the Marine & Offshore Segment's property in Singapore at 47 Tuas Avenue 9.
- Fair value gain on derivatives decreased by \$0.3 million as the Group did not employ the use of derivatives in FY2017.

Other items of expense

Distribution expenses of \$1.9 million in FY2017 decreased by \$1.4 million or 40.7% from \$3.3 million in FY2016 due to the following:

- The Marine & Offshore Segment's distribution expenses reduced by \$0.6 million in FY2017 mainly as a result of a decrease in travelling costs and commission expenses.
- The Property Development Segment's distribution expenses reduced by \$0.8 million in FY2017 mainly due to decrease in advertisement expenses and travelling costs.

Administrative expenses of \$13.1 million in FY2017 decreased by \$1.0 million or 7.5% from \$14.1 million in FY2016 mainly attributable to the decrease in staff remuneration in the Property Development Segment as a result of a reduction in headcount and average salaries in FY2017.

Other operating expenses of \$8.3 million in FY2017 decreased by \$17.5 million or 67.9% from \$25.8 million in FY2016. The Property Development Segment attributed to the decrease in other operating expenses by \$16.3 million mainly due to the following:

- Decrease of \$14.1 million impairment loss in FY2017 compared to FY2016. In FY2016, an impairment loss of \$14.7 million was incurred in relation to the impairment of the \$15.3 million goodwill attributable to TEHO Property Services Pte. Ltd. and property development projects in Singapore. In FY2017, the Property Development Segment incurred an impairment loss on the remaining goodwill of \$0.6 million brought forward from FY2016, attributable to property development projects in Singapore. As at 30 June 2017, the intangible assets for the Property Development Segment have been fully impaired.
- Absence of \$1.6 million impairment loss in FY2017 in respect of the full impairment of "The Bay", investment property in Cambodia in FY2016. The impairment loss was due to the show flat for "The Bay" project being made obsolete due to the cessation of the rented land parcel used for the show flat.
- Land rent of \$0.2 million in FY2017 decreased by \$0.3 million from \$0.5 million in FY2016. The decrease reflects reduced land rent following the disposal of the property in Singapore at 47 Tuas Avenue 9 and the cessation of the rent of a parcel of land in Cambodia used for a show flat for "The Bay" project.
- Foreign exchange losses and entertainment expense in FY2017 decreased by \$0.2 million and \$0.1 million respectively.

The Marine & Offshore Segment attributed to the decrease in other operating expenses by \$1.2 million mainly due to the following:

- Impairment loss decreased by \$1.0 million. In FY2016, impairment loss in respect of goodwill and investment in associate attributable to the Marine & Offshore Segment's subsidiaries in Singapore amounted to \$2.3 million. In FY2017, the Marine & Offshore Segment incurred an impairment loss on the remaining goodwill and intangible assets of \$1.3 million. As of 30 June 2017, the intangible assets of the Marine & Offshore Segment has been fully impaired.
- Allowance for impairment on trade receivables reduced by \$0.2 million.

Finance costs of \$1.0 million in FY2017 decreased by \$0.3 million from \$1.3 million in FY2016. In March 2016, the Group redeemed loans with outstanding amounts totalling \$10.5 million as at 30 June 2015, following the Group's disposal of its leasehold property in Singapore at 47 Tuas Avenue 9. The effect of reduction in finance costs arising from the redemption of these loans was partially offset by the increased short-term interest expenses from the Group's trust receipts and short-term revolving credit facilities.

Income tax expense

In FY2017, the Group recorded an income tax expense of \$0.1 million, marginally lower than the income tax expense of \$0.2 million incurred in FY2016.

Loss for the year

Combining the loss before tax of \$0.1 million for the Marine & Offshore Segment, loss before tax of \$8.7 million for the Property Development Segment, and the unallocated head office expenses of \$0.9 million, the loss before tax of the Group was \$9.7 million. After incurring income tax expense of \$0.1 million, the Group's loss after tax in FY2017 was \$9.8 million as compared to a loss of \$23.8 million incurred in FY2016.

- i. The Marine & Offshore Segment incurred a loss before tax of \$0.1 million. Due to the prolonged weakness in oil prices and its impact on the industry, the Group incurred impairment charges on goodwill and intangible assets amounting to \$1.3 million and amortisation charges of \$0.5 million. Excluding the effects of these impairment charges and amortisation charges, the Marine & Offshore Segment would have an underlying profit of \$1.7 million; and
- ii. The Property Development Segment incurred a loss before tax of \$8.7 million. Due to the decline in the valuation of the Elite Terrace development project, the Group incurred impairment charges on goodwill amounting to \$0.6 million and allowance for foreseeable losses on development properties of \$2.5 million. Excluding the effects of these impairment charges and allowance for foreseeable losses on development properties, the Property Development Segment would have an underlying loss of \$5.6 million.

Balance Sheet Review

Non-current assets

Non-current assets decreased by \$1.1 million or 4.1% to \$25.5 million as at 30 June 2017 from \$26.6 million as at 30 June 2016. The decrease was mainly due to the following:

- Intangible assets decreased by \$2.3 million due to amortisation and impairment charges in FY2017.
- Property, plant and equipment increased by \$1.2 million, mainly due to the acquisition of the Group's property located at Nikkelstraat 19 in Ridderkerk (2984 AM), The Netherlands, which had a carrying amount of \$2.2 million as at 30 June 2017.

Current assets

Current assets of \$84.5 million as at 30 June 2017 decreased by \$6.8 million or 7.4% from \$91.3 million as at 30 June 2016. The decrease was mainly due to the following:

- Inventories decreased marginally by \$0.3 million.
- Development properties reduced by \$2.8 million due to the the sale of the remaining completed units of the Urban Heritage development project and the sale of units of the Elite Terrace development project, which are under construction as at 30 June 2017.
- Trade and other receivables declined by \$3.7 million. Turnover days for the Group's trade and other receivables decreased from 104 days in FY2016 to 79 days in FY2017. The decline was mainly attributable to the Property Development Segment's trade and other receivables turnover days which reduced from 341 days in FY2016 to 65 days in FY2017. The Property Development Segment's trade receivables reduced by \$1.7 million due to a reduction in accrued receivables, representing balances of sales consideration for development properties which have not been billed as at 30 June 2016 but were subsequently billed and collected during FY2017. The Property Development Segment's other receivables reduced by \$1.0 million, of which \$0.7 million was as a result of impairment charges. The turnover days for the Marine & Offshore Segment's trade and other receivables remained stable at 81 days.
- Cash and cash equivalents, including the effect of exchange rate fluctuations on cash held, remained stable at \$7.8 million. Please refer to the "Cash Flows Review" section below for details.

Non-current liabilities

Non-current liabilities increased by \$6.2 million or 26.1% to \$30.0 million as at 30 June 2017 from \$23.8 million as at 30 June 2016. The increase was due to the following:

- Non-current portion of loans and borrowings increased by \$6.5 million. The Marine & Offshore Segment refinanced \$5.0 million of short-term revolving credit facilities with term loans. In addition, the Marine & Offshore Segment obtained a term loan to finance its acquisition of the property located at Nikkelstraat 19 in Ridderkerk (2984 AM), The Netherlands. In aggregate, the Marine & Offshore Segment contributed \$5.9 million of the increase in non-current portion of loans and borrowings. The remaining \$0.6 million increase was attributable to the Property Development Segment's drawdown of construction loan for the Elite Terrace development project.
- Deferred tax liabilities decreased by \$0.3 million.

Current liabilities

Current liabilities decreased by \$4.9 million or 15.3% to \$27.1 million as at 30 June 2017 from \$32.0 million as at 30 June 2016. The decrease was due to the following:

- Current portion of loans and borrowings decreased by \$5.8 million, of which \$2.1 million was attributable to the Marine & Offshore Segment and \$3.7 million was attributable to the Property Development Segment. The Marine & Offshore Segment repaid \$5.0 million of short-term revolving credit facilities and replaced them with term loans which had current portions of \$1.4 million. In addition, the Marine & Offshore Segment's trust receipts financing increased by \$1.5 million. The Property Development Segment's repaid working capital loans amounting to \$3.7 million, resulting in the decline in the segment's current portion of loan and borrowings. The working capital loans were repaid as they related to the remaining completed units of the Urban Heritage development project, which were sold during FY2017.
- Current tax liabilities decreased by \$0.2 million.

The decrease was offset by the following:

- Trade and other payables increased by \$1.1 million. Turnover days for the Group's trade and other payables remained stable at 79 days.

Shareholders' equity

Shareholders' equity of \$52.9 million as at 30 June 2017 decreased by \$9.2 million or 14.8% from \$62.1 million as at 30 June 2016. The decrease was due to the following:

- Loss for FY2017 amounting to \$9.8 million;
- Foreign currency translation gain of \$0.6 million; and
- Deferred tax income credited directly to equity amounting to \$0.1 million.

Cash Flows Review

Cash flows from operating activities

Operating cash outflows before changes in working capital was \$1.4 million in FY2017. Net cash inflow from working capital was \$5.6 million due to the following:

- Cash inflows arising from a decrease in inventories of \$0.3 million;
- Cash inflows arising from a decrease in development properties of \$0.8 million;
- Cash inflows arising from a decrease in trade and other receivables of \$3.1 million; and
- Cash inflows arising from an increase in trade and other payables of \$1.3 million.

After deducting income taxes paid of \$0.6 million, net cash generated from operating activities in FY2017 was \$3.6 million.

Cash flows used in investing activities

Net cash used in investing activities in FY2017 was \$1.3 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 FY2017 was \$2.2 million, mainly attributable to the following:

- Interest paid of \$1.4 million;
- Repayment of bank borrowings and finance lease liabilities totalling \$24.9 million; and
- Proceeds from bank borrowings amounting to \$24.1 million.

As a result of the above, cash and cash equivalents increased by \$0.1 million during FY2017. Cash and cash equivalents as at 30 June 2017 was \$7.8 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

The Group's Marine & Offshore Segment expects competition to intensify in the near future. As part of efforts to provide value-added services to customers, the Group is broadening and diversifying inventory at its new stock points in Algeciras and Panama, established in the previous financial year. In addition, the Group will also identify new locations for establishing new stock points to enhance the Group's distribution network for mooring and rigging products.

The Group will continue exploring new markets for its products and reaching out to customers in new geographical areas and industries to identify new sources of income. The Group believes that these measures will mitigate the effects of the prolonged weakness in oil prices and ongoing uncertainty in the global economy.

After incurring impairment charges to goodwill and intangible assets for FY2017, the carrying amount of the Marine & Offshore Segment's goodwill and intangible assets that is subject to further impairment as at 30 June 2017 is nil.

Property Development Segment

In relation to the Property Development Segment, although the Group expects the property landscape in Singapore to remain subdued in the short term, the recent data released by the Urban Redevelopment Authority (URA) suggests that the Singapore residential property market is showing signs of recovery.

Following the appointment of a new managing director to lead the Property Development Segment in the first half of FY2017, the Group is seeing progress in its turnaround efforts. The remaining completed units of the Urban Heritage development project have been sold during FY2017.

After incurring impairment charges to goodwill for FY2017, the carrying amount of the Property Development Segment's goodwill and intangible assets that is subject to further impairment as at 30 June 2017 is nil.

11. If a decision regarding dividend has been made:

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

No.

(b)(i) Amount per share/rate%

Name of Dividend	
Dividend type	Not applicable
Dividend amount per ordinary shares (cents)	Not applicable

(b)(ii) Previous corresponding period/rate%

Name of Dividend	
Dividend type	Not applicable
Dividend amount per ordinary shares (cents)	Not applicable

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfer received by the company (up to 5.00pm) 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 financial year ended 30 June 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business Segments Reporting 2017	Marine & Offshore \$	Property Development \$	Unallocated \$	Group \$
External revenues	48,012,367	10,075,007	–	58,087,374
Interest revenue	2,206	343	–	2,549
Interest expense	(852,062)	(170,084)	–	(1,022,146)
Depreciation and amortisation	(1,848,215)	(285,010)	(43,970)	(2,177,195)
Reportable segment loss before tax	(94,877)	(8,725,434)	–	(8,820,311)
Other unallocated expenses	–	–	(910,850)	(910,850)
Consolidated loss before tax from continuing operations				(9,731,161)
Reportable segment assets	58,130,995	51,601,961	259,846	109,992,802
Capital expenditure	2,817,954	38,896	–	2,856,850
Reportable segment liabilities	35,832,845	21,072,704	218,162	57,123,711
Business Segments Reporting 2016	Marine & Offshore \$	Property Development \$	Unallocated \$	Group \$
External revenues	52,276,349	5,120,420	–	57,396,769
Interest revenue	5,803	1,235	–	7,038
Interest expense	(1,136,182)	(185,468)	–	(1,321,650)
Depreciation and amortisation	(1,925,046)	(269,797)	(43,027)	(2,237,870)
Reportable segment profit / (loss) before tax	18,320	(22,785,000)	–	(22,766,680)
Other unallocated expenses	–	–	(894,892)	(894,892)
Consolidated loss before tax from continuing operations				(23,661,572)
Reportable segment assets	59,465,184	57,841,346	564,954	117,871,484
Capital expenditure	430,580	1,572,303	4,850	2,007,733
Reportable segment liabilities	31,453,220	24,165,946	172,670	55,791,836

- (a) The other unallocated items comprise distribution costs, administrative expenses, other operating expenses and other charges which are centralised and not segmented as these items are not directly attributable to the reportable segments.
- (b) The unallocated assets and liabilities cannot be selectively segmented when they are being deployed and/or incurred, as these items are not directly attributable to the reportable segments.

	Group	
	2017	2016
	\$	\$
Revenue		
Singapore	38,105,727	37,777,061
Malaysia	2,673,767	2,279,154
Philippines	1,771,645	1,016,462
The Netherlands	1,552,504	1,448,900
Indonesia	1,281,750	960,589
United States of America	1,253,900	1,025,822
Hong Kong	1,252,799	1,828,525
Germany	1,236,909	1,637,734
Denmark	1,210,342	1,271,020
Greece	1,026,741	1,004,967
United Kingdom	914,709	1,038,893
China	798,317	1,067,736
Other countries ^(Note 1)	5,008,264	5,039,906
Total revenue	<u>58,087,374</u>	<u>57,396,769</u>
Non-current asset ^(Note 2)		
Singapore	22,521,636	26,194,278
Other countries	2,962,498	370,893
	<u>25,484,134</u>	<u>26,565,171</u>

Note 1:

Revenue derived from other countries consists of countries that each contribute to less than 2% of the Group's total revenue. These include Cyprus, Spain, France, Italy, Monaco, Switzerland and Turkey.

Note 2:

Non-current assets presented consist of property, plant and equipment, intangible assets and goodwill, and investment in associate companies.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 above for further details.

16. A breakdown of sales as follows:

		Group		
		FY2017 \$'000	FY2016 \$'000	% Increase/ (Decrease)
First Half				
(a)	Revenue	26,551	27,134	(2.1)
(b)	Operating loss after tax before deducting minority interest	(261)	(3,035)	(91.4)
Second half				
(a)	Revenue	31,536	30,263	4.2
(b)	Operating loss after tax before deducting minority interest	(9,584)	(20,795)	(53.9)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	Latest Full Year	Previous Full Year
Ordinary	nil	nil
Preference	nil	nil
Total	nil	nil

Please refer to paragraph 11 above for further details.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lim Siew Choo	63	Sister of Lim See Hoe (Executive Chairman, Chief Executive Officer and substantial shareholder) and Lim Siew Cheng (Executive Director, Chief Operating Officer and substantial shareholder)	General Administrative Director since 2004 and is responsible for the day-to-day operations, statutory matters, recruitment and staff welfare of the Group	Not applicable

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lim See Heng	61	Brother of Lim See Hoe (Executive Chairman, Chief Executive Officer and substantial shareholder) and Lim Siew Cheng (Executive Director, Chief Operating Officer and substantial shareholder)	Projects Director since 2000 and is responsible for project works, which normally involve open tendering of projects and complex tenders such as restricted, competitive or negotiated tendering	Not applicable
Soare Siew Lian	58	Sister of Lim See Hoe (Executive Chairman, Chief Executive Officer and substantial shareholder) and Lim Siew Cheng (Executive Director, Chief Operating Officer and substantial shareholder)	CEO of USA Operations since 2008 and is responsible for marketing and securing new customers in USA for the Group	Not applicable
Tan Wee Lee	38	Brother-in-law of Lim See Hoe (Executive Chairman, Chief Executive Officer and substantial shareholder)	Manager, Quality Assurance since 1 July 2011 and is responsible for products quality assurance at TEHO Ropes & Supplies Pte. Ltd.	Not applicable

Lim Siew Choo is presently a substantial shareholder of the Company.

19. 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 all the required undertakings in the format set out in Appendix 7H under the Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers.

BY ORDER OF THE BOARD

Lim See Hoe
Executive Chairman and Chief Executive Officer
25 August 2017