

**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 2018**

*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 2018**

	Group		Change %
	2018 Unaudited \$	2017 Audited \$	
<b>Revenue</b>	<b>64,673,460</b>	<b>58,087,374</b>	11.3
Cost of sales	(48,501,400)	(44,737,153)	8.4
<b>Gross profit</b>	<b>16,172,060</b>	<b>13,350,221</b>	21.1
Other income	3,465,811	1,239,465	179.6
Distribution expenses	(2,019,849)	(1,930,405)	4.6
Administrative expenses	(12,726,798)	(13,072,553)	(2.6)
Other operating expenses – impairment losses	(1,914,180)	(1,860,019)	2.9
Other operating expenses – others	(4,466,023)	(6,438,273)	(30.6)
<b>Results from operating activities</b>	<b>(1,488,979)</b>	<b>(8,711,564)</b>	(82.9)
Finance income	3,731	2,549	46.4
Finance costs	(1,197,209)	(1,022,146)	17.1
<b>Net finance costs</b>	<b>(1,193,478)</b>	<b>(1,019,597)</b>	17.1
<b>Loss before tax</b>	<b>(2,682,457)</b>	<b>(9,731,161)</b>	(72.4)
Tax credit / (expense)	154,810	(113,629)	n.m.
<b>Loss for the year</b>	<b>(2,527,647)</b>	<b>(9,844,790)</b>	(74.3)
<b>Loss attributable to:</b>			
Owners of the Company	(2,527,647)	(9,844,790)	(74.3)
Non-controlling interests	–	–	–
<b>Loss for the year</b>	<b>(2,527,647)</b>	<b>(9,844,790)</b>	(74.3)
<b>Loss per share</b>			
Basic (cents)	(1.08)	(4.22)	(74.4)
Diluted (cents)	(1.08)	(4.22)	(74.4)

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 2018**

	Group		
	2018	2017	
	Unaudited	Audited	
	\$	\$	%
<b>Loss for the year</b>	<b>(2,527,647)</b>	<b>(9,844,790)</b>	(74.3)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences, net of tax	(236,349)	563,219	n.m.
<b>Other comprehensive income for the year, net of tax</b>	<b>(236,349)</b>	<b>563,219</b>	n.m.
<b>Total comprehensive income for the year</b>	<b>(2,763,996)</b>	<b>(9,281,571)</b>	(70.2)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(2,579,430)	(9,780,946)	(73.6)
Non-controlling interests	(184,566)	499,375	n.m.
<b>Total comprehensive income for the year</b>	<b>(2,763,996)</b>	<b>(9,281,571)</b>	(70.2)

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

	Group		Change %
	2018 Unaudited \$	2017 Audited \$	
Reversal of allowance for impairment/(Allowance for impairment) on trade and other receivables	626,837	(705,198)	n.m.
Reversal of allowance for foreseeable loss/(Allowance for foreseeable loss) on development properties	2,814,488	(2,543,188)	n.m.
Amortisation of intangible assets	–	(464,000)	n.m.
Audit fees paid to:			
- auditors of the company	(217,000)	(238,500)	(9.0)
- other auditors	(47,794)	(41,440)	15.3
Non-audit fees paid to:			
- auditors of the company	(1,500)	(39,750)	(96.2)
- other auditors	(23,904)	–	n.m.
Bad debts written off	(193,697)	(35,919)	439.3
Depreciation of investment property	(43,376)	–	n.m.
Depreciation of property, plant and equipment	(1,433,484)	(1,603,195)	(10.6)
Fair value gain on derivatives	40,764	–	n.m.
Foreign exchange gain, net	6,792	57,392	(88.2)
Interest expense incurred on loans and borrowings	(1,197,209)	(1,022,146)	17.1
Liquidated damages paid to customers	(166,548)	–	n.m.
Loss on disposal of property, plant and equipment	(14,201)	(3,307)	329.4
Impairment loss on development properties	(1,914,180)	–	n.m.
Impairment loss on goodwill and intangible assets	–	(1,860,019)	n.m.
Land rental	(164,945)	(220,812)	(25.3)
Operating lease expenses	(1,374,066)	(1,490,618)	(7.8)
Other income arising from a settlement agreement	2,668,005	–	n.m.
Over provision of tax in respect of prior years	466,742	118,327	294.5
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 2018**

	Group		Company	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Unaudited \$	Audited \$	Unaudited \$	Audited \$
<b>Assets</b>				
Property, plant and equipment	21,075,525	25,484,134	41,798	84,579
Intangible assets	–	–	–	–
Investment property	3,569,387	–	–	–
Investment in subsidiaries	–	–	15,261,706	18,831,877
<b>Non-current assets</b>	<b>24,644,912</b>	<b>25,484,134</b>	<b>15,303,504</b>	<b>18,916,456</b>
Inventories	22,102,605	21,780,022	–	–
Development properties	–	40,188,525	–	–
Trade and other receivables	17,211,855	12,580,746	2,595,504	4,720,831
Cash and cash equivalents	4,468,143	7,781,629	84,298	88,127
	43,782,603	82,330,922	2,679,802	4,808,958
Assets held for sale	21,920,253	–	–	–
<b>Current assets</b>	<b>65,702,856</b>	<b>82,330,922</b>	<b>2,679,802</b>	<b>4,808,958</b>
<b>Total assets</b>	<b>90,347,768</b>	<b>107,815,056</b>	<b>17,983,306</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	10,239,980	12,354,349	(1,715,871)	–
Accumulated losses	(16,583,048)	(14,473,130)	(53,142,224)	(46,653,923)
<b>Equity attributable to owners of the Company</b>	<b>26,579,040</b>	<b>30,803,327</b>	<b>(21,935,987)</b>	<b>(13,731,815)</b>
Non-controlling interests	21,881,198	22,065,764	–	–
<b>Total equity</b>	<b>48,460,238</b>	<b>52,869,091</b>	<b>(21,935,987)</b>	<b>(13,731,815)</b>
<b>Liabilities</b>				
Loans and borrowings	12,662,998	27,732,409	–	–
Deferred tax liabilities	2,220,356	2,291,425	–	–
<b>Non-current liabilities</b>	<b>14,883,354</b>	<b>30,023,834</b>	<b>–</b>	<b>–</b>
Loans and borrowings	18,962,255	16,665,130	–	–
Current tax liabilities	221,653	708,158	7,140	10,201
Trade and other payables	7,780,352	7,548,843	39,912,153	37,447,028
	26,964,260	24,922,131	39,919,293	37,457,229
Liabilities directly associated with the assets held for sale	39,916	–	–	–
<b>Current liabilities</b>	<b>27,004,176</b>	<b>24,922,131</b>	<b>39,919,293</b>	<b>37,457,229</b>
<b>Total liabilities</b>	<b>41,887,530</b>	<b>54,945,965</b>	<b>39,919,293</b>	<b>37,457,229</b>
<b>Total equity and liabilities</b>	<b>90,347,768</b>	<b>107,815,056</b>	<b>17,983,306</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 30 June 2018 (\$)		As at 30 June 2017 (\$)	
Secured	Unsecured	Secured	Unsecured
18,962,255	–	16,665,130	–

**Amount repayable after one year**

As at 30 June 2018 (\$)		As at 30 June 2017 (\$)	
Secured	Unsecured	Secured	Unsecured
12,662,998	–	27,732,409	–

**Details of collateral**

The bank borrowings are secured by corporate guarantees by the Company and first charge on the Group's freehold and leasehold land and buildings. As at 30 June 2017, certain bank borrowings were secured by corporate guarantees by the Company 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 2018**

	Group	
	2018 Unaudited \$	2017 Audited \$
<b><u>Cash flows from operating activities</u></b>		
Loss before tax	(2,682,457)	(9,731,161)
Adjustments for:		
Reversal of allowance for impairment/(Allowance for impairment) on trade and other receivables	(626,837)	705,198
Reversal of allowance for foreseeable loss/(Allowance for foreseeable loss) on development properties	(2,814,488)	2,543,188
Amortisation of intangible assets	–	464,000
Bad debts written off	193,697	35,919
Depreciation of investment property	43,376	–
Depreciation of property, plant, and equipment	1,433,484	1,603,195
Equity-settled share-based payment transactions	56,700	–
Fair value gain on derivatives	(40,764)	–
Fair value of shares of the Company surrendered under a settlement agreement	(1,772,571)	–
Impairment loss on development properties	1,914,180	–
Impairment loss on goodwill and intangible assets	–	1,860,018
Loss on disposal of plant and equipment	14,201	3,307
Net finance costs	1,193,478	1,019,597
Revaluation loss on leasehold properties	–	110,000
<b>Operating cash flows before changes in working capital</b>	<b>(3,088,001)</b>	<b>(1,386,739)</b>
Changes in:		
Inventories	(347,163)	325,588
Development properties	19,397,531	3,004,385
Trade and other receivables	(4,278,790)	3,148,408
Trade and other payables	275,580	(910,685)
<b>Cash generated from operations</b>	<b>11,959,157</b>	<b>4,180,957</b>
Tax paid	(331,750)	(581,903)
<b>Net cash from operating activities</b>	<b>11,627,407</b>	<b>3,599,054</b>
<b><u>Cash flows from investing activities</u></b>		
Acquisition of property, plant and equipment <sup>(Note 1)</sup>	(690,167)	(1,279,450)
Interest received	3,731	2,549
Proceeds from disposal of plant and equipment	46,375	6,433
<b>Net cash used in investing activities</b>	<b>(640,061)</b>	<b>(1,270,468)</b>
<b><u>Cash flows from financing activities</u></b>		
Cash pledged	–	13,000
Interest paid	(1,494,789)	(1,352,603)
Payment of finance lease liabilities	(17,460)	(16,695)
Proceeds from loans and borrowings	22,804,615	24,080,985
Repayment of loans and borrowings	(35,559,441)	(24,944,867)
<b>Net cash used in financing activities</b>	<b>(14,267,075)</b>	<b>(2,220,180)</b>

**Consolidated Statement of Cash Flows (continued)**  
**Year ended 30 June 2018**

	<b>Group</b>	
	<b>2018 Unaudited \$</b>	<b>2017 Audited \$</b>
Net (decrease) / increase in cash and cash equivalents	(3,279,729)	108,406
Cash and cash equivalents at beginning of the year	7,781,629	7,782,289
Effect of exchange rate fluctuations on cash held	(9,687)	(109,066)
<b>Cash and cash equivalents at end of the year</b> <sup>(Note 2)</sup>	<b>4,492,213</b>	<b>7,781,629</b>

**Note 1**

Additions of property, plant and equipment	690,167	2,856,850
Funded by bank loans	–	(1,577,400)
Cash used in acquisition of property, plant and equipment	<u>690,167</u>	<u>1,279,450</u>

**Note 2**

Cash and cash equivalents in the statement of financial position	4,468,143	7,781,629
Cash included in assets held for sale	24,070	–
Cash and cash equivalents in the statement of cash flows	<u>4,492,213</u>	<u>7,781,629</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								
	Share capital \$	Capital reserve \$	Foreign currency translation reserve \$	Revaluation reserve \$	Share-based compensation reserve \$	Accumulated losses \$	Total \$	Non-controlling interests \$	Total equity \$
<b>Group</b>									
<b>At 1 July 2017</b>	<b>32,922,108</b>	–	<b>161,556</b>	<b>12,192,793</b>	–	<b>(14,473,130)</b>	<b>30,803,327</b>	<b>22,065,764</b>	<b>52,869,091</b>
<b>Total comprehensive income for the year</b>									
Loss for the year	–	–	–	–	–	(2,527,647)	(2,527,647)	–	(2,527,647)
Foreign currency translation differences	–	–	(51,783)	–	–	–	(51,783)	(184,566)	(236,349)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>(51,783)</b>	<b>–</b>	<b>–</b>	<b>(2,527,647)</b>	<b>(2,579,430)</b>	<b>(184,566)</b>	<b>(2,763,996)</b>
<b>Transactions with owners, recognised directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Share-based payment transactions	–	–	–	–	56,700	–	56,700	–	56,700
<b>Others</b>									
Fair value of shares of the Company surrendered under a settlement agreement <sup>#</sup>	–	(1,772,571)	–	–	–	–	(1,772,571)	–	(1,772,571)
Transfer to retained earnings	–	–	–	(346,715)	–	346,715	–	–	–
Deferred tax income credited directly to equity	–	–	–	–	–	71,014	71,014	–	71,014
<b>Total others</b>	<b>–</b>	<b>(1,772,571)</b>	<b>–</b>	<b>(346,715)</b>	<b>–</b>	<b>417,729</b>	<b>(1,701,557)</b>	<b>–</b>	<b>(1,701,557)</b>
<b>At 30 June 2018</b>	<b>32,922,108</b>	<b>(1,772,571)</b>	<b>109,773</b>	<b>11,846,078</b>	<b>56,700</b>	<b>(16,583,048)</b>	<b>26,579,040</b>	<b>21,881,198</b>	<b>48,460,238</b>

<sup>#</sup> Note: This represents part of the global settlement in January 2018 between the Group and the two vendors of TIEC Holdings Pte. Ltd., a wholly-owned subsidiary of the Company.

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 year</b>							
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
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>63,844</b>	<b>–</b>	<b>(9,844,790)</b>	<b>(9,780,946)</b>	<b>499,375</b>	<b>(9,281,571)</b>
<b>Others</b>							
Transfer to retained earnings	–	–	(346,715)	346,715	–	–	–
Deferred tax income credited directly to equity	–	–	–	71,014	71,014	–	71,014
<b>Total others</b>	<b>–</b>	<b>–</b>	<b>(346,715)</b>	<b>417,729</b>	<b>71,014</b>	<b>–</b>	<b>71,014</b>
<b>At 30 June 2017</b>	<b>32,922,108</b>	<b>161,556</b>	<b>12,192,793</b>	<b>(14,473,130)</b>	<b>30,803,327</b>	<b>22,065,764</b>	<b>52,869,091</b>

### Statement of changes in equity

Company	Share capital \$	Capital reserve \$	Share-based compensation reserve \$	Accumulated losses \$	Total equity \$
<b>At 1 July 2017</b>	<b>32,922,108</b>	–	–	<b>(46,653,923)</b>	<b>(13,731,815)</b>
Total comprehensive income for the year	–	–	–	(6,488,301)	(6,488,301)
Share-based payment transactions	–	–	56,700	–	56,700
Fair value of shares of the Company surrendered under a settlement agreement	–	(1,772,571)	–	–	(1,772,571)
<b>At 30 June 2018</b>	<b>32,922,108</b>	<b>(1,772,571)</b>	<b>56,700</b>	<b>(53,142,224)</b>	<b>(21,935,987)</b>
<b>At 1 July 2016</b>	<b>32,922,108</b>	–	–	<b>(23,569,946)</b>	<b>9,352,162</b>
Total comprehensive income for the year	–	–	–	(23,083,977)	(23,083,977)
<b>At 30 June 2017</b>	<b>32,922,108</b>	–	–	<b>(46,653,923)</b>	<b>(13,731,815)</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 31 December 2017 up to 30 June 2018. As at 31 December 2017 and 30 June 2018, 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 30 June 2018 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 30 June 2018</b>	<u>2,100,000</u>

As at 30 June 2018, the 2,100,000 outstanding share awards in issue are convertible into 2,100,000 ordinary shares in the share capital of the Company (30 June 2017: Nil).

As at 30 June 2018 and 30 June 2017, 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 30 June 2018</b>	<b>As at 30 June 2017</b>
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 2018 and 30 June 2017.

**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 2017 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 2017. 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 2018 Unaudited	Year ended 30 June 2017 Audited
(i) Based on weighted average number of ordinary shares in issue (Cents)	(1.08)	(4.22)
Weighted average number of ordinary shares	233,324,614	233,324,614
(ii) On a fully diluted basis (Cents)	(1.08)	(4.22)
Diluted weighted average number of ordinary shares	234,724,614 <sup>^</sup>	233,324,614 <sup>*</sup>

\* Note: The basic and diluted earnings per share were the same as the Company did not have any potential dilutive instruments as at 30 June 2017.

<sup>^</sup> Note: Based on the weighted average number of fully paid shares in issue after adjusting for effects of all dilutive potential ordinary shares.

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 2018	30 June 2017	30 June 2018	30 June 2017
Net asset value per ordinary share (Cents)	11.39	13.20	(9.40)	(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*

The Group's revenue of \$64.7 million for the financial year ended 30 June 2018 ("FY2018") increased by \$6.6 million or 11.3%, from \$58.1 million for the financial year ended 30 June 2017 ("FY2017").

Revenue contribution from the Marine & Offshore Segment declined by \$0.5 million or 1.0% to \$47.5 million in FY2018 as compared to \$48.0 million in FY2017. Revenue contribution from the Group's engineering and water treatment businesses declined by \$2.9 million, as these businesses faced the negative impact of crude oil prices on customers in the offshore oil & gas industry. However, this decline was offset largely by an increase of \$2.4 million or 6.1% in contribution from the Group's mooring and rigging business.

Revenue contribution from the Property Development Segment increased by \$7.1 million or 70.9%, from \$10.1 million in FY2017 to \$17.2 million in FY2018. The increase was mainly due to revenue contribution from the sale of the completed Elite Terrace development project, which was recognised on a percentage-of-completion basis. All remaining units of the project have been sold during the year.

Revenue from the Singapore Segment remained the highest geographical segment, at 64.5% of the Group's revenue in FY2018, a 1.1-percentage-point decline from 65.6% in FY2017.

#### *Gross profit*

The Group's gross profit of \$16.2 million in FY2018 increased by \$2.8 million or 21.1% from \$13.4 million in FY2017. The Group's gross profit margin in FY2018 increased by 2.0 percentage points to 25.0% as compared to 23.0% in FY2017.

- The Marine & Offshore Segment contributed gross profit of \$15.9 million to the Group in FY2018 as compared to \$16.0 million in FY2017. The gross profit margin in FY2018 increased marginally by 0.1 percentage points to 33.5%.
- The Property Development Segment contributed gross profit of \$0.3 million to the Group in FY2018 as compared to a gross loss of \$2.7 million in FY2017. The property consultancy and agency business contributed gross profit of \$1.1 million. However, this

was offset by a gross loss of \$0.8 million arising from cost overrun of the Elite Terrace development project.

#### *Other income*

Other income of \$3.5 million in FY2018 increased by \$2.3 million or 179.6% from \$1.2 million in FY2017 mainly due in part to the global settlement (the “**Settlement**”) in January 2018 between the Group and the two vendors of TIEC Holdings Pte. Ltd., a wholly-owned subsidiary of the Company.

#### *Other items of expense*

Distribution expenses of \$2.0 million in FY2018 increased by \$0.1 million or 4.6% from \$1.9 million in FY2017 due to the following:

- The Marine & Offshore Segment’s distribution expenses reduced by \$0.1 million in FY2018 mainly as a result of a decrease in travelling costs and trade exhibition expenses.
- The Property Development Segment’s distribution expenses increased by \$0.2 million in FY2018 mainly due to increase in advertisement and commission expenses attributable to the Elite Terrace development project.

Administrative expenses of \$12.7 million in FY2018 decreased by \$0.4 million or 2.6% from \$13.1 million in FY2017 due to the following:

- Employee remuneration decreased by \$0.6 million mainly attributed by a reduction in headcount in the Property Development Segment.
- Other administrative expenses reduced by \$0.1 million.

However, the decrease was offset by the increase of legal and professional fees by \$0.3 million from the professional fees incurred from the Settlement, which has since been reached.

Other operating expenses of \$6.4 million in FY2018 decreased by \$1.9 million or 23.1% from \$8.3 million in FY2017. The Marine & Offshore Segment attributed to the decrease in other operating expenses by \$1.9 million mainly due to the following:

- Absence of impairment loss on goodwill and intangible assets amounting to \$1.3 million and amortisation charges of \$0.5 million in FY2018. 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 in FY2017. As the intangible assets have been fully amortised as at 30 June 2017, there are no further amortisation charges in FY2018.
- Total depreciation decreased by \$0.1 million in FY2018 because more property, plant and equipment have been fully depreciated. Furthermore, property, plant and equipment acquired during FY2018 was less than those acquired in FY2017.

The Property Development Segment’s overall other operating expenses remained stable:

- Decrease of \$1.3 million impairment allowance. In FY2017, an \$655,000 impairment allowance was made in respect of amounts due from former shareholders of a subsidiary. In FY2018, the amount was recovered and the allowance was derecognised.
- Absence of impairment loss on goodwill amounting to \$0.6 million.
- The above decreases were offset against an impairment loss on development properties of \$1.9 million. Having considered the market conditions in Phnom Penh and other factors, the Group decided to terminate the joint venture agreement (“**JVA**”) relating to the Group’s “The Bay” project and to transfer the Group’s entire shareholding interest in TEHO Development (Cambodia) Pte. Ltd. (“**TDCPL**”) to the joint venture partner’s designated transferees. Subsequently on 7 August 2018, the Group entered into agreements with the joint venture partner to implement the termination and share transfer. Following the transfer of the Group’s interest in TDCPL’s assets to “assets held for sale” as at 30 June 2018, an impairment assessment was carried out and the resulting impairment loss was allocated to development properties.

### *Finance income and loss*

Finance costs of \$1.2 million in FY2018 increased by \$0.2 million from \$1.0 million in FY2017. The increase is mainly attributable to increased short-term interest expenses from the Group's trust receipts and short-term revolving credit facilities. The Group's finance income is insignificant.

### *Income tax expense*

In FY2018, the Group recorded an income tax credits of \$0.2 million as compared to income tax expense of \$0.1 million incurred in FY2017.

### *Loss for the year*

Combining the profit before tax of \$0.9 million for the Marine & Offshore Segment, loss before tax of \$2.5 million for the Property Development Segment, and the unallocated head office expenses of \$1.1 million, the loss before tax of the Group was \$2.7 million. After accounting for income tax credits of \$0.2 million, the Group's loss after tax in FY2018 was \$2.5 million as compared to a loss of \$9.8 million incurred in FY2017.

## **Balance Sheet Review**

### *Non-current assets*

Non-current assets decreased by \$0.9 million or 3.3% to \$24.6 million as at 30 June 2018 from \$25.5 million as at 30 June 2017. The decrease was mainly due to the decrease of property, plant and equipment by \$4.4 million, which arose from the transfer of certain properties with a carrying amount of \$3.6 million to investment properties. This decrease was partially offset by the purchases of plant and equipment of \$0.7 million by the Marine & Offshore Segment. The investment property of \$3.6 million as at 30 June 2018 relates to the Group's properties located at 33 Ubi Avenue 3, #01-14 Vertex, Singapore 408868 and 33 Ubi Avenue 3, #01-15 Vertex, Singapore 408868. During the year, the Group leased the properties to an independent third party. Accordingly, these properties were reclassified and recognised as investment property.

### *Current assets*

Current assets of \$65.7 million as at 30 June 2018 decreased by \$16.6 million or 20.1% from \$82.3 million as at 30 June 2017. The decrease was mainly due to the following (the figures below do not add up due to rounding):

- Development properties reduced by \$40.2 million to nil due to the sale of the remaining units of the Elite Terrace development project, which was completed during the year, and the classification of development properties relating to the Group's "The Bay" project as part of assets held for sale.
- Cash and cash equivalents, including the effect of exchange rate fluctuations on cash held, decreased by \$3.3 million from \$7.8 million as at 30 June 2017 to \$4.5 million as at 30 June 2018. Please refer to the "Cash Flows Review" section below for details.

The decrease was offset by the following:

- Assets held for sale increased by \$21.9 million. Having considered the market conditions in Phnom Penh and other factors, the Group decided to terminate the JVA relating to the Group's "The Bay" project and to transfer the Group's entire shareholding interest in TDCPL to the joint venture partner's designated transferees. Subsequently on 7 August 2018, the Group entered into agreements with the joint venture partner to implement the termination and share transfer. Accordingly, the Group's interest in TDCPL's assets amounting to \$21.9 million is presented as "assets held for sale".
- Trade and other receivables increased by \$4.6 million, of which \$3.8 million relates to unbilled revenue and outstanding receivables arising from the completion of the Elite Terrace development project. After 30 June 2018, the outstanding receivables have been settled in full. \$1.1 million of the increase was due to prepayments relating to the acquisition of a residential property for redevelopment. A further \$0.5 million of the increase was attributable to the Marine & Offshore Segment. These increases were offset



by a decrease amounting to \$0.6 million due to the recovery of balances owing from former shareholders of a subsidiary. Trade and other receivables turnover days for the Marine & Offshore Segment increased by 5 days from 81 days in FY2017 to 86 days in FY2018.

- Inventories increased marginally by \$0.3 million. Inventory turnover days increased by 4 days from 250 days in FY2017 to 254 days in FY2018.

#### *Non-current liabilities*

Non-current liabilities decreased by \$15.1 million or 50.4% to \$14.9 million as at 30 June 2018 from \$30.0 million as at 30 June 2017. The decrease was due to the following:

- Non-current portion of loans and borrowings decreased by \$15.0 million. Following the completion of the Elite Terrace development project, the land and construction loans were redeemed. These loans had a carrying amount of \$13.2 million as at 30 June 2017. The remaining \$1.8 million decrease was mainly attributable to the Marine & Offshore Segment's repayment of its term loans.
- Deferred tax liabilities decreased by \$0.1 million.

#### *Current liabilities*

Current liabilities increased by \$2.1 million or 8.4% to \$27.0 million as at 30 June 2018 from \$24.9 million as at 30 June 2017. The increase was due to the following:

- Current portion of loans and borrowings increased by \$2.3 million, mainly due to the Marine & Offshore Segment increasing its drawdown of short-term revolving credit facilities by \$2.0 million for working capital purposes. The remaining \$0.3 million increase is due to an increase in the current portion of the Marine & Offshore Segment's long-term borrowings.
- Trade and other payables increased marginally by \$0.3 million. Trade and other payables turnover days also decreased marginally from 62 days to 59 days.

The increase was offset by a \$0.5 million decrease in current tax liabilities.

Having considered the market conditions in Phnom Penh and other factors, the Group decided to terminate the JVA relating to the Group's "The Bay" project and to transfer the Group's entire shareholding interest in TDCPL to the joint venture partner's designated transferees. Subsequently on 7 August 2018, the Group entered into agreements with the joint venture partner to implement the termination and share transfer. Accordingly, the Group's interest in TDCPL's liabilities is presented separately as "liabilities directly associated with the assets held for sale". However, these liabilities are not significant.

#### *Shareholders' equity*

Shareholders' equity of \$48.5 million as at 30 June 2018 decreased by \$4.4 million or 8.3% from \$52.9 million as at 30 June 2017. The decrease was due to the following:

- Loss for FY2018 amounting to \$2.5 million;
- Foreign currency translation loss of \$0.2 million; and
- Fair value of shares credited directly to equity totalling \$1.7 million.

### **Cash Flows Review**

#### *Cash flows from operating activities*

Operating cash outflows before changes in working capital was \$3.1 million in FY2018.

- In FY2018, the Group recorded income arising from the fair value of shares surrendered under the Settlement amounting to \$1.8 million.
- Having considered the market conditions in Phnom Penh and other factors, the Group decided to terminate the JVA relating to the Group's "The Bay" project and to transfer the Group's entire shareholding interest in TDCPL to the joint venture partner's designated transferees. Subsequently on 7 August 2018, the Group entered into agreements with the joint venture partner to implement the termination and share transfer. Following the transfer of the Group's interest in TDCPL's assets to "assets held for sale", an impairment

assessment was carried out and the resulting impairment loss was allocated to development properties. This was recorded as impairment loss on development properties of \$1.9 million.

Net cash inflow from working capital was \$15.0 million due to the following (the figures below do not add up due to rounding):

- Cash outflows arising from an increase in inventories of \$0.3 million;
- Cash inflows arising from a decrease in development properties of \$19.4 million;
- Cash outflows arising from an increase in trade and other receivables of \$4.3 million; and
- Cash inflows arising from an increase in trade and other payables of \$0.3 million.

After deducting income taxes paid of \$0.3 million, net cash generated from operating activities in FY2018 was \$11.6 million.

#### *Cash flows used in investing activities*

Net cash used in investing activities in FY2018 was \$0.6 million which was mainly attributable to the purchase of property, plant and equipment by the Marine & Offshore Segment.

#### *Cash flows used in financing activities*

Net cash used in financing activities in FY2018 was \$14.3 million, mainly attributable to the following:

- Interest paid of \$1.5 million;
- Repayment of bank borrowings and finance lease liabilities totalling \$35.6 million; and
- Proceeds from bank borrowings amounting to \$22.8 million.

As a result of the above, cash and cash equivalents decreased by \$3.3 million during FY2018. Cash and cash equivalents as at 30 June 2018 were \$4.5 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**

Despite the recovery in oil prices, uncertainty in the near term remains. The Group has started seeing activities picking up and viewed this as a positive sign. Coupled with our continued good performance in the Mooring and Rigging Business, we are hopeful for the Marine & Offshore Segment and will look out for new business opportunities in this sector.

#### **Property Development Segment**

The Elite Terrace project has been completed in FY2018 and all units have been sold. The Group has acquired a landed residential property for redevelopment. Based on initial plans, the construction for this development is scheduled to be completed in first half of FY2020. The Group intends to market the development a few months before completion. Revenue will be recognised in FY2020 if the development is completed and sold then. The Group's Property Development Segment will continue to focus on landed residential developments and to look for more 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):**

No.

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

<b>Name of Dividend</b>	
Dividend type	Not applicable
Dividend amount per ordinary shares (cents)	Not applicable

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

<b>Name of Dividend</b>	
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 2018.

**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.**

<b>Business Segments Reporting 2018</b>	<b>Marine &amp; Offshore \$</b>	<b>Property Development \$</b>	<b>Unallocated \$</b>	<b>Group \$</b>
External revenues	47,457,302	17,216,158	–	64,673,460
Interest income	791	2,940	–	3,731
Interest expense	(1,088,336)	(108,873)	–	(1,197,209)
Depreciation and amortisation	(1,249,244)	(183,380)	(44,236)	(1,476,860)
Reportable segment profit/(loss) before tax	908,192	(2,543,244)	–	(1,635,052)
Other unallocated expenses	–	–	–	(1,047,405)
Consolidated loss before tax from continuing operations				(2,682,457)
Reportable segment assets	55,813,911	34,301,403	232,454	90,347,768
Capital expenditure	598,473	90,239	1,455	690,167
Reportable segment liabilities	36,637,400	4,844,673	405,457	41,887,530
<b>Business Segments Reporting 2017</b>	<b>Marine &amp; Offshore \$</b>	<b>Property Development \$</b>	<b>Unallocated \$</b>	<b>Group \$</b>
External revenues	48,012,369	10,075,005	–	58,087,374
Interest income	2,206	343	–	2,549
Interest expense	(852,062)	(170,084)	–	(1,022,146)
Depreciation and amortisation	(1,848,215)	(175,010)	(43,970)	(2,067,195)
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	49,424,215	259,846	107,815,056
Capital expenditure	2,817,954	38,896	–	2,856,850
Reportable segment liabilities	35,832,845	18,894,958	218,162	54,945,965

- (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	
	2018	2017
	\$	\$
<b>Revenue</b>		
Singapore	41,765,018	38,105,727
Philippines	2,244,222	1,771,645
Malaysia	2,053,976	2,673,767
United States of America	1,760,134	1,253,900
The Netherlands	1,708,796	1,552,504
United Kingdom	1,542,563	914,709
Denmark	1,488,838	1,210,342
Hong Kong	1,303,736	1,252,799
Germany	1,233,594	1,236,909
Greece	1,088,421	1,026,741
Indonesia	1,017,025	1,281,750
Cyprus	952,865	856,640
Spain	827,439	501,223
India	660,276	66,308
Other countries <sup>(Note 1)</sup>	5,026,557	4,382,410
Total revenue	64,673,460	58,087,374
<b>Non-current asset <sup>(Note 2)</sup></b>		
Singapore	21,711,987	22,521,636
Other countries	2,932,925	2,962,498
	24,644,912	25,484,134

**Note 1:**

Revenue derived from other countries consists of countries that each contribute to less than 1% of the Group's total revenue. These include United Arab Emirates, China, Turkey, France, Belgium, Norway, Sweden, Italy, Monaco, and Switzerland.

**Note 2:**

Non-current assets presented consist of property, plant and equipment and investment properties.

**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		
		FY2018 \$'000	FY2017 \$'000	% Increase/ (Decrease)
First Half				
(a)	Revenue	25,737	26,551	(3.1)
(b)	Operating loss after tax before deducting minority interest	(2,351)	(261)	800.8
Second half				
(a)	Revenue	38,936	31,536	23.5
(b)	Operating loss after tax before deducting minority interest	(177)	(9,584)	(98.2)

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:**

	<b>Latest Full Year</b>	<b>Previous Full Year</b>
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.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Lim Siew Choo	64	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
Lim See Heng	62	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	59	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

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Tan Wee Lee	39	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**  
**23 August 2018**