

**TEHO INTERNATIONAL INC LTD.**

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

**FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

Teho International Inc Ltd. (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 4 June 2009. The initial public offering of the Company was sponsored by Collins Stewart Pte. Limited.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited for compliance with the relevant rules of the SGX-ST. Collins Stewart Pte. Limited 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.

The contact person for the Sponsor is Mr Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

**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.

<b>Consolidated Income Statement</b>	<b>Group</b>		
	<b>Half Year Ended</b>		<b>% Change</b>
	<b>\$'000</b>		
	<b>31.12.09</b>	<b>31.12.08</b>	
<b>Revenue</b>	19,147	18,731	2.2%
Cost of sales	(13,731)	(11,442)	20.0%
<b>Gross profit</b>	<u>5,416</u>	<u>7,289</u>	<u>-25.7%</u>
<b><u>Other items of income</u></b>			
Other credits	52	2,383	-97.8%
<b><u>Other items of expense</u></b>			
Distribution costs	(298)	(289)	3.1%
Administrative expenses	(1,467)	(1,669)	-12.1%
Other operating expenses	(755)	(871)	-13.3%
Finance costs	(238)	(352)	-32.4%
Other charges	(142)	(19)	647.4%
Share of profit from equity-accounted associate	4	-	nm
<b>Profit before tax from continuing operations</b>	<u>2,572</u>	<u>6,472</u>	<u>-60.3%</u>
Income tax expenses	(479)	(753)	-36.4%
<b>Profit from continuing operations, net of tax</b>	<u>2,093</u>	<u>5,719</u>	<u>-63.4%</u>
Profit attributable to owners of the parent, net of tax	2,093	5,728	-63.5%
(Loss) attributable to non-controlling interest, net of tax	-	(9)	nm
	<u>2,093</u>	<u>5,719</u>	<u>-63.4%</u>
<b>Earnings Per Share</b>			
	<u>Cents</u>	<u>Cents</u>	
Profit after tax attributable to owners of the Group	<u>1.87</u>	<u>5.73</u>	<u>-67.4%</u>

nm - not meaningful

## Statement of Consolidated Comprehensive Income

	Group		
	Half Year Ended		
	\$'000		
	31.12.09	31.12.08	%
			Change
<b>Profit from continuing operations, net of tax</b>	2,093	5,719	-63.4%
<u>Other comprehensive income:</u>			
Exchange differences on translating foreign operations, net of tax	3	-	nm
Waiver of loan due to shareholders	-	526	-100.0%
Fair value adjustment reserve	-	(2,376)	-100.0%
<b>Total comprehensive income</b>	<u>2,096</u>	<u>3,869</u>	<u>-45.8%</u>
<u>Total comprehensive income attributable to:</u>			
Owners of parent	2,096	3,869	-45.8%
Non-controlling interests	-	-	nm
<b>Total comprehensive income</b>	<u>2,096</u>	<u>3,869</u>	<u>-45.8%</u>

nm - not meaningful

(ii) Notes to the statement of comprehensive income

	Group		% Change
	Half Year Ended		
	\$'000		
	31.12.09	31.12.08	
Rental income	-	81	nm
CPF jobs credit	31	-	nm
Refund of IPO expenses	21	-	nm
Gain on disposal of other financial assets	-	2,169	nm
(Loss)/Gain on disposal of property, plant and equipment	(2)	5	-140.0%
Dividend income	-	87	nm
Foreign exchange transaction (loss)/gain	(96)	35	-374.3%
Sundry income	-	6	nm
Property, plant and equipment written off	-	(3)	nm
Bad debts written off - other receivables	(5)	(16)	-68.8%
Loss on fair value of interest rate swap	(39)	-	nm
Net	<u>(90)</u>	<u>2,364</u>	<u>-103.8%</u>

nm - not meaningful

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.

**Statement of Consolidated Financial Position**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>31.12.09</b>	<b>30.06.09</b>	<b>31.12.09</b>	<b>30.06.09</b>
	<b>\$'000</b>		<b>\$'000</b>	
<b>Assets</b>				
<b><u>Non-current assets</u></b>				
Property, plant and equipment	6,560	6,895	-	-
Investments in subsidiaries	-	-	12,993	12,796
Investment in associate	71	67	43	43
<b>Total non-current assets</b>	<b>6,631</b>	<b>6,962</b>	<b>13,036</b>	<b>12,839</b>
<b><u>Current assets</u></b>				
Inventories	19,797	22,406	-	-
Trade and other receivables	8,709	9,488	3,377	5,379
Other assets	284	74	-	-
Cash and cash equivalents	4,118	1,640	154	58
<b>Total current assets</b>	<b>32,908</b>	<b>33,608</b>	<b>3,531</b>	<b>5,437</b>
<b>Total assets</b>	<b>39,539</b>	<b>40,570</b>	<b>16,567</b>	<b>18,276</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity</u></b>				
Share capital	15,481	15,481	15,481	15,481
Retained earnings	6,720	6,192	1,026	2,719
Foreign currency translation reserve	4	1	-	-
<b>Equity, attributable to owners of the Parent</b>	<b>22,205</b>	<b>21,674</b>	<b>16,507</b>	<b>18,200</b>
Non-controlling interest	-	-	-	-
<b>Total equity</b>	<b>22,205</b>	<b>21,674</b>	<b>16,507</b>	<b>18,200</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	206	206	-	-
Other financial liabilities, non-current	1,692	1,759	-	-
<b>Total non-current liabilities</b>	<b>1,898</b>	<b>1,965</b>	<b>-</b>	<b>-</b>
<b><u>Current liabilities</u></b>				
Income tax payable	1,219	1,423	-	-
Trade and other payables	2,466	3,313	60	76
Finance lease, current	-	3	-	-
Other financial liabilities, current	11,751	12,192	-	-
<b>Total current liabilities</b>	<b>15,436</b>	<b>16,931</b>	<b>60</b>	<b>76</b>
<b>Total liabilities</b>	<b>17,334</b>	<b>18,896</b>	<b>60</b>	<b>76</b>
<b>Total equity and liabilities</b>	<b>39,539</b>	<b>40,570</b>	<b>16,567</b>	<b>18,276</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:

<b>Amount repayable in one year or less, or on demand</b>			
<b>As at 31.12.09 (\$'000)</b>		<b>As at 30.06.09 (\$'000)</b>	
Secured	Unsecured	Secured	Unsecured
11,751	-	12,192	-

**Amount repayable after one year**

<b>As at 31.12.09 (\$'000)</b>		<b>As at 30.06.09 (\$'000)</b>	
Secured	Unsecured	Secured	Unsecured
1,692	-	1,759	-

**Details of collateral**

The total borrowings of \$13.4 million are covered by joint and several guarantees of certain directors of the Group, partly by guarantee of the Company and partly by a first legal charge on the Group's leasehold land and buildings. The \$1.7 million amount repayable after one year is the only long-term loan remaining which is repayable beyond one year in equal monthly installments over 15 years with effect from August 2006. The amount repayable in one year of \$11.8 million comprised \$7.3 million in trust receipts and short term borrowings of \$4.3 million.

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

	Group Half Year Ended \$'000	
	31.12.09	31.12.08
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	2,572	6,472
Adjustments for:		
Depreciation of property, plant and equipment	333	307
Loss/(Gain) on disposal of property, plant and equipment	2	(5)
Gain on disposal of other financial assets	-	(2,169)
Property, plant and equipment written off	-	3
Interest expense	238	352
Dividend income	-	(87)
Operating cash flows before changes in working capital	<u>3,145</u>	<u>4,873</u>
(Increase)/Decrease in inventories	2,609	(4,872)
Decrease in trade and other receivables	778	1,474
(Increase)/Decrease in other assets	(210)	10
(Decrease) in trade and other payables	<u>(847)</u>	<u>(722)</u>
Net cash flows from operations before interest and tax	5,475	763
Income taxes paid	<u>(683)</u>	<u>(984)</u>
Net cash flows from/(used in) operating activities	<u>4,792</u>	<u>(221)</u>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	-	(811)
Proceeds from disposal of asset held for sale under FRS 105	-	4,953
Proceeds from disposal of property, plant and equipment	-	12
Proceeds from disposal of other financial assets	-	11
Dividend received	-	87
Net cash flows from investing activities	<u>-</u>	<u>4,252</u>
<b><u>Cash flows from financing activities</u></b>		
Dividends paid to equity shareholders	(1,565)	(5,000)
Decrease in financial leases	(3)	(48)
Increase/(Decrease) in other financial liabilities	(508)	4,470
Decrease in liability associated with asset held for sale under FRS 105	-	(3,106)
Waiver of loan due to shareholders	-	526
Interest paid	<u>(238)</u>	<u>(352)</u>
Net cash flows used in financing activities	<u>(2,314)</u>	<u>(3,510)</u>
Net increase in cash and cash equivalents	2,478	521
Cash and cash equivalents, beginning balance	<u>1,640</u>	<u>758</u>
Cash and cash equivalents, ending balance	<u>4,118</u>	<u>1,279</u>

Note: Cash and cash equivalents as at 31 December 2008 was net of bank overdraft utilised, whereas as at 31 December 2009 no bank overdraft was utilised.

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.

#### Statements of Changes in Equity

	Group (\$'000)						
	Share Capital	Retained Earnings	Fair Value Adjustment Reserve	Foreign Currency Translation Reserve	Total	Non-Controlling Interest	Total Equity
Opening balance at 1.07.09	15,481	6,192	-	1	21,674	-	21,674
Total comprehensive income for the period	-	2,093	-	3	2,096	-	2,096
<u>Movement in equity:</u>							
Dividend	-	(1,565)	-	-	(1,565)	-	(1,565)
Closing balance at 31.12.09	15,481	6,720	-	4	22,205	-	22,205
Opening balance at 1.07.08	700	21,634	2,376	-	24,710	9	24,719
Total comprehensive income for the period	-	6,245	(2,376)	-	3,869	-	3,869
<u>Movement in equity:</u>							
Dividend	-	(11,532)	-	-	(11,532)	-	(11,532)
Closing balance at 31.12.08	700	16,347	-	-	17,047	9	17,056

	Company (\$'000)						
	Share Capital	Retained Earnings	Fair Value Adjustment Reserve	Foreign Currency Translation Reserve	Total	Non-Controlling Interest	Total Equity
Opening balance at 1.07.09	15,481	2,719	-	-	18,200	-	18,200
Total comprehensive income for the period	-	(128)	-	-	(128)	-	(128)
<u>Movement in equity:</u>							
Dividend	-	(1,565)	-	-	(1,565)	-	(1,565)
Closing balance at 31.12.09	15,481	1,026	-	-	16,507	-	16,507
Opening balance at 1.07.08	*	-	-	-	*	-	*
Total comprehensive income for the period	-	-	-	-	-	-	-
<u>Movement in equity:</u>							
Dividend	-	-	-	-	-	-	-
Closing balance at 31.12.08	*	-	-	-	*	-	*

\* Denotes amount less than \$1,000.00



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

Since 30 June 2009 there had been no changes to the Company's issued share capital. As at 31 December 2009 and 31 December 2008 the Company had no outstanding convertibles or treasury shares.

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

	As at 31.12.09	As at 30.06.09
Total number of issued shares (excluding treasury shares)	111,800,000	111,800,000

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

Not applicable.

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

The figures have not been audited nor reviewed by auditors.

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

Not applicable.

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

The same accounting policies and methods of computation had been applied in the Group's financial statements for the current financial period as those applied in the Group's most recently audited financial statements, except for those as disclosed under paragraph 5.

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.

The Group had adopted the new and/or revised Financial Reporting Standards (the "FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2009. Changes to the Group's accounting policies have been made in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of the new and/or revised FRS and INT FRS did not result in any substantial changes to or significant impact on the Group's financial statements or results respectively, except the additional disclosure of a statement of comprehensive income in accordance with FRS 1 (Revised) Presentation of Financial Statements.

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

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

	<b>Group</b>	
	<b>Half Year ended 31.12.09</b>	<b>Half Year ended 31.12.08</b>
(i) Based on weighted average number of ordinary shares in issue (Cents)	1.87	5.73
Number of ordinary shares in issue	111,800,000	100,000,000
(ii) On a fully diluted basis (Cents)	1.87	5.73
Diluted number of ordinary shares in issue	111,800,000	100,000,000

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.

	<b>Group As at</b>		<b>Company As at</b>	
	<b>31.12.09</b>	<b>30.06.09</b>	<b>31.12.09</b>	<b>30.06.09</b>
Net asset value per ordinary share based on the weighted average number of shares in issue (Cents)	19.9	21.5	14.8	18.0
Weighted average number of shares in issue	111,800,000	100,983,333	111,800,000	100,983,333

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

## **Financial Performance Review**

### *Revenue*

Revenue for HY2010 increased marginally by 2.2% as compared to HY2009. The Singapore marine sector registered the strongest growth of 12.2% which was offset by the slowdown in the Offshore O&G and the other sectors combined of 22.2%. Singapore marine sector still accounted for over 80% of the total revenue.

### *Gross profit*

Contract orders made up about 37.0% of the total revenue in HY2010 as compared to that of 15.5% during HY2009. Spot sales and prices had significantly declined as a result of the financial crisis that has resulted in the slowdown in trade, and this has severely affected the shipping industry resulting in excess capacity and vessels being laid up. Coupled with the higher cost of inventory carried over from previous periods of higher USD-SGD exchange rate, the gross profit margin had declined significantly by 10.6% from HY2009 of 38.9%.

### *Other items of income*

In HY2010, the other items of income had decreased by \$2.3 million as compared to HY2009 due mainly to the HY2009 one-off gain of \$2.2 million made on the disposal of other financial assets (the "Disposal"), and the income from dividend and rental combined of \$0.2 million (the "Dividend and Rental"). The decline was partially offset by CPF jobs credit and refund of IPO expenses combined of \$0.1 million in HY2010.

### *Other items of expense*

Other items of expense had decreased by \$0.3 million or 9.4%, from \$3.2 million in HY2009 due mainly to lower administrative expenses, other operating expenses and finance costs, partially offset by increase in distribution costs and other charges. These expenses had been under constant monitoring by the management.

Administrative expenses had decreased by \$0.2 million due mainly to the non-recurrent IPO expenses incurred in HY2009.

Other operating expenses had also decreased by \$0.1 million as a result of reduction in JTC lease rental, property tax, upkeep and maintenance of properties, entertainment expenses and training course fees.

Finance costs savings of \$0.1 million came mainly from lower utilisation of trade financing facility and stronger cash flow position in HY2010.

Distribution costs increase was marginal, and the increase in other charges was due mainly to foreign exchange loss of \$0.1 million.

### *Profit before tax from continuing operations*

Profit before tax from continuing operations of \$2.6 million decreased by \$3.9 million, of which \$2.4 million was due mainly to gain and income in HY2009 from the Disposal and the Dividend and Rental, which did not recur in HY2010. The balance of \$1.5 million was from the decline in gross profit of \$1.9 million partially offset by gain in CPF jobs credit and refund of IPO expenses of \$0.1 million and savings of \$0.3 million from other items of expenses as elaborated above.

## **Balance Sheet Review**

### *Non-current assets*

Property, plant and equipment decreased by \$0.3 million as a result of depreciation with no additional investment being made in HY2010. Investment in associate increased marginally to account for share of associate's profit after-tax for HY2010.

### *Current assets*

Current assets decreased by \$0.7 million as a result of increase in cash and cash equivalents of \$2.5 million and a \$0.2 million increase in other assets, partially offset by a \$2.6 million depletion in inventories and \$0.8 million reduction in trade and other receivables.

### *Non-current liabilities*

Decrease of \$0.1 million was due mainly to the completion of repayments of a term loan taken in October 1999 for the purchase of a leasehold land and building.

### *Current liabilities*

Current liabilities had decreased by \$1.5 million due mainly to a decrease of \$0.2 million from tax payment and provision as a result of lower before-tax profit in HY2010, \$0.9 million decrease in trade and other payables and a \$0.4 million decrease in other financial liabilities from the repayment of a short-term loan financing.

### *Shareholders' equity*

The increase of \$0.5 million in Shareholders' equity was due mainly from the current earnings of \$2.1 million offset by a dividend payment of \$1.6 million in HY2010 and a marginal increase in foreign currency translation reserve.

## **Cash Flows Review**

The net cash flows generated from operating activities of \$4.8 million was used to pay a final dividend of \$1.6 million for FY2009, finance costs of \$0.2 million and in reducing \$0.5 million in financial liabilities, thus leaving a net increase in cash and cash equivalents of \$2.5 million. This resulted in a total cash and cash equivalents of \$4.1 million as at 31 December 2009.

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.

As the Group enters the second half of its financial year 2010, it expects the short-term outlook to continue to be challenging. Purchase costs are expected to remain volatile due to excess capacities and commodity prices. The Group has taken extensive marketing efforts to secure more orders, and consolidate its overseas distribution points to enhance world-wide customer service and increase markets coverage. During the last 6 months, the Group has secured about \$13.1 million of contract orders, and as at 31 December 2009, the total unfulfilled contract orders stood at about \$14.6 million. Overall, the Group remains cautiously optimistic over the next twelve months.

The Group's balance sheet remains healthy with lower gearing of 42.0% down from 30 June 2009 of 56.8% and 31 December 2008 of 85.6%. The Group's unutilised financial facilities as at 31 December 2009 stood at about \$17.4 million and cash and cash equivalents of about \$4.1 million, which will be available to fund the working capital of the Group.

11. If a decision regarding dividend has been made:

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

No.

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

Not applicable.

(b)(ii) Previous corresponding period

\$16.47 per ordinary share issued.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No interim dividend has been declared nor recommended for the first half of financial year 2010 ending 30 June 2009.

### 13. Interested Person Transactions

There is no interested person transactions during the financial period under review.

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

We, Lim See Hoe and Lim Siew Cheng, being two Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for first half year ended 30 June 2009 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim See Hoe  
Executive Chairman and Chief Executive Officer

Lim Siew Cheng  
Executive Director and Chief Operating Officer

11 February 2010