

TEHO INTERNATIONAL INC LTD.

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

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2011

Teho International Inc Ltd. (the "Company") was listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 4 June 2009. The initial public offering ("IPO") 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) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement	Group		% Change Increase/ (Decrease)
	FY2011 S\$'000	FY2010 S\$'000	
Revenue	33,410	37,409	(11)
Cost of sales	(24,142)	(26,557)	(9)
Gross profit	9,268	10,852	(15)
<u>Other items of income</u>			
Interest income	4	2	100
Other credits	112	197	(43)
<u>Other items of expenses</u>			
Distribution costs	(585)	(728)	(20)
Administrative expenses	(3,538)	(3,255)	9
Other operating expenses	(1,988)	(1,581)	26
Finance costs	(518)	(447)	16
Other charges	(152)	(227)	(33)
Profit before tax	2,603	4,813	(46)
Share of results of associated company	13	13	-
Profit before tax from continuing operations	2,616	4,826	(46)
Income tax expense	(412)	(823)	(50)
Profit from continuing operations, net income tax	2,204	4,003	(45)
Profit attributable to owners of parent, net of tax	2,204	4,003	(45)

Consolidated Statement of Comprehensive Income	Group		% Change Increase/ (Decrease)
	30 June 2011 S\$'000	30 June 2010 S\$'000	
Profit from continuing operations, net income tax	2,204	4,003	(45)
<u>Other comprehensive income</u>			
Exchange differences on translating foreign operations, net of tax	(15)	2	(850)
Total comprehensive income	2,189	4,005	(45)
Attributable to :			
Owners of parent, net of tax	2,189	4,005	(45)

The net profit attributable to shareholders is stated after (charging)/crediting the following:

	Group		% Change Increase/ (Decrease)
	FY2011 S\$'000	FY2010 S\$'000	
Interest income	4	2	100
Finance costs	(518)	(447)	16
Depreciation of property, plant and equipment	(729)	(656)	11
Bad debts written off	(8)	(12)	(33)
Allowance for doubtful debts	(10)	-	nm
Foreign currency exchange loss	(133)	(125)	6
Gain on disposal of plant and equipment	(1)	76	(101)

Note:

nm = not meaningful

(b)(i) A balance sheet (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

Consolidated Statement of Financial Position	Group		Company	
	30 June 2011 S\$'000	30 June 2010 S\$'000	30 June 2011 S\$'000	30 June 2010 S\$'000
ASSETS				
<u>Non-current assets</u>				
Investment in associate	93	80	43	43
Property, plant and equipment	5,935	6,190	-	-
Investment in subsidiaries	-	-	13,321	12,993
Total non-current assets	6,028	6,270	13,364	13,036
<u>Current assets</u>				
Inventories	18,732	18,905	-	-
Trade and other receivables	7,089	8,498	3,924	4,890
Other assets	170	281	86	87
Cash and cash equivalent	8,111	7,436	60	94
Total current assets	34,102	35,120	4,070	5,071
Total assets	40,130	41,390	17,434	18,107
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share capital	15,481	15,481	15,481	15,481
Retained earnings	9,939	8,629	1,835	2,460
Foreign currency translation reserve	(12)	3	-	-
Total equity	25,408	24,113	17,316	17,941
<u>Non-current liabilities</u>				
Deferred tax liabilities	98	157	-	-
Other financial liabilities, non-current	2,430	3,972	-	-
Total non-current liabilities	2,528	4,129	-	-
<u>Current liabilities:</u>				
Income tax payable	516	936	-	-
Trade and other payables	1,929	2,376	118	166
Other financial liabilities, current	9,749	9,836	-	-
Total current liabilities	12,194	13,148	118	166
Total liabilities	14,722	17,277	118	166
Total equity and liabilities	40,130	41,390	17,434	18,107

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 current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 30 June 2011		As at 30 June 2010	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
8,358	1,391	7,769	2,067

Amount repayable after one year

As at 30 June 2011		As at 30 June 2010	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,464	966	1,614	2,358

Details of collaterals

Total borrowings of S\$12.2 million are covered by the Company's guarantee and a first legal charge on the Group's leasehold and buildings. The amount repayable after one year of S\$2.4 million comprises a mortgage loan of S\$1.4 million repayable beyond one year in equal monthly instalments over 15 years with effect from August 2006 and the balance of S\$1.0 million is repayable in equal monthly instalments over the next 2 years.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Cash Flow Statement	Group	
	FY2011	FY2010
	S\$'000	S\$'000
<u>Cash flows from operating activities:</u>		
Profit before income tax	2,616	4,826
<u>Adjustments for:</u>		
Share of the profit of associates	(13)	(13)
Depreciation expense	729	656
Gain on disposal of property, plant and equipment	1	(76)
Interest expense	518	447
Interest income	(5)	(2)
Exchange differences on translating foreign operations, net of tax	(15)	2
Operating cash flows before changes in working capital	3,831	5,840
Decrease/(Increase) in inventories	173	3,501
Decrease in trade and other receivables	1,409	989
(Increase)/decrease in other assets	111	(208)
(Decrease) in trade and other payables	(447)	(937)
Net cash flows from operations before interest and tax	5,077	9,185
Income tax paid	(891)	(1,359)
Net cash flows from operating activities	4,186	7,826
<u>Cash flows from/(used in) investing activities:</u>		
Purchase of property, plant and equipment	(475)	(14)
Proceeds from disposal of property, plant and equipment	1	140
Interest received	5	2
Net cash flows (used in)/from investing activities	(469)	128
<u>Cash flows used in financing activities:</u>		
Dividends paid to equity shareholders	(894)	(1,565)
(Decrease) in finance leases	-	(3)
Decrease in other financial liabilities	(1,630)	(4,643)
Increase in other financial liabilities	-	4,500
Interest paid	(518)	(447)
Net cash flows used in financing activities	(3,042)	(2,158)
Net Increase/(Decrease) in cash and cash equivalents	675	5,796
Cash and cash equivalents at beginning of year	7,436	1,640
Cash and cash equivalents at end of year	8,111	7,436

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	<u>Share</u>	<u>Retained</u>	<u>Fair Value</u>	<u>Foreign</u>	
	<u>Capital</u>	<u>Earnings</u>	<u>Adjustment</u>	<u>Currency</u>	<u>Total Equity</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>Reserve</u>	<u>Reserve</u>	<u>S\$'000</u>
As at 1 July 2009	15,481	6,191	-	1	21,673
Items of Income and Expense Recognised Directly in Equity:					
Exchange differences on translating foreign subsidiary	-	-	-	2	2
Profit for the year	-	4,003	-	-	4,003
Total recognised income and expense for the year	-	4,003	-	2	4,005
Transactions with equity holders					
Dividend paid	-	(1,565)	-	-	(1,565)
As at 30 June 2010	15,481	8,629	-	3	24,113
Items of Income and Expense Recognised Directly in Equity:					
Exchange differences on translating foreign subsidiary	-	-	-	(15)	(15)
Profit for the year	-	2,204	-	-	2,204
Total recognised income and expense for the year	-	2,204	-	(15)	2,189
Transactions with equity holders					
Dividend paid	-	(894)	-	-	(894)
As at 30 June 2011	15,481	9,939	-	(12)	25,408

Statements of changes in equity Company	<u>Share</u>	<u>Retained</u>	
	<u>Capital</u>	<u>Earnings</u>	<u>Total</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
As at 1 July 2009	15,481	2,719	18,200
Profit for the year	-	1,306	1,306
Total recognised income and expense for the year	15,481	4,025	19,506
Transactions with equity holders			
Dividend paid	-	(1,565)	(1,565)
As at 30 June 2010	15,481	2,460	17,941
Profit for the year	-	269	269
Total recognised income and expense for the year	-	269	269
Transactions with equity holders			
Dividend paid	-	(894)	(894)
As at 30 June 2011	15,481	1,835	17,316

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.

There is no change in the Company's issued and paid-up capital nor any conversion and any outstanding convertibles for the financial year ending 30 June 2011.

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.

30 June 2011	30 June 2010
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 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 group had adopted where applicable new and/or revised Financial Reporting Standards (the "FRS") and Interpretations of FRS ("INT FRS") that are affective for annual periods beginning on 1 July 2010. 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 for the financial year ended 30 June 2011.

Except for the above, the group has adopted the same accounting policies and methods of computations as presented in the audited financial statements of the group for the financial year ended 30 June 2010.

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.

Please refer to paragraph 4.

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.

	Group	
	FY2011	FY2010
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares in issue; and	1.97 cents	3.58 cents
(b) On a fully diluted basis	1.97 cents	3.58 cents

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		Company	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Net asset value per ordinary share based on issued capital	22.73 cents	21.57 cents	15.49 cents	16.05 cents

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.

Profit and Loss Review

Revenue

The group revenue for FY2011 of S\$33.4 million had decreased by S\$4.0 million or 10.7%, from S\$37.4 million in FY2010. The marine segment, which was severely impacted by the ongoing financial and economic instability and uncertainty in Europe and the USA, registered the highest drop in sales of S\$3.7 million. The offshore oil & gas segment also registered a decline in sales of S\$0.5 million as compared with previous year's. Only the others segment recorded an improvement in sales, increasing by S\$0.2 million as compared with FY2010.

The marine segment has been consolidating but has yet to turn around since the onset of the global financial crisis. The offshore oil & gas segment though has seen improved activities in the recent months but has yet to translate into significant uplift in orders for the services and supplies sectors. The construction industry is still healthy due to the strong domestic property market. Demand from the general industry has been positive.

Singapore and Rest-of-World segments had registered the highest drop of S\$4.1 million and S\$0.2 million respectively with a marginal increase of S\$0.3 million in Asia excluding Singapore.

Gross profit

Overall gross profit decreased by S\$1.6 million or 14.7%, from S\$10.9 million in FY2010 to S\$9.3 million in FY2011. The economic slowdown has put selling prices under intense competitive pressures. Coupled by the volatility in steel and crude oil prices offset partially by the weakening USD/SGD exchange rates the gross profit margin declined from that of 29.0% in FY2010 to 27.7% in FY2011. Gross profit margin from the marine segment had been stable and the drop from the others segment had been marginal but the offshore oil & gas segment showed significant drop by up to 14.3%. The gross profit margins for the Singapore and Asia segments had declined marginally by 1.9% to 3.3% but that of the Rest-of-World segment had improved by 12.6% despite of lower sales.

Other items of income

Other items of income had decreased by S\$0.1 million or 41.7%, due mainly to a one-off gains in FY2010 from CPF job credit.

Other items of expense

Other items of expenses increased by S\$0.6 million or 9.7%, from S\$6.2 million in FY2010 to S\$6.8 million in FY2011 were due mainly to lower distribution costs and other charges totaling S\$0.2 million that was offset by increases in administrative expenses, other operating expenses and finance costs totaling S\$0.8 million.

Distribution costs decreased by S\$0.1 million from S\$0.7 million in FY2010 to S\$0.6 million in FY2011 due mainly to decrease in sales outward freight and handling charges.

Administrative expenses increased by S\$0.3 million, from S\$3.2 million in FY2010 to S\$3.5 million in FY2011 due mainly to increase in headcounts, increase in overall CPF contributions and related expenses of S\$0.4 million partially offset by savings in other general administrative expenses of S\$0.1 million.

Other operating expenses increased by S\$0.4 million, from S\$1.6 million in FY2010 to S\$2.0 million in FY2011 due mainly to higher facilities costs of S\$0.2 million from depreciation, land rental, property tax and China representative office and new office rental of S\$0.2 million.

Finance costs increased by S\$0.1 million, from S\$0.4 million in FY2010 to S\$0.5 million in FY2011 due mainly to higher utilisation of working capital financing as a result of increase in imported purchases.

Other charges decreased by S\$0.1 million in FY2011 as compared to FY2010 due mainly to loss on fair value of interest swap in FY2010.

Profit before tax from continuing operations

Profit before tax from continuing operations decreased by S\$2.2 million or 45.8% from S\$4.8 million in FY2010 to S\$2.6 million in FY2011 due mainly to a lower gross profit of S\$1.6 million as a result of lower sales and unfavorable other items of income and expenses of S\$0.6 million.

Balance Sheet Review

Non-current assets

Non-current assets decreased by S\$0.3 million as a result of higher depreciation for property, plant and equipment for the financial year.

Current assets

Current assets decreased by S\$1.0 million due mainly to the decreases in inventories of S\$0.2 million, trade and other receivables of S\$1.4 million and other assets of S\$0.1 million partly offset by the increase in cash and cash equivalent of S\$0.7 million.

Non-current liabilities

Non-current liabilities had decreased by S\$1.6 million due mainly to S\$1.5 million reclassification to current financial liabilities of short-term loans which are repayable in equal monthly or quarterly installments over the next 3 years and long-term mortgage loan that are repayable within the next 12 months and a S\$0.1 million decrease in deferred tax liabilities.

Current liabilities

Current liabilities decreased by S\$1.0 million due mainly to decrease in income tax provision of S\$0.4 million as a result of higher payment for previous year which is offset by lower provisioning as a result of lower profit before tax in the current financial year, decrease in trade and other payables of S\$0.5 million and repayment of term loans and banking facilities of S\$1.6 million offset by the reclassification of term loans repayable within the next 12 months of S\$1.5 million.

Cash Flow Review

Net cash flow generated from operating activities was S\$4.2 million which was offset by cash used in investing activities of S\$0.5 million and cash used in financing activities of S\$3.0 million resulting in a net increase in cash and cash equivalents of S\$0.7 million for the financial year. The cash and cash equivalents as at 30 June 2011 stood at S\$8.1 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.

The global economy had shown some signs of recovery from the global financial crisis in the second half of our financial year. However, going forward the downside risks have increased. The weak US economy coupled with the sovereign debt crisis in the Euro zone is likely to result in sluggish global economic growth. In addition, the recent downgrade of the US credit rating by Standard & Poor's has led to financial market volatility and greater economic uncertainties. In view of all these headwinds, we will continue to stay focused on our niche markets. We will also continue to stay vigilant and implement pre-emptive measures to remain competitive.

11. If a decision regarding dividend has been made:

(a) Name of Dividend	Proposed Final
(b)(i) Dividend Rate	0.8 cents per share net of tax
(b)(ii) Previous corresponding period	0.8 cents per share net of tax
(c) Tax Rate	Tax exempt (one-tier)
(d) Date of Payment	Subject to shareholders approval and to be announced at a later date.
(e) Books closure date	To be announced at a later date.

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

Not applicable.

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

13. 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	<u>Offshore Oil</u>			<u>Total</u> S\$'000
	<u>Marine</u> S\$'000	<u>& Gas</u> S\$'000	<u>Others</u> S\$'000	
Continuing Operations FY2011				
Revenue by segment	25,143	1,557	6,710	33,410
Total revenue	<u>25,143</u>	<u>1,557</u>	<u>6,710</u>	<u>33,410</u>
Recurring EBTDA	6,511	361	2,396	9,268
Finance costs				(518)
Depreciation				<u>(729)</u>
ORBIT*				8,021
Other unallocated items (a)				(5,418)
Share of results of associated company				<u>13</u>
Profit before tax from continuing operation				2,616
Income tax expense				<u>(412)</u>
Profit from continuing operations				<u>2,204</u>
Continuing Operations FY2010				
Revenue by segment	28,813	2,112	6,484	37,409
Total revenue	<u>28,813</u>	<u>2,112</u>	<u>6,484</u>	<u>37,409</u>
Recurring EBTDA	7,618	792	2,442	10,852
Finance costs				(447)
Depreciation				<u>(656)</u>
ORBIT*				9,749
Other unallocated items (a)				(4,936)
Share of results of associated company				<u>13</u>
Profit before tax from continuing operation				4,826
Income tax expense				<u>(823)</u>
Profit from continuing operations				<u>4,003</u>
*Operating result before interests and income taxes and other unallocated items.				
(a) The other unallocated items comprise distribution costs, administrative expenses, other operating expenses and other charges which are centralised and not segmented as the main business of the group is the supplying of mooring and rigging equipment across all the segments which are based on the customers' nature of businesses.				

Business Segments Reporting	<u>Offshore Oil</u>			<u>Total</u> S\$'000
	<u>Marine</u> S\$'000	<u>& Gas</u> S\$'000	<u>Others</u> S\$'000	
Assets FY2011				
Total assets for reportable segments	5,586	298	1,119	7,003
Unallocated (a):				
Non-current assets				6,028
Inventories				18,732
Cash and cash equivalents				8,111
Other unallocated amounts				256
Total group assets				40,130
Assets FY 2010				
Total assets for reportable segments	6,691	652	1,155	8,498
Unallocated (a):				
Non-current assets				6,270
Inventories				18,905
Cash and cash equivalents				7,436
Other unallocated amounts				281
Total group assets				41,390
Liabilities FY2011				
Unallocated (a):				
Deferred and current tax liabilities				614
Borrowings				12,179
Trade and other payables				1,929
Total group liabilities				14,722
Liabilities FY2010				
Unallocated (a):				
Deferred and current tax liabilities				1,093
Borrowings				13,808
Trade and other payables				2,376
Total group liabilities				17,277
(a) The unallocated assets and liabilities cannot be selectively segmented when they are being deployed and/or incurred, as the group's business is the supplying of mooring and rigging equipment across all the segments which are based on the customers' nature of businesses.				

Geographic Segments Reporting	Revenue		Non-current assets (a)	
	FY2011 S\$'000	FY2010 S\$'000	FY2011 S\$'000	FY2010 S\$'000
<u>Revenue</u>				
Singapore	27,196	31,256	6,028	6,270
Asia	4,521	4,254	-	-
Rest of the World	1,693	1,899	-	-
	<u>33,410</u>	<u>37,409</u>	<u>6,028</u>	<u>6,270</u>
(a) The non-current assets comprise mainly investment in associate and the group's property, plant and equipment which are located in Singapore.				

14. 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 paragraph 8 above for further detail.

15. A breakdown of sales as follows:

	Group		
	FY2011 S\$'000	FY2010 S\$'000	% increase/ (decrease)
First Half			
(a) Revenue	16,823	19,147	(12)
(b) Operating profit after tax before deducting minority interests	1,165	2,093	(44)
Second Half			
(a) Revenue	16,587	18,262	(9)
(b) Operating profit after tax before deducting minority interests	1,039	1,910	(46)

Please refer paragraph 8 above for further detail.

16. 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
(a) Ordinary	S\$894,400	S\$894,400
(b) Preference	Nil	Nil
(c) Total	Proposed	S\$894,400

Please refer to paragraph 11 above for further detail.

BY ORDER OF THE BOARD

Lim See Hoe
Executive Chairman and Chief Executive Officer
25 August 2011