

**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 2020 (“FY2020”)**

*This announcement has been reviewed by the Company’s Sponsor, SAC Capital Private Limited (the “Sponsor”).*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (“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 2020**

	Group		Change %
	FY2020 Unaudited S\$	FY2019 Audited S\$	
<b>Revenue</b>	<b>59,264,700</b>	<b>54,383,476</b>	9.0
Cost of sales	(37,173,775)	(35,617,671)	4.4
<b>Gross profit</b>	<b>22,090,925</b>	<b>18,765,805</b>	17.7
Other operating income	780,475	541,893	44.0
Distribution expenses	(1,383,564)	(1,593,122)	(13.2)
Administrative expenses	(13,235,245)	(12,338,990)	7.3
Other operating expenses	(4,732,837)	(4,472,226)	5.8
<b>Results from operating activities</b>	<b>3,519,754</b>	<b>903,360</b>	289.6
Finance income	687	7,201	(90.5)
Finance costs	(1,479,975)	(1,209,260)	22.4
<b>Net finance costs</b>	<b>(1,479,288)</b>	<b>(1,202,059)</b>	23.1
Share of results of equity-accounted investees (net of tax)	(12,500)	–	n.m.
<b>Profit / (Loss) before tax</b>	<b>2,027,966</b>	<b>(298,699)</b>	n.m.
Tax expense	(843,361)	(161,154)	423.3
<b>Profit / (Loss) for the year</b>	<b>1,184,605</b>	<b>(459,853)</b>	n.m.
<b>Profit / (Loss) attributable to:</b>			
Owners of the Company	1,184,605	(459,853)	n.m.
Non-controlling interests	–	–	–
<b>Profit / (Loss) for the year</b>	<b>1,184,605</b>	<b>(459,853)</b>	n.m.
<b>Earnings / (Loss) per share</b>			
Basic (cents)	0.50	(0.20)	n.m.
Diluted (cents)	0.50	(0.20)	n.m.

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 2020**

	Group		
	FY2020 Unaudited S\$	FY2019 Audited S\$	Change %
<b>Profit / (Loss) for the year</b>	<b>1,184,605</b>	<b>(459,853)</b>	n.m.
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences, net of tax	182,758	96,055	90.3
Foreign currency translation differences reclassified to profit or loss upon disposal of subsidiaries	–	(157,130)	n.m.
<b>Other comprehensive income for the year, net of tax</b>	<b>182,758</b>	<b>(61,075)</b>	n.m.
<b>Total comprehensive income for the year</b>	<b>1,367,363</b>	<b>(520,928)</b>	n.m.
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	1,367,363	(561,638)	n.m.
Non-controlling interests	–	40,710	n.m.
<b>Total comprehensive income for the year</b>	<b>1,367,363</b>	<b>(520,928)</b>	n.m.

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

	Group		
	FY2020 Unaudited S\$	FY2019 Audited S\$	Change %
Audit fees paid to:			
- auditors of the company	(197,500)	(203,500)	(2.9)
- other auditors #	(92,467)	(36,943)	150.3
Non-audit fees paid to:			
- auditors of the company	-	(15,500)	n.m.
Bad debts written off	(39,089)	(53,545)	(27.0)
Contract assets written off	-	(77,289)	n.m.
Depreciation of investment property	(120,742)	(127,835)	(5.5)
Depreciation of property, plant and equipment	(1,744,740)	(756,544)	130.6
Fair value loss on derivatives	(185,596)	-	n.m.
Foreign exchange loss, net	(396,419)	(28,288)	1,301.4
Impairment loss on investment properties	(152,000)	-	n.m.
Impairment loss on trade and other receivables and contract assets	(265,167)	(82,849)	220.1
Interest expense incurred on loans and borrowings	(1,479,975)	(1,209,260)	22.4
Land rental	-	(174,256)	n.m.
Loss on disposal of property, plant and equipment	(1,270)	(4,084)	(68.9)
Loss on disposal of subsidiaries	-	(90,688)	n.m.
Operating lease expenses	(146,031)	(1,266,514)	(88.5)
(Under) / Over provision of tax in respect of prior years	(6,445)	165,729	n.m.

# Component auditors other than KPMG

**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 2020**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>Assets</b>				
Property, plant and equipment	13,391,614	6,704,140	4,859	984
Investment property	–	3,441,552	–	–
Investment in subsidiaries	–	–	16,184,006	16,088,856
Investment in joint venture	–	12,500	–	–
Deferred tax assets	256,597	277,597	–	–
<b>Non-current assets</b>	<b>13,648,211</b>	<b>10,435,789</b>	<b>16,188,865</b>	<b>16,089,840</b>
Inventories	22,346,376	20,317,476	–	–
Development properties	10,755,689	9,575,445	–	–
Tax recoverable	102,075	118,437	–	–
Trade and other receivables	10,832,479	11,425,954	4,183,803	2,909,776
Contract assets	400,714	444,631	–	–
Cash and cash equivalents	5,310,252	4,621,904	94,015	92,081
	49,747,585	46,503,847	4,277,818	3,001,857
Assets held for sale	3,168,810	–	–	–
<b>Current assets</b>	<b>52,916,395</b>	<b>46,503,847</b>	<b>4,277,818</b>	<b>3,001,857</b>
<b>Total assets</b>	<b>66,564,606</b>	<b>56,939,636</b>	<b>20,466,683</b>	<b>19,091,697</b>
<b>Equity</b>				
Share capital	33,035,508	32,978,808	33,035,508	32,978,808
Other reserves	190,746	55,238	–	47,250
Accumulated losses	(18,339,006)	(19,352,571)	(56,398,891)	(55,881,862)
<b>Total equity</b>	<b>14,887,248</b>	<b>13,681,475</b>	<b>(23,363,383)</b>	<b>(22,855,804)</b>
<b>Liabilities</b>				
Loans and borrowings	15,024,430	14,130,856	–	–
Trade and other payables	185,596	–	–	–
Deferred tax liabilities	69,272	83,386	–	–
<b>Non-current liabilities</b>	<b>15,279,298</b>	<b>14,214,242</b>	<b>–</b>	<b>–</b>
Loans and borrowings	29,650,009	23,033,078	–	–
Trade and other payables	5,774,777	5,493,451	43,731,181	41,947,501
Contract liabilities	279,764	344,824	86,816	–
Current tax liabilities	693,510	172,566	12,069	–
<b>Current liabilities</b>	<b>36,398,060</b>	<b>29,043,919</b>	<b>43,830,066</b>	<b>41,947,501</b>
<b>Total liabilities</b>	<b>51,677,358</b>	<b>43,258,161</b>	<b>43,830,066</b>	<b>41,947,501</b>
<b>Total equity and liabilities</b>	<b>66,564,606</b>	<b>56,939,636</b>	<b>20,466,683</b>	<b>19,091,697</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 2020 (S\$)		As at 30 June 2019 (S\$)	
Secured	Unsecured	Secured	Unsecured
29,650,009	–	23,033,078	–

**Amount repayable after one year**

As at 30 June 2020 (S\$)		As at 30 June 2019 (S\$)	
Secured	Unsecured	Secured	Unsecured
15,024,430	–	14,130,856	–

**Details of collateral**

As at 30 June 2020, the total loans and borrowings comprise:

- bank borrowings of \$39,575,478, which are secured by corporate guarantee by the Company, first charge on the Group's leasehold land and buildings, and legal mortgages on the Group's development properties; and
- lease liabilities of \$5,098,961, which are secured over the right-of-use 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 2020**

	Group	
	FY2020 Unaudited S\$	FY2019 Audited S\$
<b><u>Cash flows from operating activities</u></b>		
Profit / (Loss) before tax	2,027,966	(298,699)
Adjustments for:		
Bad debts written off	39,089	53,545
Contract assets written off	–	77,289
Depreciation of investment property	120,742	127,835
Depreciation of property, plant, and equipment	1,744,740	756,544
Equity-settled share-based payment transactions	9,450	47,250
Fair value loss on derivatives	185,596	–
Impairment loss on investment properties	152,000	–
Impairment loss on trade and other receivables and contract assets	265,167	82,849
Loss on disposal of plant and equipment	1,270	4,084
Loss on disposal of subsidiaries	–	90,688
Net finance costs	1,479,288	1,202,059
Share of results of equity-accounted investees (net of tax)	12,500	–
<b>Operating cash flows before changes in working capital</b>	<b>6,037,808</b>	<b>2,143,444</b>
Changes in:		
- Inventories	(1,958,782)	1,801,410
- Development properties	(1,092,192)	(9,722,217)
- Trade and other receivables	324,608	1,539,084
- Contract assets	48,532	3,508,417
- Trade and other payables	352,486	(2,594,183)
- Contract liabilities	(63,584)	187,420
<b>Cash generated from / (used in) operations</b>	<b>3,648,876</b>	<b>(3,136,625)</b>
Tax paid	(301,647)	(254,196)
<b>Net cash from / (used in) operating activities</b>	<b>3,347,229</b>	<b>(3,390,821)</b>
<b><u>Cash flows from investing activities</u></b>		
Acquisition of property, plant and equipment <sup>(Note 1)</sup>	(894,807)	(768,250)
Cash outflows from disposal of subsidiaries <sup>(Note 2)</sup>	–	(11,063)
Formation of equity-accounted joint venture	–	(12,500)
Interest received	687	7,201
Proceeds from disposal of plant and equipment	3,628	30,874
<b>Net cash used in investing activities</b>	<b>(890,492)</b>	<b>(753,738)</b>

**Consolidated Statement of Cash Flows (continued)**  
**Year ended 30 June 2020**

	Group	
	FY2020 Unaudited S\$	FY2019 Audited S\$
<b><u>Cash flows from financing activities</u></b>		
Interest paid	(1,568,027)	(1,339,691)
Payment of lease liabilities	(992,862)	(18,223)
Proceeds from loans and borrowings	28,918,637	28,025,395
Repayment of loans and borrowings	(28,069,229)	(22,430,501)
<b>Net cash (used in) / from financing activities</b>	<b>(1,711,481)</b>	<b>4,236,980</b>
Net increase in cash and cash equivalents	745,256	92,421
Cash and cash equivalents at beginning of the year	4,621,904	4,492,213
Effect of exchange rate fluctuations on cash held	(56,908)	37,270
<b>Cash and cash equivalents at end of the year</b>	<b>5,310,252</b>	<b>4,621,904</b>

**Note 1**

Additions of property, plant and equipment	2,569,367	768,250
Less: Funded by bank loans	(1,566,800)	–
Less: Addition in right-of-use assets	(107,760)	–
Cash used in acquisition of property, plant and equipment	<u>894,807</u>	<u>768,250</u>

**Note 2**

Analysis of assets and liabilities of subsidiaries disposed was as follows:

Property, plant and equipment	–	1,386
Development properties	–	22,200,477
Trade and other receivables	–	707
Cash and cash equivalents	–	20,449
Trade and other payables	–	(43,907)
Foreign currency translation reserve	–	(157,130)
	–	<u>22,021,982</u>
Non-controlling interests	–	(21,921,908)
Identified net assets	–	100,074
Loss on disposal of subsidiaries	–	(90,688)
Selling proceeds	–	<u>9,386</u>
Net cash outflows arising from the disposal of subsidiaries		
Cash received from selling proceeds	–	9,386
Cash and cash equivalents disposed off	–	(20,449)
Net cash outflows from disposal of subsidiaries	<u>–</u>	<u>(11,063)</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

Group	Note	Attributable to owners of the Company				Total equity S\$
		Share capital S\$	Foreign currency translation reserve S\$	Share-based compensation reserve S\$	Accumulated losses S\$	
<b>At 1 July 2019</b>		32,978,808	7,988	47,250	(19,352,571)	13,681,475
Adjustment on initial application of SFRS(I) 16 (net of tax)	5	–	–	–	(171,040)	(171,040)
<b>Adjusted balance at 1 July 2019</b>		32,978,808	7,988	47,250	(19,523,611)	13,510,435
<b>Total comprehensive income for the year</b>						
Profit for the year		–	–	–	1,184,605	1,184,605
Foreign currency translation differences		–	182,758	–	–	182,758
<b>Total comprehensive income for the year</b>		–	182,758	–	1,184,605	1,367,363
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Share-based payment transactions		–	–	9,450	–	9,450
Issuance of ordinary shares under the Performance Share Plan		56,700	–	(56,700)	–	–
<b>Total contributions by and distributions to owners</b>		56,700	–	(47,250)	–	9,450
<b>At 30 June 2020</b>		33,035,508	190,746	–	(18,339,006)	14,887,248

**Statement of changes in equity**

Group	Attributable to owners of the Company					Total S\$	Non-controlling interests S\$	Total equity S\$
	Share capital S\$	Capital reserve S\$	Foreign currency translation reserve S\$	Share-based compensation reserve S\$	Accumulated losses S\$			
<b>At 1 July 2018</b>	32,922,108	(1,772,571)	109,773	56,700	(17,120,147)	14,195,863	21,881,198	36,077,061
<b>Total comprehensive income for the year</b>								
Loss for the year	–	–	–	–	(459,853)	(459,853)	–	(459,853)
Foreign currency translation differences reclassified to profit or loss upon disposal of subsidiaries	–	–	(157,130)	–	–	(157,130)	–	(157,130)
Foreign currency translation differences	–	–	55,345	–	–	55,345	40,710	96,055
<b>Total comprehensive income for the year</b>	–	–	(101,785)	–	(459,853)	(561,638)	40,710	(520,928)
<b>Transactions with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Share-based payment transactions	–	–	–	47,250	–	47,250	–	47,250
Issuance of ordinary shares under the Performance Share Plan	56,700	–	–	(56,700)	–	–	–	–
Distribution of shares of the Company surrendered under a settlement agreement #	–	1,772,571	–	–	(1,772,571)	–	–	–
<b>Total contributions by and distributions to owners</b>	56,700	1,772,571	–	(9,450)	(1,772,571)	47,250	–	47,250
<b>Changes in ownership interests in subsidiaries</b>								
Disposal of subsidiaries with non-controlling interests	–	–	–	–	–	–	(21,921,908)	(21,921,908)
<b>Total changes in ownership interest in subsidiaries</b>	–	–	–	–	–	–	(21,921,908)	(21,921,908)
<b>At 30 June 2019</b>	32,978,808	–	7,988	47,250	(19,352,571)	13,681,475	–	13,681,475

# Note: The shares were surrendered as 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

	Share capital S\$	Capital reserve S\$	Share-based compensati on reserve S\$	Accumulated losses S\$	Total equity S\$
<b>Company</b>					
<b>At 1 July 2019</b>	32,978,808	–	47,250	(55,881,862)	(22,855,804)
<b>Total comprehensive income for the year</b>	–	–	–	(517,029)	(517,029)
<b>Transactions with owners, recognised directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Share-based payment transactions	–	–	9,450	–	9,450
Issue of ordinary shares	56,700	–	(56,700)	–	–
<b>Total contributions by and distributions to owners</b>	<b>56,700</b>	<b>–</b>	<b>(47,250)</b>	<b>–</b>	<b>9,450</b>
<b>At 30 June 2020</b>	<b>33,035,508</b>	<b>–</b>	<b>–</b>	<b>(56,398,891)</b>	<b>(23,363,383)</b>
<b>At 1 July 2018</b>	32,922,108	(1,772,571)	56,700	(53,193,625)	(21,987,388)
<b>Total comprehensive income for the year</b>	–	–	–	(915,666)	(915,666)
<b>Transactions with owners, recognised directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Share-based payment transactions	–	–	47,250	–	47,250
Issuance of ordinary shares under the Performance Share Plan	56,700	–	(56,700)	–	–
Distribution of shares of the Company surrendered under a settlement agreement #	–	1,772,571	–	(1,772,571)	–
<b>Total contributions by and distributions to owners</b>	<b>56,700</b>	<b>1,772,571</b>	<b>47,250</b>	<b>(1,772,571)</b>	<b>47,250</b>
<b>At 30 June 2019</b>	<b>32,978,808</b>	<b>–</b>	<b>47,250</b>	<b>(55,881,862)</b>	<b>(22,855,804)</b>

# Note: The shares were surrendered as 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.

**1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 2019 up to 30 June 2020. As at 31 December 2019 and 30 June 2020, the share capital of the Company comprised 235,424,614 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. Of the 2,100,000 share awards granted, 1,050,000 shares were vested on 5 November 2018 and 1,050,000 shares were vested on 5 November 2019.

A reconciliation of outstanding share awards from 1 July 2019 to 30 June 2020 is as follows:

<b>Outstanding Share Awards</b>	<b>Number of Shares</b>
<b>At 1 July 2019</b>	1,050,000
Forfeited during the period	–
Vested during the period	(1,050,000)
Granted during the period	–
<b>At 30 June 2020</b>	<u>–</u>

As at 30 June 2020 and 30 June 2019, 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 2020</b>	<b>As at 30 June 2019</b>
Total number of issued shares (excluding treasury shares)	235,424,614	234,374,614

The Company did not have any treasury shares as at 30 June 2020 and 30 June 2019.

**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.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -**

- a) Updates on the efforts taken to resolve each outstanding audit issue.
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**This is not required for any audit issue that is a material uncertainty to going concern.**

Not applicable. The latest financial statements of the Group are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of these financial statements.

**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.**

**SFRS(I) 16 Leases**

SFRS(I) 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating*

*the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group has applied SFRS(I) 16 on 1 July 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 had been recognised as an adjustment to the opening balance of accumulated losses at 1 July 2019, with no restatement of comparative information. The Group had applied the practical expedient to grandfather the definition of a lease on transition. This means that the Group applied SFRS(I) 16 to all contracts entered into before 1 July 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

On transition to SFRS(I) 16 on 1 July 2019, the impact to the Group are summarised as per below.

	<b>S\$</b>
Right-of-use assets – property, plant and equipment	5,802,319
Lease liabilities – loans and borrowings (non-current)	(5,034,552)
Lease liabilities – loans and borrowings (current)	(938,807)
Accumulated losses	<u>171,040</u>

The nature of expenses related to those leases had changed as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

**6. Earnings / (Loss) 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 / (Loss) per ordinary share for the year based on loss attributable to owners of the Company, net of tax:

	<b>Group</b>	
	<b>Year ended 30 June 2020 Unaudited</b>	<b>Year ended 30 June 2019 Audited</b>
Earnings (S\$) Profit / (Loss) attributable to owners of the Company, net of tax	1,184,605	(459,853)
(i) Based on weighted average number of ordinary shares in issue (Cents)	0.50	(0.20)
Weighted average number of ordinary shares	235,060,270	234,003,518
(ii) On a fully diluted basis (Cents)	0.50	(0.20)
Diluted weighted average number of ordinary shares	235,060,270	235,053,518

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>30 June 2020 Unaudited</b>	<b>30 June 2019 Audited</b>	<b>30 June 2020 Unaudited</b>	<b>30 June 2019 Audited</b>
Net asset value (S\$)	14,887,248	13,681,475	(23,363,383)	(22,855,804)
Net asset value per ordinary share (Cents)	6.32	5.84	(9.92)	(9.75)
Number of shares in issue	235,424,614	234,374,614	235,424,614	234,374,614

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*

Revenue increased by \$4.9 million or 9.0% to \$59.3 million for the financial year ended 30 June 2020 ("FY2020") from \$54.4 million for the financial year ended 30 June 2019 ("FY2019").

- Marine & Offshore Segment revenue in FY2020 increased by 8.8% or \$4.7 million in FY2020 as compared to FY2019. The increase was mainly attributable to increased revenue contribution from the mooring and rigging business. The water treatment and engineering business contributed to an increase of \$2.0 million and \$0.2 million respectively.
- Revenue contribution from property consultancy increased by 0.2% or \$0.2 million in FY2020 as compared to FY2019.

#### *Gross profit*

The Group's gross profit of \$22.1 million in FY2020 increased by \$3.3 million or 17.7% from \$18.8 million in FY2019. The Group's gross profit margin also increased to 37.3% in FY2020 as compared to 34.5% in FY2019.

- Marine & Offshore Segment contributed gross profit of \$21.2 million to the Group in FY2020 as compared to \$18.0 million in FY2019. The gross profit margin increased to 36.3% in FY2020 from 33.6% in FY2019.
- Property Development Segment contributed gross profit of \$0.9 million to the Group in FY2020, primarily arising from the property consultancy business.

#### *Other income*

Other income increased by \$238,000 or 44.0% to \$780,000 in FY2020 from \$542,000 in FY2019. The increase was mainly due to the receipt of the Singapore Government's Job Support Scheme payouts of \$301,000 which is recognised in FY2020.

#### *Distribution expenses*

Distribution expenses decreased by \$0.2 million or 13.2% to \$1.4 million in FY2020 from \$1.6 million in FY2019. The decrease was mainly due to cancellation of business travel and trade exhibition as a result of the travel bans and restrictions from the COVID-19 pandemic.

#### *Administrative expenses*

Administrative expenses increased by \$0.9 million or 7.3% to \$13.2 million in FY2020 from \$12.3 million in FY2019. The increase was mainly due to:

- Employee benefits expenses and related staff costs increased by \$0.6 million due to an increase in overall staff costs as a result of setting up wire rope rigging facilities at Houston (Texas) and TEHO Ropes Korea Co., Ltd. ("TEHO Korea").
- Insurance expenses increased by \$0.1 million as a result of the increase in number of staffs and equipment in the overseas mooring and rigging business in Houston (Texas) and TEHO Korea.
- Legal and professional fees increased by \$0.2 million as a result of the legal and professional fees incurred in FY2020 in relation to the setting up of TEHO Korea.

#### *Other operating expenses*



Other operating expenses increased by \$78,000 in FY2020. The increase was mainly due to:

- Increase in foreign exchange loss by \$368,000 due to fluctuation in USD against SGD.
- Recognition of fair value loss on interest rate swap of \$186,000.
- Impairment loss on investment property of \$152,000.

The increase was offset by the following:

- Absence of loss on disposal of subsidiaries of \$91,000.
- Adoption of *SFRS(I) 16 - Leases* which resulted in the decrease in rental expenses by \$1.3 million and these were offset by increases in depreciation of right of use asset by \$1.0 million.
- Decrease in transportation, entertainment, telecommunication and general expenses by \$237,000 as most of the employees were working from home due to COVID-19.

#### *Impairment loss on trade and other receivables and contract assets*

Impairment loss on trade and other receivables and contract assets incurred in FY2020 was \$265,000, compared to \$83,000 in FY2019. The increase was mainly due to the provision of \$234,000 impairment loss of a trade receivables which was placed under interim judicial management.

#### *Finance income*

The decrease in the Group's finance income, comprising mainly interest income from bank deposits, remained insignificant for FY2020.

#### *Finance costs*

The increase in the Group's finance costs by \$0.3 million in FY2020 as compared to FY2019 was mainly due to the adoption of *SFRS(I) 16 – Leases* which resulted in an increase of interest on lease liabilities by \$0.3 million.

#### *Income tax expense*

In FY2020, the Group incurred an income tax expense of \$0.8 million as compared to \$0.2 million in FY2019.

#### *Profit for the year*

Combining the profit before tax of \$3.4 million for the Marine & Offshore Segment, loss before tax of \$1.0 million for the Property Development Segment and the unallocated head office expenses of \$0.4 million, the Group's profit before tax is \$2.0 million in FY2020 as compared to a loss before tax of \$0.3 million in FY2019. After accounting for income tax of \$0.8 million, the Group's profit for FY2020 is \$1.2 million as compared to a loss of \$0.5 million in FY2019.

### **Balance Sheet Review**

#### *Non-current assets*

Non-current assets increased to \$13.6 million as at 30 June 2020 from \$10.4 million as at 30 June 2019. This increase was mainly due to the following:

- Adoption of *SFRS(I) 16 – Leases* which resulted in an increase of right of use asset by \$5.8 million.
- Acquisition of a warehouse in the Netherlands for \$2.1 million, as well as plant and equipment for \$0.4 million as part of the Group's strategy for business expansion for its Marine & Offshore Segment.

The increase was offset by the following:

- Depreciation of investment property and property, plant and equipment of \$1.9 million.
- Reclassification of investment property to assets held for sale of \$3.2 million.

#### *Current assets*

Current assets of \$52.9 million as at 30 June 2020 increased by \$6.4 million or 13.8% from \$46.5 million as at 30 June 2019. The increase was mainly due to the following:

- Assets held for sale increased by \$3.2 million as at 30 June 2020 following the proposed disposal of two leasehold properties owned by TEHO Development Pte Ltd. The options to purchase of the two leasehold properties were duly exercised on 16 July 2020.
- Inventories increased by \$2.0 million mainly due to the Group's strategy for business expansion for its Marine & Offshore Segment in Europe, USA and Korea. Despite the increase in the inventory, the inventory turnover days decreased from 218 days in FY2019 to 210 days in FY2020 due to increase in turnover in FY2020.
- Development properties increased by \$1.2 million from \$9.6 million as at 30 June 2019 to \$10.8 million as at 30 June 2020. The increase arose from the redevelopment of a landed residential property located at 16 Lorong Salleh. The Group has completed construction of its Farleigh Avenue project during the year and has begun marketing the property.
- Cash and cash equivalents increased by \$0.7 million. Please refer to the "Cash Flows Review" section below for details.

The increase was offset by the following:

- Trade and other receivables decreased by \$0.6 million. Trade and other receivables turnover days for the Marine & Offshore Segment decreased by 5 days from 70 days in FY2019 to 65 days in FY2020.

#### *Non-current liabilities*

Non-current liabilities increased by \$1.1 million or 7.5% to \$15.3 million as at 30 June 2020 from \$14.2 million as at 30 June 2019. The increase was mainly due to the following:

- Adoption of *SFRS(I) 16 – Leases* which resulted in an increase of non-current lease liabilities by \$4.2 million.

The increase above was offset by:

- Non-current portion of loans and borrowings decreased by \$3.3 million, mainly due to (i) classification of land and construction loans of \$4.5 million to current portion as the Group completed construction of its development at 88 Farleigh Avenue, which is due in the second quarter ("Q2") of the financial year ending 30 June 2021 ("FY2021") (ii) classification of mortgage loan of \$2.4 million to current portion following the proposed disposal of two leasehold properties, which is expected to be repaid in FY2021 and (iii) repayment of term loan of \$0.3 million. The decreases were offset by a \$2.1 million increase due to extension of term loan tenure and \$1.5 million additional bank loan for the acquisition of a warehouse in the Netherlands.

#### *Current liabilities*

Current liabilities increased by \$7.4 million or 25.3% to \$36.4 million as at 30 June 2020 from \$29.0 million as at 30 June 2019. The increase was mainly due to the following:

- Adoption of *SFRS(I) 16 – Leases* which resulted in an increase of current lease liabilities by \$0.9 million.
- Current portion of loans and borrowings increased by \$5.7 million, mainly due to (i) transfer of land and construction loans of \$4.3 million to current portion as the Group completed construction of its development at 88 Farleigh Avenue, which is due in the Q2 of FY2021 (ii) classification of mortgage loan of \$2.4 million to current portion following the proposed disposal of two leasehold properties, which is expected to be repaid in FY2021 (iii) increase in utilisation of trade facilities by \$2.1 million and (iv) additional bank loan of \$0.6 million. The increases were offset by \$3.7 million decrease due to repayment of term loan and extension of term loan tenure.
- Current tax liabilities increased by \$0.5 million.

- Trade and other payables increased by \$0.3 million was mainly due to Job Support Scheme received which was recognised as deferred income.

#### *Shareholders' equity*

Shareholders' equity increased by \$1.2 million or 8.8% to \$14.9 million as at 30 June 2020 from \$13.7 million as at 30 June 2019. The increase was mainly due to the following:

- Profit for FY2020 amounted to \$1.2 million.
- Foreign currency translation gain of \$0.2 million

The increase above was offset by:

- Adjustment on initial application of SFRS (I) 16 – *Leases* which resulted in a decrease of \$0.2 million in shareholders' equity.

### **Cash Flows Review**

#### *Cash flows from operating activities*

Operating cash inflows before changes in working capital was \$6.0 million in FY2020. Net cash outflow used in working capital was \$2.4 million due to the following:

- Cash outflows arising from an increase in inventories of \$2.0 million;
- Cash outflows arising from an increase in development properties of \$1.1 million;
- Cash inflows arising from a decrease in trade and other receivables of \$0.3 million;
- Cash inflows arising from a decrease in contract assets of \$49,000;
- Cash inflows arising from an increase in trade and other payables of \$0.4 million; and
- Cash outflows arising from a decrease in contract liabilities of \$64,000.

After deducting income taxes paid of \$0.3 million, net cash from in operating activities in FY2020 was \$3.3 million.

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

Net cash used in investing activities in FY2020 was \$0.9 million which was mainly attributable to the purchase of property, plant and equipment by the Marine & Offshore Segment.

#### *Cash flows from financing activities*

Net cash used in financing activities in FY2020 was \$1.7 million, mainly attributable to the following:

- Interest paid of \$1.6 million;
- Repayment of bank borrowings and lease liabilities totalling \$29.0 million; and
- Proceeds from bank borrowings amounting to \$28.9 million.

As a result of the above, cash and cash equivalents increased by approximately \$0.7 million during FY2020. Cash and cash equivalents as at 30 June 2020 were \$5.3 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 unprecedented impact inflicted by the COVID-19 pandemic on the global economy, the Marine & Offshore Segment has maintained 8.7% growth in its revenue. The growth in the mooring and rigging business in FY2020 continues from FY2019.

However, we anticipate headwind ahead. The International Monetary Foundation (IMF) has forecasted that all major economies in the world except for China, are heading for recession due to the COVID-19 pandemic <sup>1</sup>.

Notwithstanding, we will continue to grow our mooring and rigging business, while at the same time manage our costs prudently and align cash flows with business volume and potential opportunities.

In May 2020, the Group has acquired a warehouse in the Netherlands. The acquisition will further strengthen TEHO's rigging facilities and distribution points around the world. The new warehouse will increase our capacity in the Netherland by over 40%.

**Property Development Segment**

With the uncertainty over the impact of COVID-19 pandemic on the global economy, we expect that the Singapore property market will remain soft in the next financial year.

In July 2020, the Group has granted an option to purchase ("Option") to an unrelated third party buyer for the disposal of two (2) leasehold properties located at 33 Ubi Avenue 3, #01-14 and #01-15, Singapore 408868 for \$3.2 million and the buyer has exercised the Option ("**Proposed Disposal**"). The Proposed Disposal will enable the Group to realise the value of the properties and result in a positive cash inflow of S\$800,000 (post-deductions for the payment of mortgage loan and the agent's commission fee), thereby improving the liquidity of the Group.

The Group has completed construction of its detached house at Farleigh Avenue and has begun marketing the property. The Group has commenced construction for redevelopment of a semi-detached house at Lorong Salleh and expects completion of construction by end of 2020.

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

<sup>1</sup> Source: IMF, *World Economic Outlook Update*, June 2020

**(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 and the reason(s) for the decision.**

After considering the cash flow requirements of the Group and to be prudent, no dividend has been recommended for the financial year ended 30 June 2020.

**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</b>	<b>Marine &amp; Offshore S\$</b>	<b>Property Development S\$</b>	<b>Unallocated S\$</b>	<b>Group S\$</b>
<b>2020</b>				
External revenues	58,317,250	947,450	–	59,264,700
Interest income	555	132	–	687
Interest expense	(1,251,432)	(228,543)	–	(1,479,975)
Depreciation and amortisation	(1,654,161)	(210,556)	(765)	(1,865,482)
Reportable segment profit/(loss) before tax	3,422,499	(985,511)	–	2,436,988
Other unallocated expenses	–	–	(409,022)	(409,022)
Consolidated profit before tax from continuing operations				<u>2,027,966</u>
Reportable segment assets	51,654,828	14,722,065	187,713	66,564,606
Capital expenditure	2,556,322	8,405	4,640	2,569,367
Reportable segment liabilities	<u>40,433,362</u>	<u>10,859,043</u>	<u>384,953</u>	<u>51,677,358</u>
<b>2019</b>				
External revenues	53,621,573	761,903	–	54,383,476
Interest income	557	6,644	–	7,201
Interest expense	(1,137,390)	(71,870)	–	(1,209,260)
Depreciation and amortisation	(671,727)	(171,838)	(40,814)	(884,379)
Reportable segment profit/(loss) before tax	2,101,510	(1,614,945)	–	486,565
Other unallocated expenses	–	–	(785,264)	(785,264)
Consolidated loss before tax from continuing operations				<u>(298,699)</u>
Reportable segment assets	42,478,236	14,336,812	124,588	56,939,636
Capital expenditure	749,141	19,109	–	768,250
Reportable segment liabilities	<u>33,077,465</u>	<u>10,046,439</u>	<u>134,257</u>	<u>43,258,161</u>

- (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.
- (c) Marine & Offshore comprises of mooring and rigging, water treatment and engineering business.
- (d) Property Development comprises of property development and consultancy services.

- (e) The Group initially applied SFRS(I)16 on 1 July 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases. As a result, the Group recognised \$5,802,319 of right-of-use assets and \$5,973,359 of liabilities from those lease contracts. The assets and liabilities are included in the Marine & Offshore and Property Development segments as at 30 June 2020. The Group has applied SFRS(I) 16 using the modified retrospective approach, under which comparative information is not restated.

### Geographical Segments Reporting

	Note	2020 S\$	Group 2019 S\$	Change %
<b>Revenue</b>				
Singapore		31,416,914	29,548,375	6.3
Europe	1	14,388,955	11,957,280	20.3
South East Asia	2	6,024,413	6,902,936	(12.7)
United States of America		2,820,255	1,716,365	64.3
East Asia	3	1,672,544	1,970,602	(15.1)
Middle East	4	879,454	699,055	25.8
Other countries	5	2,062,165	1,588,863	29.8
Total revenue		<u>59,264,700</u>	<u>54,383,476</u>	9.0
<b>Non-current assets</b>				
	6			
Singapore		8,071,440	7,096,124	13.7
Netherlands		4,913,175	2,735,457	79.6
United States of America		598,528	603,421	(0.8)
Other countries		65,068	787	8,167.9
		<u>13,648,211</u>	<u>10,435,789</u>	30.8

#### Note:

1. Europe include Cyprus, Denmark, United Kingdom, Netherlands, Germany, Greece, Norway, France, Spain, Turkey, Sweden, Switzerland, Belgium, Lithuania, Finland, Monaco and Italy.
2. South East Asia include Philippines, Malaysia, Indonesia, Brunei Darussalam and Thailand.
3. East Asia include Hong Kong, China, South Korea, Taiwan and Japan.
4. Middle East include United Arab Emirates, Oman, Qatar, Saudi Arabia, Israel.
5. Other countries include Nigeria, Marshall Islands, Maldives, Panama, India, Canada, Australia, Brazil and Mexico.
6. 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		
		FY2020 S\$'000 Unaudited	FY2019 S\$'000 Unaudited	% Increase/ (Decrease)
First Half				
(a)	Revenue	28,969	25,632	13.0
(b)	Operating profit / (loss) after tax before deducting non-controlling interests	176	(582)	n.m.
Second half				
(a)	Revenue	30,296	28,752	5.4
(b)	Operating profit after tax before deducting non-controlling interests	1,009	122	727.0

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

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

Please refer to paragraphs 11 and 12 above for further details.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lim Siew Choo	66	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 Administration Director since 2004 and is responsible for the day-to-day operations, statutory matters, recruitment and staff welfare of the Group	Not applicable
Soare Siew Lian	61	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	41	Brother-in-law of Lim See Hoe (Executive Chairman, Chief Executive Officer and substantial shareholder)	Quality and Technical/Factory Manager 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**  
**24 August 2020**