

TEHO INTERNATIONAL INC LTD.

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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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Table of Contents

A.	CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS	1
B.	CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2
C.	CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	3
D.	CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	4
E.	CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	6
F.	NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	8
G.	OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C	17

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Group		Change %
		HY2022 Unaudited S\$	HY2021 Unaudited S\$	
Revenue	4	26,540,020	33,418,076	(20.6)
Cost of sales		(15,756,882)	(22,647,893)	(30.4)
Gross profit		10,783,138	10,770,183	0.1
Other operating income		49,086	947,869	(94.8)
Distribution expenses		(707,432)	(592,042)	19.5
Administrative expenses		(7,021,221)	(7,007,227)	0.2
Other operating expenses		(2,013,355)	(1,728,866)	16.5
Results from operating activities		1,090,216	2,389,917	(54.4)
Finance income		178	132	34.8
Finance costs		(448,302)	(564,038)	(20.5)
Net finance costs		(448,124)	(563,906)	(20.5)
Profit before tax	6	642,092	1,826,011	(64.8)
Tax expense	7	(242,858)	(528,846)	(54.1)
Profit for the period		399,234	1,297,165	(69.2)
Earnings per share				
Basic (cents)	9	0.17	0.55	(69.1)
Diluted (cents)	9	0.17	0.55	(69.1)

Notes:

- (1) HY2021: from 1 July 2020 to 31 December 2020
- (2) HY2022: from 1 July 2021 to 31 December 2021

B. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	HY2022 Unaudited S\$	HY2021 Unaudited S\$	Change %
Profit for the period	399,234	1,297,165	(69.2)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences, net of tax	(296,258)	57,299	n.m.
Other comprehensive (loss)/income for the period, net of tax	(296,258)	57,299	n.m.
Total comprehensive income for the period	102,976	1,354,464	(92.4)

n.m.: not meaningful

C. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
		Unaudited S\$	Audited S\$	Unaudited S\$	Audited S\$
Assets					
Property, plant and equipment	10	15,311,861	13,063,262	275,738	303,951
Investment in subsidiaries		–	–	16,184,006	16,184,006
Investment in associate and joint venture		–	75,982	–	–
Deferred tax assets		163,566	163,566	–	–
Non-current assets		15,475,427	13,302,810	16,459,744	16,487,957
Inventories		25,164,067	21,195,973	–	–
Development properties		5,544,237	5,357,030	–	–
Contract costs		–	56,538	–	–
Tax recoverable		–	12,116	–	–
Trade and other receivables		8,916,637	9,635,045	7,814,974	5,782,596
Contract assets		133,047	315,003	–	–
Cash and cash equivalents		3,828,340	6,981,664	120,241	100,916
Current assets		43,586,328	43,553,369	7,935,215	5,883,512
Total assets		59,061,755	56,856,179	24,394,959	22,371,469
Equity					
Share capital	12	33,035,508	33,035,508	33,035,508	33,035,508
Other reserves		(110,649)	185,609	–	–
Accumulated losses		(14,708,735)	(15,107,969)	(55,305,568)	(55,162,338)
Total equity		18,216,124	18,113,148	(22,270,060)	(22,126,830)
Liabilities					
Loans and borrowings	11	12,221,252	12,169,853	–	–
Trade and other payables	5.1	116,211	116,211	–	–
Deferred tax liabilities		37,501	37,312	–	–
Non-current liabilities		12,374,964	12,323,376	–	–
Loans and borrowings	11	23,006,278	20,150,872	–	–
Trade and other payables		4,883,137	5,644,389	46,654,178	44,483,936
Contract liabilities		193,661	188,974	–	–
Current tax liabilities		387,591	435,420	10,841	14,363
Current liabilities		28,470,667	26,419,655	46,665,019	44,498,299
Total liabilities		40,845,631	38,743,031	46,665,019	44,498,299
Total equity and liabilities		59,061,755	56,856,179	24,394,959	22,371,469

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
Note	HY2022 Unaudited S\$	HY2021 Unaudited S\$
<u>Cash flows from operating activities</u>		
Profit before tax	642,092	1,826,011
Adjustments for:		
Bad debts written off	–	1,153
Depreciation of property, plant, and equipment	755,581	877,222
(Gain) / Loss on disposal of plant and equipment	(121)	8,327
Gain on disposal of an associate	(8,398)	–
Gain on modification of lease contracts	–	(25,868)
Reversal of impairment loss on trade and other receivables	(609)	(95,546)
Loss on disposal of assets held for sale	–	810
Net finance costs	448,124	563,906
Operating cash flows before changes in working capital	1,836,669	3,156,015
Changes in:		
- Inventories	(4,091,785)	1,102,208
- Development properties	(161,364)	5,820,162
- Contract costs	56,538	–
- Trade and other receivables	669,364	2,767,423
- Contract assets	181,956	36,365
- Trade and other payables	(883,663)	(1,631,258)
- Contract liabilities	4,187	(10,308)
Cash (used in) / generated from operations	(2,388,098)	11,240,607
Tax paid	(281,354)	(354,468)
Net cash (used in) / from operating activities	(2,669,452)	10,886,139
<u>Cash flows from investing activities</u>		
Acquisition of an associate	–	(60,000)
Acquisition of property, plant and equipment ^(Note 1)	(1,540,604)	(286,987)
Interest received	178	132
Proceeds from disposal of an associate	84,380	–
Proceeds from disposal of assets held for sale	–	3,168,000
Proceeds from disposal of plant and equipment	4,956	500
Net cash (used in) / from investing activities	(1,451,090)	2,821,645

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

		Group	
	Note	HY2022 Unaudited S\$	HY2021 Unaudited S\$
<u>Cash flows from financing activities</u>			
Interest paid		(474,145)	(616,641)
Payment of lease liabilities		(357,967)	(479,443)
Proceeds from loans and borrowings		12,623,827	14,446,388
Repayment of loans and borrowings		(10,908,741)	(24,839,125)
Net cash from / (used in) financing activities		882,974	(11,488,821)
Net changes in cash and cash equivalents		(3,237,568)	2,218,963
Cash and cash equivalents at beginning of the period		6,981,664	5,310,252
Effect of exchange rate fluctuations on cash held		84,244	(166,351)
Cash and cash equivalents at end of the period		3,828,340	7,362,864
<u>Note 1</u>			
Additions of property, plant and equipment		3,537,818	286,987
Less: Funded by bank loans		(1,889,636)	–
Less: Addition in right-of-use assets		(107,578)	–
Cash used in acquisition of property, plant and equipment		1,540,604	286,987

E. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Note	Attributable to owners of the Company			Total equity S\$
		Share capital S\$	Foreign currency translation reserve S\$	Accumulated losses S\$	
As at 1 July 2021 (audited)		33,035,508	185,609	(15,107,969)	18,113,148
Total comprehensive income for the period					
Profit for the period		–	–	399,234	399,234
Foreign currency translation differences		–	(296,258)	–	(296,258)
Total comprehensive income for the period		–	(296,258)	399,234	102,976
As at 31 December 2021 (unaudited)		33,035,508	(110,649)	(14,708,735)	18,216,124
As at 1 July 2020 (audited)		33,035,508	190,746	(18,339,006)	14,887,248
Total comprehensive income for the period					
Profit for the period		–	–	1,297,165	1,297,165
Foreign currency translation differences		–	57,299	–	57,299
Total comprehensive income for the period		–	57,299	1,297,165	1,354,464
As at 31 December 2020 (unaudited)		33,035,508	248,045	(17,041,841)	16,241,712

E. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (continued)

	Share capital S\$	Accumulated losses S\$	Total equity S\$
Company			
As at 1 July 2021 (audited)	33,035,508	(55,162,338)	(22,126,830)
Total comprehensive loss for the period	–	(143,230)	(143,230)
As at 31 December 2021 (unaudited)	<u>33,035,508</u>	<u>(55,305,568)</u>	<u>(22,270,060)</u>
As at 1 July 2020 (audited)	33,035,508	(56,398,891)	(23,363,383)
Total comprehensive loss for the period	–	(694,960)	(694,960)
As at 31 December 2020 (unaudited)	<u>33,035,508</u>	<u>(57,093,851)</u>	<u>(24,058,343)</u>

F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

TEHO International Inc Ltd. (the "Company") is a public company limited by shares, incorporated and domiciled in Singapore with its registered office at 1 Commonwealth Lane, #09-23, One Commonwealth, Singapore 149544. The Company's registration number is 200811433K. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the "Group"). The Company is an investment holding company.

The principal activities of the Group are:

- (a) Supply of rigging and mooring equipment as well as related services to customers mainly in the marine and offshore industries;
- (b) Supply of offshore oil and gas equipment to offshore oil and gas industries;
- (c) Manufacture and repair of water/waste water treatment equipment and provision of environmental engineering design and consultancy services (except clean energy);
- (d) Real estate development; and
- (e) Provision of real estate valuation services.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual consolidated financial statements for the year ended 30 June 2021.

The presentation for the HY2022 unaudited condensed interim financial statements are prepared in accordance with the relevant accounting standards under Singapore Financial Reporting Standards (International) ("SFRS(I)s") which is to comply with Catalist Rule 705(3A) that takes effect for issuers' financial statements for any interim financial period (i.e., the first, second or third quarters of the financial year) or for any financial year ending on or after 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time on 1 July 2021:

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16*

The application of these standards, amendments to standards and interpretations does not have a material effect on the financial statements.

2.2 Use of judgements and estimates

The preparation of the condensed interim financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial period includes the following:

- Measurement of realisable amounts of inventories;
- Measurement of realisable amounts of development properties; and
- Measurement of expected credit loss ("ECL") allowance for contract assets and trade and other receivables.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Marine & Offshore comprises of mooring and rigging, water treatment and engineering businesses.
- Segment 2: Property comprises of property development and consultancy services.

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Chief Executive Officer, who is responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

Business Segment Reporting	Marine & Offshore S\$	Property S\$	Unallocated S\$	Group S\$
HY2022				
Revenue	33,618,771	761,303	–	34,380,074
Internal revenues	(7,840,054)	–	–	(7,840,054)
External revenues	<u>25,778,717</u>	<u>761,303</u>	<u>–</u>	<u>26,540,020</u>
Interest income	178	–	–	178
Interest expense	(412,007)	(36,295)	–	(448,302)
Depreciation and amortisation	(690,204)	(30,478)	(34,899)	(755,581)
Reportable segment profit/(loss) before tax	1,095,119	(206,743)	–	888,376
Other unallocated expenses	–	–	(246,284)	<u>(246,284)</u>
Consolidated profit before tax from continuing operations				<u>642,092</u>
Reportable segment assets	52,031,975	6,528,142	501,638	59,061,755
Capital expenditure	3,531,132	–	6,686	3,537,818
Reportable segment liabilities	<u>36,068,519</u>	<u>4,336,906</u>	<u>440,206</u>	<u>40,845,631</u>
HY2021				
Revenue	32,745,649	7,002,526	–	39,748,175
Internal revenues	(6,330,099)	–	–	(6,330,099)
External revenues	<u>26,415,550</u>	<u>7,002,526</u>	<u>–</u>	<u>33,418,076</u>
Interest income	132	–	–	132
Interest expense	(488,948)	(75,090)	–	(564,038)
Depreciation and amortisation	(829,892)	(45,946)	(1,384)	(877,222)
Reportable segment profit/(loss) before tax	2,091,545	(89,101)	–	2,002,444
Other unallocated expenses	–	–	(176,433)	<u>(176,433)</u>
Consolidated profit before tax from continuing operations				<u>1,826,011</u>
Reportable segment assets	48,036,615	6,641,049	249,308	54,926,972
Capital expenditure	273,437	10,758	2,792	286,987
Reportable segment liabilities	<u>34,006,416</u>	<u>4,230,025</u>	<u>448,819</u>	<u>38,685,260</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.

4.2 Disaggregation of revenue

(a) Types of goods or services and timing of revenue recognition

	Group					
	Marine & offshore S\$	HY2022 Property S\$	Total S\$	Marine & offshore S\$	HY2021 Property S\$	Total S\$
Types of goods or services:						
- Sale of goods	25,778,717	–	25,778,717	26,415,550	–	26,415,550
- Revenue from property development	–	–	–	–	6,490,000	6,490,000
- Provision of real estate services	–	551,898	551,898	–	512,526	512,526
- Contract revenue	–	209,405	209,405	–	–	–
	<u>25,778,717</u>	<u>761,303</u>	<u>26,540,020</u>	<u>26,415,550</u>	<u>7,002,526</u>	<u>33,418,076</u>
Timing of revenue recognition:						
- At a point in time	25,778,717	551,898	26,330,615	26,415,550	7,002,526	33,418,076
- Over time	–	209,405	209,405	–	–	–
	<u>25,778,717</u>	<u>761,303</u>	<u>26,540,020</u>	<u>26,415,550</u>	<u>7,002,526</u>	<u>33,418,076</u>

(b) Geographical information

	Note	Group					
		Marine & offshore S\$	HY2022 Property S\$	Total S\$	Marine & offshore S\$	HY2021 Property S\$	Total S\$
Revenue							
Singapore		11,773,515	761,303	12,534,818	13,768,767	7,002,526	20,771,293
Europe	1	7,604,471	–	7,604,471	6,624,737	–	6,624,737
South East Asia	2	2,151,835	–	2,151,835	2,785,428	–	2,785,428
United States of America		1,696,271	–	1,696,271	856,638	–	856,638
East Asia	3	960,131	–	960,131	965,945	–	965,945
Middle East	4	662,658	–	662,658	577,706	–	577,706
Other countries	5	929,836	–	929,836	836,329	–	836,329
Total revenue		<u>25,778,717</u>	<u>761,303</u>	<u>26,540,020</u>	<u>26,415,550</u>	<u>7,002,526</u>	<u>33,418,076</u>

Notes:

- Europe include Cyprus, Netherlands, Greece, Germany, Denmark, United Kingdom, Spain, Norway, France, Turkey, Belgium, Sweden, Finland, Lithuania, Monaco, Switzerland and Italy.
- South East Asia include Malaysia, Philippines, Indonesia, Brunei Darussalam and Thailand.
- East Asia include Hong Kong, China, South Korea and Taiwan.
- Middle East include United Arab Emirates, Oman, Israel, Saudi Arabia and Qatar.
- Other countries include Nigeria, Marshall Islands, Maldives, Panama, India, Canada, Brazil, Colombia and Australia.

5. Financial assets and liabilities

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 30 June 2021:

	The Group		The Company	
	31 Dec 2021 S\$	30 Jun 2021 S\$	31 Dec 2021 S\$	30 Jun 2021 S\$
Financial assets at amortised costs				
Trade and other receivables*	8,633,396	9,453,320	7,740,831	5,766,688
Cash and cash equivalents	3,828,340	6,981,664	120,241	100,916
	<u>12,461,736</u>	<u>16,434,984</u>	<u>7,861,072</u>	<u>5,867,604</u>
Financial liabilities at amortised costs				
Fixed rate loans	(7,751,966)	(6,846,231)	–	–
Lease liabilities	(4,128,723)	(4,699,641)	–	–
Other loans and borrowings	(23,346,841)	(20,774,853)	–	–
Trade and other payables^	(4,883,137)	(5,644,389)	(46,654,178)	(44,483,936)
	<u>(40,110,667)</u>	<u>(37,965,114)</u>	<u>(46,654,178)</u>	<u>(44,483,936)</u>
Financial liability at fair value through profit or loss				
Derivative financial liabilities	(116,211)	(116,211)	–	–

* Excludes grant receivables, prepayments and advances to suppliers

^ Excludes derivative financial liabilities and deferred grant income

5.1 Measurement of fair value

The Group classifies financial liabilities measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (Level 3)

The following table presented the financial liabilities measured at fair value:

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Group				
31 December 2021				
Financial liability at fair value through profit or loss				
Derivative financial liabilities	–	(116,211)	–	(116,211)
	<u>–</u>	<u>(116,211)</u>	<u>–</u>	<u>(116,211)</u>
Group				
30 June 2021				
Financial liability at fair value through profit or loss				
Derivative financial liabilities	–	(116,211)	–	(116,211)
	<u>–</u>	<u>(116,211)</u>	<u>–</u>	<u>(116,211)</u>

Valuation techniques

The fair value of derivative financial liabilities is based on broker quote. Similar contracts are traded in an active market and the quote reflect the actual transactions in similar instruments.

Transfer between the levels

There were no transfers between the levels during the year.

6. Profit before taxation

6.1 Significant items

	Group		
	HY2022 Unaudited S\$	HY2021 Unaudited S\$	Change %
Bad debts written off	–	(1,153)	n.m.
Depreciation of property, plant and equipment	(755,581)	(877,222)	(13.9)
Foreign exchange (loss) / gain, net	(221,391)	186,803	n.m.
Grant income	32,782	695,497	(95.3)
Reversal of impairment loss on trade and other receivables	609	95,546	(99.4)
Interest expense incurred on loans and borrowings	(448,302)	(564,038)	(20.5)
Gain / (loss) on disposal of property, plant and equipment	121	(8,327)	n.m.
Operating lease expenses	(73,831)	(26,328)	180.4

6.2 Related party transactions

	Group	
	HY2022 Unaudited S\$	HY2021 Unaudited S\$
Related party transactions		
Rental expenses paid to a related party	(146,176)	(157,056)
Transactions with key management personnel		
Salaries and other short-term employee benefits	1,358,957	1,025,540
Post-employment benefits, including employer's contribution to Central Provident Fund	26,046	27,020
Fees to directors of the Company	90,000	79,583
	1,475,003	1,132,143

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	HY2022 Unaudited S\$	HY2021 Unaudited S\$
Current tax expense		
Current year	235,605	544,055
Adjustment for prior periods	7,253	(15,210)
	242,858	528,845
Deferred tax expense		
Origination and reversal of temporary differences	–	1
Total tax expense	242,858	528,846

8. Net Asset Value

	Group		Company	
	As at		As at	
	31 Dec 2021 Unaudited	30 Jun 2021 Audited	31 Dec 2021 Unaudited	30 Jun 2021 Audited
Net asset value (S\$)	18,216,124	18,113,148	(22,270,060)	(22,126,830)
Net asset value per ordinary share (Cents)	7.74	7.69	(9.46)	(9.40)
Number of shares in issue	235,424,614	235,424,614	235,424,614	235,424,614

9. Earnings per share

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

	Group	
	HY2022 Unaudited	HY2021 Unaudited
Earnings (S\$) (Profit attributable to owners of the parent, net of tax)	399,234	1,297,165
(i) Based on weighted average number of ordinary shares in issue (cents)	0.17	0.55
Weighted average number of ordinary shares	235,424,614	235,424,614
(ii) On a fully diluted basis in issue (cents)	0.17	0.55
Weighted average number of ordinary shares	235,424,614	235,424,614

10. Property, plant and equipment

During HY2022, the Group acquired assets amounting to S\$3,430,240 (HY2021: S\$286,987), disposed of assets amounting to S\$4,835 (HY2021: S\$8,827) and the proceeds from the disposal of assets amounting to S\$4,956 (HY2021: S\$500). During HY2022, property, plant and equipment acquired under lease arrangement amounted to S\$107,578 (HY2021: S\$Nil).

11. Borrowings

Amount repayable within one year or on demand

As at 31 December 2021 (S\$)		As at 30 June 2021 (S\$)	
Secured	Unsecured	Secured	Unsecured
23,006,278	–	20,150,872	–

Amount repayable after one year

As at 31 December 2021 (S\$)		As at 30 June 2021 (S\$)	
Secured	Unsecured	Secured	Unsecured
12,221,252	–	12,169,853	–

Details of collateral

As at 31 December 2021, the total loans and borrowings comprise:

- bank borrowings of S\$31,098,807, 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 S\$4,128,723, which are secured over the right-of-use assets.

12. Share capital

	Company			
	Number of shares		Amount (S\$)	
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
Issued and fully paid ordinary share capital with no par value:				
At beginning and at end of the period	235,424,614	235,424,614	33,035,508	33,035,508

The Company did not hold any subsidiary holdings, treasury shares and convertibles except for the performance share plan as described below as at 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 30 June 2021.

Performance share plan

The Company's long-term employee incentive scheme known as the TEHO Performance Share Plan 2021 ("TEHO PSP 2021") was approved and adopted by the shareholders at the Company's extraordinary general meeting held on 27 October 2021. TEHO PSP 2021 is administered by the Remuneration Committee ("RC") with such discretion, powers and duties as are conferred on it by the Board of Directors. The members of the RC are Ms Joanne Khoo Su Nee, Mr Kwah Thiam Hock and Mr Chua Kim Leng.

TEHO PSP 2021 contemplates the award of fully-paid shares in the capital of the Company to participants after certain pre-determined benchmarks have been met. The Company believes that TEHO PSP 2021 will be more effective than pure cash bonuses in motivating employees to work towards pre-determined goals and promoting the long-term interest of the Company.

TEHO PSP 2021 shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing from its adoption by the shareholders and may continue beyond the stipulated period with the approval of the shareholders by an ordinary resolution in general meeting and of any relevant authorities which may then be required.

Under the rules of TEHO PSP 2021 and at the absolute discretion of the RC, confirmed full-time employees of the Group who are of the age of 18 years and above, and directors of the Company who have contributed or will contribute to the success and the development of the Group are eligible to participate in TEHO PSP 2021. However, participation in TEHO PSP 2021 by the directors who are also controlling shareholders and their associates are subject to the approval by independent shareholders of the Company at general meeting.

The total number of shares that may be issued or are issuable pursuant to the granting of the awards under TEHO PSP 2021, when added to the aggregate number of shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% (or such other percentage as may be prescribed or permitted from time to time by the SGX-ST) of the total number of issued ordinary shares of the Company on the day immediately preceding the relevant grant date.

13. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

G. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

1. Review

The condensed interim consolidated statements of financial position of the Company and its subsidiaries as at 31 December 2021 and the related condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statements of changes in equity and condensed interim consolidated statement of cash flows for the six months ended 31 December 2021 and certain explanatory notes have not been audited or reviewed.

The Group's latest audited financial statements for the financial year ended 30 June 2021 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2. 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 Dec 2021	As at 30 Jun 2021
Total number of issued shares (excluding treasury shares)	235,424,614	235,424,614

The Company did not have any treasury shares as at 31 December 2021 and 30 June 2021.

3. 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. The Company did not have any treasury shares during the current financial period reported on.

4. 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.

5. 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.

6. Where the figures have been audited or reviewed, the auditor's report (including any modifications or emphasis of a matter).

Not applicable. The figures have not been audited nor reviewed by auditors.

7. 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 issues on the financial statements have been adequately disclosed.

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

8. Review of the performance of the Group

Financial Performance Review

Revenue

Revenue decreased by S\$6.9 million or 20.6% to S\$26.5 million for the financial period from 1 July 2021 to 31 December 2021 ("HY2022") from S\$33.4 million for the financial period from 1 July 2020 to 31 December 2020 ("HY2021").

- Marine & Offshore Segment revenue decreased by 2.4% or S\$0.6 million in HY2022 as compared to HY2021. This was mainly due to the decrease in revenue contribution from the water treatment and engineering businesses of S\$0.7 million and S\$0.4 million respectively, partially offset by the increase in revenue contribution from the mooring and rigging business.
- Revenue contribution from Property Segment decreased by S\$6.3 million in HY2022 as compared to HY2021. The decrease was mainly due to the absence of sale of a detached landed property, and this had also contributed to the decrease in cost of sales.

Gross profit

The Group's gross profit of S\$10.8 million in HY2022 increased marginally by S\$13,000 or 0.1% compared to HY2021. The Group's gross profit margin increased to 40.6% in HY2022 as compared to 32.2% in HY2021.

- Marine & Offshore Segment contributed gross profit of S\$10.2 million to the Group in HY2022 as compared to S\$10.1 million in HY2021. The gross profit margin increased to 39.5% in HY2022 from 38.1% in HY2021. The increase in gross profit margin was mainly due to the change in sales mix.
- Property Segment contributed gross profit of S\$0.6 million to the Group in HY2022, of which S\$0.5 million was contributed by the Group's property consultancy business.

Other operating income

Other operating income decreased by S\$899,000 or 94.8% to S\$49,000 in HY2022 from S\$948,000 in HY2021. The decrease was mainly due to the reduction of the Singapore government's Jobs Support Scheme payouts of S\$0.7 million and absence of foreign exchange gain S\$0.2 million which was recognised in HY2021.

Distribution expenses

Distribution expenses increased by S\$0.1 million or 19.5% to S\$0.7 million in HY2022 from S\$0.6 million in HY2021 due to rising freight costs in line with the increase in the amount of inventory purchased.

Administrative expenses

Administrative expenses increased marginally by S\$14,000 or 0.2% in HY2022. The increase was mainly due to increase in professional fees.

Other operating expenses

Other operating expenses increased by S\$0.3 million in HY2022. The increase was mainly due to:

- Foreign exchange loss by S\$0.2 million due to fluctuation in Euro (“EUR”) against Singapore Dollar (“SGD”).
- Increase in warehouse rental expenses by S\$0.1 million.

Finance income

Finance income, comprising mainly interest income from bank deposits, remained insignificant for HY2022.

Finance costs

Finance costs decreased by S\$116,000 or 20.5% to S\$448,000 in HY2022 from S\$564,000 in HY2021. The decrease was mainly due to lower interest rates in HY2022 and repayment of term loans.

Income tax expense

In HY2022, the Group incurred an income tax expense of S\$0.2 million as compared to S\$0.5 million in HY2021.

Profit for the year

Combining the profit before tax of S\$1.1 million for the Marine & Offshore Segment, loss before tax of S\$0.2 million for the Property Segment and the unallocated head office expenses of S\$0.3 million, the Group’s profit before tax was S\$0.6 million in HY2022 as compared to a profit before tax of S\$1.8 million in HY2021. After accounting for income tax expense of S\$0.2 million in HY2022, the Group’s profit for HY2022 is S\$0.4 million as compared to a profit of S\$1.3 million in HY2021.

Financial Position Review

Non-current assets

Non-current assets increased to S\$15.5 million as at 31 December 2021 from S\$13.3 million as at 30 June 2021. This increase was mainly due to the following:

- Acquisition of warehousing facility in Texas, United States of S\$2.5 million.
- Acquisition of plant and equipment of S\$0.9 million.
- Increase in right-of-use assets by S\$0.1 million.

The increase stated above was partially offset by the following:

- Amortisation of right-of-use assets and depreciation of property, plant and equipment of S\$0.8 million.
- Modification of lease contracts of S\$0.3 million.
- The effect of movements in exchange rates for property, plant and equipment of foreign subsidiaries of S\$0.1 million.
- Disposal of investment in associate of S\$0.1 million, comprising of a 26% equity interest in Paneltec Pte. Ltd. in November 2021.

Current assets

Current assets of S\$43.6 million as at 31 December 2021 increased by S\$33,000 or 0.1% as compared to 30 June 2021. The increase was mainly due to the following:

- Inventories increased by S\$4.0 million from S\$21.2 million as at 30 June 2021 to S\$25.2 million as at 31 December 2021. This is in line with Group’s strategy to boost its supply chain resilience by increasing its inventory in order to minimise any unforeseen impact on supply chain disruption due to the COVID-19 pandemic. The inventory turnover days for

Marine & Offshore Segment in HY2022 increased to 272 days from 236 days for the full year ended 30 June 2021 (“FY2021”).

- Development properties increased by S\$0.1 million from S\$5.4 million as at 30 June 2021 to S\$5.5 million as at 31 December 2021. The increase arose from the redevelopment of a landed residential property located at 16 Lorong Salleh in Singapore.

The increase stated above was offset by the following:

- Trade and other receivables decreased by S\$0.7 million, which is in line with the decrease in sales of Marine & Offshore Segment’s revenue in HY2022. Trade and other receivables turnover days for the Marine & Offshore Segment decreased from 65 days in FY2021 to 62 days in HY2022.
- Contract assets decreased by S\$0.2 million from S\$0.3 million as at 30 June 2021 to S\$0.1 million as at 31 December 2021.
- Cash and cash equivalents decreased by S\$3.2 million from S\$7.0 million as at 30 June 2021 to S\$3.8 million as at 31 December 2021. Please refer to the “Cash Flows Review” section below for details.

Non-current liabilities

Non-current liabilities increased by S\$0.1 million or 0.4% to S\$12.4 million as at 31 December 2021 from S\$12.3 million as at 30 June 2021. The increase was mainly due to the following:

- Non-current portion of loans and borrowings increased by S\$0.1 million, due to increase in term loan of S\$1.9 million for the acquisition of warehousing facility in Texas, United States. The increase was partially offset by (i) repayment of term loans of S\$1.2 million and (ii) repayment of lease liabilities of S\$0.6 million.

Current liabilities

Current liabilities increased by S\$2.1 million or 7.8% to S\$28.5 million as at 31 December 2021 from S\$26.4 million as at 30 June 2021. The increase was mainly due to the following:

- Current portion of loans and borrowings increased by S\$2.9 million, due to increase in (i) utilisation of trade facilities by S\$1.9 million, and (ii) the drawdown of short-term revolving credit facilities by S\$1.0 million for working capital purposes.

The increase stated above was partially offset by the following:

- Trade and other payables decreased by S\$0.8 million mainly as a result of the completion of the 16 Lorong Salleh development project in HY2022.

Shareholders’ equity

Shareholders’ equity increased by S\$0.1 million or 0.6% to S\$18.2 million as at 31 December 2021 from S\$18.1 million as at 30 June 2021. The increase was mainly due to the net profit recorded for HY2022 amounting to S\$0.4 million, partially offset by the decrease in other reserves of S\$0.3 million.

Cash Flows Review

Operating cash inflows before changes in working capital was S\$1.8 million in HY2022. Net cash outflows used in working capital was S\$4.2 million due to the following:

- Cash outflows arising from an increase in inventories of S\$4.1 million;
- Cash outflows arising from an increase in development properties of S\$0.2 million;
- Cash inflows arising from a decrease in contract costs of S\$0.1 million;
- Cash inflows arising from a decrease in trade and other receivables of S\$0.7 million;
- Cash inflows arising from a decrease in contract assets of S\$0.2 million; and
- Cash outflows arising from a decrease in trade and other payables of S\$0.9 million.

After deducting income taxes paid of S\$0.3 million, net cash flows used in operating activities was S\$2.7 million in HY2022.

Net cash flows used in investing activities was S\$1.4 million in HY2022 mainly due to the purchase of property, plant and equipment by the Marine & Offshore Segment.

Net cash flows from financing activities was S\$0.9 million in HY2022, mainly due to the following:

- Proceeds from bank borrowings amounting to S\$12.6 million.
- Interest paid of S\$0.5 million; and
- Repayment of bank borrowings and lease liabilities totalling S\$11.2 million.

As a result of the above, cash and cash equivalents decreased by S\$3.2 million in HY2022 from S\$7.0 million as at 30 June 2021 to S\$3.8 million as at 31 December 2021.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

Marine & Offshore Segment

The Group continues to see the ongoing challenges presented in the global supply chain brought on by the COVID-19 pandemic. The Group has taken steps to boost its supply chain resilience by increasing its inventory in order to minimise any unforeseen impact of a supply chain disruption caused by the COVID-19 pandemic.

The Group continues to maintain a cautious outlook for the rest of the year and will continue to be progressive in our mooring and rigging business by exploring and assessing accretive business opportunities while being prudent with operational cost management.

Property Segment

The Group is closely monitoring external factors that may impact the performance of the Property Segment, such as the prevailing COVID-19 pandemic, manpower shortages and the Singapore government's recent announcement on 15 December 2021 of the new property cooling measures, which include higher additional buyers' stamp duty, tighter debt thresholds and lower loan limits.

Notwithstanding the current economic climate, we will continue to explore strategic investments and remain vigilant in the current business environment

11. Dividend information

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

Not applicable.

(b)(ii) Previous corresponding period

No dividends were declared or recommended in the previous corresponding period.

(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.

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 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 current financial period reported on.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“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 has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

The aggregate value of interested person transactions entered into during HY2022 are as follows:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Asdev Investments Pte. Ltd. - Rental of office space	Mr Lim See Hoe, a Chief Executive Officer and controlling shareholder of the Company, is a director and sole shareholder of Asdev Investments Pte. Ltd.	S\$ 146,176	S\$ –

14. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that it has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

15. Confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 31 December 2021 to be false or misleading in any material aspect.

16. Disclosure pursuant to Rule 706A of the Catalist Rules

Please refer to the Company's announcement released on SGXNet on 11 February 2022.

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

Singapore

11 February 2022