

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 2023

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. The contact person for the Sponsor is Ms Audrey Mok (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Group		Change %
		HY2024 Unaudited S\$	HY2023 Unaudited S\$	
Revenue	4	28,181,478	36,088,724	(21.9)
Cost of sales		(17,544,951)	(24,850,430)	(29.4)
Gross profit		10,636,527	11,238,294	(5.4)
Other operating income		590,343	194,554	>100.0
Distribution expenses		(789,277)	(847,636)	(6.9)
Administrative expenses		(7,116,499)	(6,898,704)	3.2
Other operating expenses		(2,303,140)	(2,316,878)	(0.6)
Results from operating activities		1,017,954	1,369,630	(25.7)
Finance income		8,761	15,387	(43.1)
Finance costs		(651,649)	(582,331)	11.9
Net finance costs		(642,888)	(566,944)	13.4
Profit before tax	6	375,066	802,686	(53.3)
Tax expense	7	(268,399)	(83,137)	>100.0
Profit for the period		106,667	719,549	(85.2)
Earnings per share				
Basic (cents)	9	0.05	0.31	83.9
Diluted (cents)	9	0.05	0.31	83.9

Notes:

(1) HY2023: 6 months ended 31 December 2022

(2) HY2024: 6 months ended 31 December 2023

B. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	HY2024	HY2023	Change
	Unaudited S\$	Unaudited S\$	%
Profit for the period	106,667	719,549	(85.2)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences, net of tax	(140,268)	(145,393)	(3.5)
Other comprehensive income for the period, net of tax	(140,268)	(145,393)	(3.5)
Total comprehensive (loss)/income for the period	(33,601)	574,156	n.m.

Note:
n.m.: not meaningful

C. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
		Unaudited S\$	Audited S\$	Unaudited S\$	Audited S\$
Assets					
Property, plant and equipment	11	15,138,513	14,236,927	163,160	193,682
Investment in subsidiaries		–	–	15,869,035	15,869,035
Investment in joint venture		–	–	–	–
Deferred tax assets		87,657	255,939	–	–
Trade and other receivables		–	224,678	–	–
Non-current assets		15,226,170	14,717,544	16,032,195	16,062,717
Inventories		25,469,190	22,855,251	–	–
Contract costs		81,492	1,560	–	–
Tax recoverable		986	1,004	–	–
Trade and other receivables		9,508,047	10,806,451	7,921,470	8,314,494
Contract assets		4,000	2,910	–	–
Cash and cash equivalents		7,002,761	8,115,573	122,345	71,039
		42,066,476	41,782,749	8,043,815	8,385,533
Asset held for sale		–	569,011	–	–
Current assets		42,066,476	42,351,760	8,043,815	8,385,533
Total assets		57,292,646	57,069,304	24,076,010	24,448,250
Equity					
Share capital	13	33,035,508	33,035,508	33,035,508	33,035,508
Other reserves		(418,707)	(278,439)	–	–
Accumulated losses		(9,808,675)	(9,679,917)	(47,802,078)	(47,120,583)
Total equity		22,808,126	23,077,152	(14,766,570)	(14,085,075)
Liabilities					
Loans and borrowings	12	8,738,861	8,742,111	–	–
Deferred grant income		58,824	131,966	–	–
Deferred tax liabilities		1,000	1,000	–	–
Non-current liabilities		8,798,685	8,875,077	–	–
Loans and borrowings	12	18,247,967	18,298,079	–	–
Trade and other payables		5,964,937	6,231,965	38,813,981	38,533,325
Contract liabilities		1,034,110	175,001	–	–
Deferred grant income		146,284	146,284	–	–
Current tax liabilities		292,537	265,746	28,599	–
Current liabilities		25,685,835	25,117,075	38,842,580	38,533,325
Total liabilities		34,484,520	33,992,152	38,842,580	38,533,325
Total equity and liabilities		57,292,646	57,069,304	24,076,010	24,448,250

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Group	
	Note	HY2024 Unaudited S\$	HY2023 Unaudited S\$
<u>Cash flows from operating activities</u>			
Profit before tax		375,066	802,686
Adjustments for:			
Amortisation of deferred grant income	6.1	(73,142)	(87,448)
Bad debts written off	6.1	311	–
Depreciation of property, plant, and equipment	6.1	943,885	893,030
Loss/(Gain) on disposal of plant and equipment	6.1	2,470	(17,687)
Reversal of impairment loss on trade and other receivables	6.1	–	(9,317)
Gain on disposal of asset held for sale	6.1	(190,989)	–
Net finance costs		642,888	566,944
Operating cash flows before changes in working capital		1,700,489	2,148,208
Changes in:			
- Inventories		(2,672,572)	(718,121)
- Development properties		–	5,465,226
- Contract costs		(79,932)	(14,481)
- Trade and other receivables		1,507,028	1,314,941
- Contract assets		(1,090)	8,280
- Trade and other payables		(323,866)	(1,367,610)
- Contract liabilities		858,773	(149,526)
Cash generated from operations		988,830	6,686,917
Tax paid		(59,194)	(492,678)
Net cash from operating activities		929,636	6,194,239
<u>Cash flows from investing activities</u>			
Acquisition of property, plant and equipment ^(Note 1)		(170,029)	(592,736)
Interest received		48	101
Proceeds from disposal of asset held for sale		760,000	–
Proceeds from disposal of plant and equipment		–	21,888
Receipt of deferred grant income		–	438,840
Net cash from / (used in) investing activities		590,019	(131,907)

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

		Group	
	Note	HY2024 Unaudited S\$	HY2023 Unaudited S\$
<u>Cash flows from financing activities</u>			
Dividends paid to owners of the Company	10	(235,425)	(235,425)
Interest paid		(651,649)	(582,332)
Payment of lease liabilities		(458,609)	(391,347)
Proceeds from loans and borrowings		8,378,152	10,994,536
Repayment of loans and borrowings		(9,706,817)	(15,229,716)
Net cash used in financing activities		<u>(2,674,348)</u>	<u>(5,444,284)</u>
Net changes in cash and cash equivalents		(1,154,693)	618,048
Cash and cash equivalents at beginning of the period		8,115,573	4,536,280
Effect of exchange rate fluctuations on cash held		41,881	66,371
Cash and cash equivalents at end of the period		<u>7,002,761</u>	<u>5,220,699</u>
<u>Note 1</u>			
Additions of property, plant and equipment		1,973,294	752,174
Less: Addition in right-of-use assets		(1,803,265)	(159,438)
Cash used in acquisition of property, plant and equipment		<u>170,029</u>	<u>592,736</u>

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 2023 (audited)		33,035,508	(278,439)	(9,679,917)	23,077,152
Total comprehensive income for the period					
Profit for the period		–	–	106,667	106,667
Other comprehensive income					
Foreign currency translation differences		–	(140,268)	–	(140,268)
Total comprehensive income for the period		–	(140,268)	106,667	(33,601)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends declared	10	–	–	(235,425)	(235,425)
Total transactions with owners		–	–	(235,425)	(235,425)
As at 31 December 2023 (unaudited)		33,035,508	(418,707)	(9,808,675)	22,808,126
As at 1 July 2022 (audited)		33,035,508	(406,043)	(12,284,485)	20,344,980
Total comprehensive income for the period					
Profit for the period		–	–	719,549	719,549
Other comprehensive income					
Foreign currency translation differences		–	(145,393)	–	(145,393)
Total comprehensive income for the period		–	(145,393)	719,549	574,156
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends declared	10	–	–	(235,425)	(235,425)
Total transactions with owners		–	–	(235,425)	(235,425)
As at 31 December 2022 (unaudited)		33,035,508	(551,436)	(11,800,361)	20,683,711

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

	Share capital S\$	Accumulated losses S\$	Total equity S\$
Company			
As at 1 July 2023 (audited)	33,035,508	(47,120,583)	(14,085,075)
Total comprehensive income for the period	–	(446,070)	(446,070)
Transactions with owners, recognised directly in equity			
<i>Contributions by and distributions to owners</i>			
Dividends declared	–	(235,425)	(235,425)
Total transactions with owners	–	(235,425)	(235,425)
As at 31 December 2023 (unaudited)	<u>33,035,508</u>	<u>(47,802,078)</u>	<u>(14,766,570)</u>
As at 1 July 2022 (audited)	33,035,508	(53,099,530)	(20,064,022)
Total comprehensive income for the period	–	(135,695)	(135,695)
Transactions with owners, recognised directly in equity			
<i>Contributions by and distributions to owners</i>			
Dividends declared	–	(235,425)	(235,425)
Total transactions with owners	–	(235,425)	(235,425)
As at 31 December 2022 (unaudited)	<u>33,035,508</u>	<u>(53,470,650)</u>	<u>(20,435,142)</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 2023 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) Property 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 2023 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 2023.

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 2023:

- *SFRS(I) 17 Insurance Contracts, including amendments to Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information*
- *Disclosure of Accounting Policies* (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to SFRS(I) 1-12)

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 consolidated 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 2023.

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.

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\$
HY2024				
Revenue	35,331,518	535,339	–	35,866,857
Internal revenue	(7,685,379)	–	–	(7,685,379)
External revenue	<u>27,646,139</u>	<u>535,339</u>	<u>–</u>	<u>28,181,478</u>
Interest income	8,761	–	–	8,761
Interest expense	(651,272)	(377)	–	(651,649)
Depreciation	(897,342)	(7,196)	(39,347)	(943,885)
Reportable segment profit/(loss) before tax	1,115,957	(245,135)	–	870,822
Other unallocated expenses	–	–	(495,756)	(495,756)
Consolidated profit before tax				<u>375,066</u>
Reportable segment assets	56,304,066	577,283	411,297	57,292,646
Capital expenditure	1,964,468	–	8,826	1,973,294
Reportable segment liabilities	<u>33,986,528</u>	<u>330,583</u>	<u>167,409</u>	<u>34,484,520</u>
HY2023				
Revenue	37,360,230	6,183,726	–	43,543,956
Internal revenue	(7,455,232)	–	–	(7,455,232)
External revenue	<u>29,904,998</u>	<u>6,183,726</u>	<u>–</u>	<u>36,088,724</u>
Interest income	15,387	–	–	15,387
Interest expense	(574,911)	(7,420)	–	(582,331)
Depreciation	(851,954)	(3,877)	(37,199)	(893,030)
Reportable segment profit/(loss) before tax	1,128,804	(99,957)	–	1,028,847
Other unallocated expenses	–	–	(226,161)	(226,161)
Consolidated profit before tax				<u>802,686</u>
Reportable segment assets	53,761,296	904,555	379,469	55,045,320
Capital expenditure	746,288	–	5,886	752,174
Reportable segment liabilities	<u>33,906,016</u>	<u>221,413</u>	<u>234,180</u>	<u>34,361,609</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 accurately 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\$	HY2024 Property S\$	Total S\$	Marine & offshore S\$	HY2023 Property S\$	Total S\$
Types of goods or services:						
- Sale of goods	27,646,139	–	27,646,139	29,904,998	–	29,904,998
- Revenue from property development	–	–	–	–	5,701,000	5,701,000
- Provision of real estate services	–	379,118	379,118	–	408,264	408,264
- Contract revenue	–	156,221	156,221	–	74,462	74,462
	<u>27,646,139</u>	<u>535,339</u>	<u>28,181,478</u>	<u>29,904,998</u>	<u>6,183,726</u>	<u>36,088,724</u>
Timing of revenue recognition:						
- At a point in time	27,646,139	379,118	28,025,257	29,904,998	6,109,264	36,014,262
- Over time	–	156,221	156,221	–	74,462	74,462
	<u>27,646,139</u>	<u>535,339</u>	<u>28,181,478</u>	<u>29,904,998</u>	<u>6,183,726</u>	<u>36,088,724</u>

(b) Geographical information

	Note	Group					
		Marine & offshore S\$	HY2024 Property S\$	Total S\$	Marine & offshore S\$	HY2023 Property S\$	Total S\$
Revenue							
Singapore		11,502,042	535,339	12,037,381	11,738,066	6,183,726	17,921,792
Europe	1	9,375,263	–	9,375,263	9,762,912	–	9,762,912
Southeast Asia	2	2,184,018	–	2,184,018	3,027,201	–	3,027,201
United States of America		1,690,395	–	1,690,395	1,749,728	–	1,749,728
East Asia	3	1,133,223	–	1,133,223	1,642,279	–	1,642,279
Middle East	4	576,074	–	576,074	645,162	–	645,162
Other countries	5	1,185,124	–	1,185,124	1,339,650	–	1,339,650
Total revenue		<u>27,646,139</u>	<u>535,339</u>	<u>28,181,478</u>	<u>29,904,998</u>	<u>6,183,726</u>	<u>36,088,724</u>

Notes:

1. Europe includes Cyprus, Netherlands, Greece, Germany, Denmark, United Kingdom, Spain, Norway, France, Turkey, Belgium, Sweden, Finland, Lithuania, Monaco, Switzerland and Italy.
2. Southeast Asia includes Malaysia, Philippines, Indonesia, Brunei Darussalam and Thailand.
3. East Asia includes Hong Kong, China, South Korea and Taiwan.
4. Middle East includes United Arab Emirates, Oman, Israel, Saudi Arabia and Qatar.
5. 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 2023 and 30 June 2023:

	The Group		The Company	
	31 Dec 2023 S\$	30 Jun 2023 S\$	31 Dec 2023 S\$	30 Jun 2023 S\$
Financial asset at fair value through profit or loss				
Derivative financial assets	88,966	88,966	–	–
Financial assets at amortised costs				
Trade and other receivables*	8,877,131	10,378,272	7,815,919	8,274,848
Cash and cash equivalents	7,002,761	8,115,573	122,345	71,039
	<u>15,879,892</u>	<u>18,493,845</u>	<u>7,938,264</u>	<u>8,345,887</u>
Financial liabilities at amortised costs				
Fixed rate loans	(5,618,332)	(6,435,278)	–	–
Lease liabilities	(5,478,662)	(4,136,103)	–	–
Other loans and borrowings	(15,889,834)	(16,468,809)	–	–
Trade and other payables	(5,964,937)	(6,231,965)	(38,813,981)	(38,533,325)
	<u>(32,951,765)</u>	<u>(33,272,155)</u>	<u>(38,813,981)</u>	<u>(38,533,325)</u>

* Excludes prepayments, advances to suppliers and derivative financial assets

5.1 Measurement of fair value

The Group classifies financial assets 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:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities ;
- Level 2 - 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) ; and
- Level 3 - Inputs for the assets or liability which are not based on observable market data (unobservable inputs).

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

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Group				
31 December 2023				
Financial asset at fair value through profit or loss				
Derivative financial assets	–	88,966	–	88,966
Group				
30 June 2023				
Financial asset at fair value through profit or loss				
Derivative financial assets	–	88,966	–	88,966

Valuation techniques

The fair value of derivative financial assets are based on bank quote.

Transfer between the levels

There were no transfers between the levels during the period.

6. Profit before taxation

6.1 Significant items

	Group		
	HY2024 Unaudited S\$	HY2023 Unaudited S\$	Change %
Bad debts written off	(311)	–	n.m
Depreciation of property, plant and equipment	(943,885)	(893,030)	5.7
Foreign exchange gain/(loss), net	280,198	(309,360)	n.m
Amortisation of deferred grant income	73,142	87,448	(16.4)
Grant income	1,361	65,184	(97.9)
Reversal of impairment loss on trade and other receivables	–	9,317	n.m
Interest expense incurred on loans and borrowings	(651,649)	(582,331)	11.9
(Loss)/Gain on disposal of property, plant and equipment	(2,470)	17,687	n.m
Gain on disposal of asset held for sale	190,989	–	n.m
Operating lease expenses	(12,538)	(16,148)	(22.4)

6.2 Related party transactions

	Group	
	HY2024 Unaudited S\$	HY2023 Unaudited S\$
Related party transactions		
Rental expenses paid to a related party	(156,000)	(144,000)
Transactions with key management personnel		
Salaries and other short-term employee benefits	1,330,892	1,279,859
Post-employment benefits, including employer's contribution to Central Provident Fund	28,857	25,016
Fees to directors of the Company	80,000	90,000
	<u>1,439,749</u>	<u>1,394,875</u>

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	
	HY2024 Unaudited S\$	HY2023 Unaudited S\$
Current tax expense		
Current period	80,000	203,648
Adjustment for prior periods	21,987	(120,511)
	<u>101,987</u>	<u>83,137</u>
Deferred tax expense		
Origination and reversal of temporary differences for prior period	166,412	–
Total tax expense	<u>268,399</u>	<u>83,137</u>

8. Net Asset Value

	Group		Company	
	As at		As at	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Unaudited	Audited	Unaudited	Audited
Net asset/(liability) value (S\$)	22,808,126	23,077,152	(14,766,570)	(14,085,075)
Net asset/(liability) value per ordinary share (Cents)	9.69	9.80	(6.27)	(5.98)
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 Company, net of tax:

	Group	
	HY2024	HY2023
	Unaudited	Unaudited
Earnings (S\$) (Profit attributable to owners of the Company, net of tax)	106,667	719,549
(i) Based on weighted average number of ordinary shares in issue (cents)	0.05	0.31
Weighted average number of ordinary shares	235,424,614	235,424,614
(ii) On a fully diluted basis in issue (cents)	0.05	0.31
Weighted average number of ordinary shares	235,424,614	235,424,614

10. Dividends

The following exempt (one-tier) dividends were declared, and paid by the Group and Company:

	Group and Company	
	HY2024	HY2023
	Unaudited	Unaudited
	S\$	S\$
Paid by the Company to owners of the Company		
Dividends on ordinary shares:		
- Final dividends for the year ended 30 June 2023: S\$0.001 (2022: Final dividends of S\$0.001) per ordinary share	235,425	235,425

11. Property, plant and equipment

During HY2024, the Group acquired assets amounting to S\$1,973,294 (HY2023: S\$752,174). However, it was partially offset by the depreciation of property, plant and equipment amounting to S\$943,885 (HY2023: S\$893,030), decrease in carrying amounts of property, plant and equipment amounting to S\$125,353 (HY2023: decrease of S\$174,912) due to effects of movement in foreign exchange and disposal of property, plant and equipment with carrying amount of S\$2,470 (HY2023: S\$4,201).

12. Borrowings

Amount repayable within one year or on demand

As at 31 December 2023 (S\$)		As at 30 June 2023 (S\$)	
Secured	Unsecured	Secured	Unsecured
18,247,967	–	18,298,079	–

Amount repayable after one year

As at 31 December 2023 (S\$)		As at 30 June 2023 (S\$)	
Secured	Unsecured	Secured	Unsecured
8,738,861	–	8,742,111	–

Details of collateral

As at 31 December 2023, the total loans and borrowings comprise:

- Bank borrowings of S\$21,508,166 (30 June 2023: S\$22,904,087), which are secured by corporate guarantees by the Company and legal charges on the Group's freehold and leasehold land and buildings. Certain property loans are secured by other assets of a subsidiary and personal guarantee by the director of a subsidiary;
- Lease liabilities of S\$5,478,662 (30 June 2023: S\$4,136,103), which are secured over the right-of-use assets.

13. Share capital

	Company			
	Number of shares		Amount (S\$)	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
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 2023, 30 June 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023, 30 June 2023 and 31 December 2022.

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 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, who are our Independent Non-Executive Directors.

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.

For the six months ended 31 December 2023 and 31 December 2022, no awards are granted by the Company under TEHO PSP 2021.

14. Subsequent events

There are no significant subsequent events which have led to adjustments and disclosures 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 2023 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 2023 and certain explanatory notes have not been audited or reviewed by auditors.

The Group's latest audited financial statements for the financial year ended 30 June 2023 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 2023	As at 30 Jun 2023
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 2023 and 30 June 2023.

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 Group's latest audited financial statements for the financial year ended 30 June 2023 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\$7.9 million or 21.9% to S\$28.2 million for the financial period from 1 July 2023 to 31 December 2023 ("HY2024") from S\$36.1 million for the financial period from 1 July 2022 to 31 December 2022 ("HY2023").

- Marine & Offshore Segment revenue decreased by S\$2.3 million or 7.6% in HY2024 as compared to HY2023. This was mainly due to the decrease in revenue contribution from the mooring and rigging business.
- Revenue contribution from Property Segment decreased by S\$5.6 million or 91.3% in HY2024 as compared to HY2023. The decrease was mainly due to the absence of sale of a semi-detached landed property. This had also resulted in the decrease in cost of sales for this segment.

Gross profit

The Group's gross profit of S\$10.6 million in HY2024 decreased by S\$0.6 million or 5.4% compared to HY2023. The Group's gross profit margin improved to 37.7% in HY2024 from 31.1% in HY2023.

- Marine & Offshore Segment contributed gross profit of S\$10.2 million to the Group in HY2024 as compared to S\$10.6 million in HY2023. The gross profit margin increased to 37.1% in HY2024 from 35.6% in HY2023, mainly due to higher gross profit margin from the mooring and rigging business.
- Property Segment contributed gross profit of S\$0.4 million to the Group in HY2024, mainly from the Group's property consultancy business.

Other operating income

Other operating income increased by S\$395,000 to S\$590,000 in HY2024 from S\$195,000 in HY2023. The increase was mainly due to the (i) gain on disposal of asset held for sale and (ii) foreign exchange gain.

Distribution expenses

Distribution expenses decreased by S\$59,000 or 6.9% to S\$789,000 in HY2024 from S\$848,000 in HY2023 due to lower freight costs as a result of easing in supply chain disruptions.

Administrative expenses

Administrative expenses increased marginally by S\$0.2 million or 3.2% in HY2024, mainly due to higher manpower costs, driven by necessary salary adjustments to enhance our competitiveness in the market.

Other operating expenses

Other operating expenses decreased marginally by S\$14,000 or 0.6% in HY2024.

Finance income

Finance income, comprising mainly interest income from bank deposits, remained insignificant for HY2024.

Finance costs

Finance costs increased by S\$70,000 or 11.9% to S\$652,000 in HY2024 from S\$582,000 in HY2023, due to higher interest rates in HY2024 compared to HY2023.

Income tax expense

In HY2024, the Group incurred an income tax expense of S\$0.3 million as compared to S\$0.1 million in HY2023. The increase was due to additional provision of deferred tax liabilities for prior year.

Profit for the period

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\$0.5 million, the Group's profit before tax was S\$0.4 million in HY2024 as compared to a profit before tax of S\$0.8 million in HY2023. After accounting for income tax expense of S\$0.3 million in HY2024, the Group's profit for HY2024 is S\$0.1 million as compared to a profit of S\$0.7 million in HY2023.

Financial Position Review

Non-current assets

Non-current assets increased by S\$0.5 million to S\$15.2 million as at 31 December 2023 from S\$14.7 million as at 30 June 2023. The increase of S\$0.5 million was mainly due to the acquisition of plant and equipment of S\$2.0 million partially offset by (i) depreciation of property, plant and equipment of S\$0.9 million; and (ii) the effect of movements in exchange rates for property, plant and equipment of foreign subsidiaries of S\$0.2 million.

The non-current assets increase stated above was partially offset by (i) deferred tax assets decreased by S\$0.2 million; and (ii) trade and other receivables decreased by S\$0.2 million mainly due to monthly repayments from the global settlement of a legal suit.

Current assets

Current assets decreased by S\$0.3 million from S\$42.4 million as at 30 June 2023 to S\$42.1 million as at 31 December 2023. The decrease was mainly due to the following:

- Trade and other receivables decreased by S\$1.3 million, which is in line with the decrease in Marine & Offshore Segment revenue in HY2024;
- Assets held for sale decreased by S\$0.6 million as at 31 December 2023 following the disposal of a leasehold property owned by TEHO Water & Envirotec Pte Ltd; and
- Cash and cash equivalents decreased by S\$1.1 million from S\$8.1 million as at 30 June 2023 to S\$7.0 million as at 31 December 2023. Please refer to the "Cash Flows Review" section below for details.

The decrease in current assets stated above was partially offset by the following:

- Inventory increased by S\$2.6 million from S\$22.9 million as at 30 June 2023 to S\$25.5 million as at 31 December 2023. This increase was attributed to proactive measures taken in anticipation of extended lead times for the supply of inventory within the Marine & Offshore Segment.
- Contract costs increased by S\$0.1 million.

Non-current liabilities

Non-current liabilities decreased marginally by S\$0.1 million to S\$8.8 million as at 31 December 2023 from S\$8.9 million as at 30 June 2023. This was mainly due to the decrease of deferred grant income by \$0.1 million arising from the amortisation of grant received over the useful life of the process improvement projects for mooring and rigging business.

Current liabilities

Current liabilities increased by S\$0.6 million to S\$25.7 million as at 31 December 2023 from S\$25.1 million as at 30 June 2023. This increase resulted from a rise of S\$0.8 million in contract liabilities attributed from higher advance payments from customers; partially offset by the decrease in trade and other payables of S\$0.2 million as a result of utilisation of trade facility to pay the suppliers.

Equity

As a result of the above, total equity of the Group decreased by S\$0.3 million to S\$22.8 million as at 31 December 2023 from S\$23.1 million as at 30 June 2023.

Cash Flows Review

The Group's net cash flows generated from operating activities was S\$0.9 million in HY2024 compared to net cash generated from operating activities of S\$6.2 million in HY2023. The decrease was mainly due higher inventory levels in Marine & Offshore Segment's business and absence of sale proceeds from development properties.

Net cash flows from investing activities amounted to S\$0.6 million in HY2024 was mainly due to proceeds from disposal of asset held for sale of S\$0.8 million, partially offset by capital expenditure on the acquisition of property, plant and equipment of S\$0.2 million.

Net cash flows used in financing activities amounted to S\$2.7 million in HY2024 was mainly due to dividend payment of S\$0.2 million, interest payment of S\$0.7 million, repayment of loans and borrowings of S\$9.7 million, and payment of lease liabilities of S\$0.5 million, partially offset by proceeds from the drawdowns of bank loans and borrowings of S\$8.4 million.

As at 31 December 2023, the Group had cash and cash equivalents of S\$7.0 million as compared to S\$5.2 million as at 31 December 2022.

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.

In light of prevailing macro-economic headwinds, encompassing challenges such as inflation, escalating costs, and high interest rates, the Group maintains a cautious outlook for the upcoming twelve months. The Group will take steps to control its operating costs to ensure that its business remains sustainable.

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) 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 interim dividend has been recommended.

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 HY2024 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, the Chief Executive Officer and controlling shareholder of the Company, is a director and sole shareholder of	S\$ 156,000	S\$ -

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.		

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 2023 to be false or misleading in any material aspect.

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

There were no acquisition or sale of shares by the Company during HY2024 which requires disclosure pursuant to Rule 706A of the Catalist Rules.

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

6 February 2024