



TEE International Limited

(Incorporated in the Republic of Singapore)
Company Registration No: 200007107D

Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 August 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group S\$'000		Increase/ (Decrease) %
	First Quarter Ended 31/08/2017	31/08/2016	
Revenue	70,128	64,001	9.6
Cost of sales	(63,046)	(56,739)	11.1
Gross profit	7,082	7,262	(2.5)
Other operating income	466	1,426	(67.3)
Selling & distribution expenses	(1,973)	(614)	NM
Administrative expenses	(4,852)	(5,325)	(8.9)
Other operating expenses	(148)	-	NM
Share of results of associates and joint venture	911	785	16.1
Finance costs	(2,070)	(2,449)	(15.5)
(Loss) Profit before tax	(584)	1,085	NM
Income tax expense	(338)	(348)	(2.9)
(Loss) Profit for the period	(922)	737	NM
(Loss) Profit attributable to:			
Owners of the company	(918)	648	NM
Non-controlling interests	(4)	89	NM
	(922)	737	NM

1(a)(ii) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group S\$'000		Increase/ (Decrease) %
	First Quarter Ended 31/08/2017	31/08/2016	
(Loss) Profit for the period	(922)	737	NM
Other comprehensive income:			
Currency translation differences	522	1,025	(49.1)
Other comprehensive income for the period	522	1,025	(49.1)
Total comprehensive (loss) income for the period	(400)	1,762	NM
Total comprehensive (loss) income attributable to:			
Owners of the company	(821)	1,097	NM
Non-controlling interests	421	665	(36.7)
	(400)	1,762	NM

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1(a)(iii) Notes to the income statement

	The Group S\$'000		Increase/ (Decrease) %
	First Quarter Ended		
	31/08/2017	31/08/2016	
A Other operating income:			
Interest income	276	351	(21.4)
Amortisation of financial guarantee liabilities	81	144	(43.8)
Net foreign currency exchange adjustment gain	-	237	(100.0)
Change in fair value of foreign exchange forward contract	-	70	(100.0)
Management fee income	59	135	(56.3)
Compensation received from a tenant	-	438	(100.0)
Others	50	51	(2.0)
	466	1,426	(67.3)
B Finance costs:			
Loan interests	1,573	1,951	(19.4)
Term notes interest	492	492	0.0
Finance leases	5	6	(16.7)
	2,070	2,449	(15.5)
C Other operating expenses:			
Net foreign currency exchange adjustment loss	148	-	NM
	148	-	NM
D Depreciation of property, plant and equipment	391	893	(56.2)
E Amortisation of issuance costs on term notes	45	45	0.0
F Amortisation of deferred sales commission expenses	584	321	81.9
G Amortisation of deferred show flat expenses	117	156	(25)

NM – not meaningful

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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

	The Group S\$'000		The Company S\$'000	
	31/08/2017	31/05/2017	31/08/2017	31/05/2017
ASSETS				
Current assets				
Cash and cash equivalents	30,356	39,587	969	3,494
Bank balances pledged	2,606	2,402	1,390	1,390
Trade receivables	58,956	55,117	276	269
Other receivables	13,009	13,239	12,649	11,972
Current portion of loans receivables	25,197	26,793	-	933
Held-to-maturity financial asset	25	25	25	25
Held for trading investment	700	700	700	700
Inventories	29	27	-	-
Construction work-in-progress in excess of progress billings	89,290	89,622	-	-
Development properties	143,883	143,997	-	-
Completed properties and land held for sale	35,318	47,001	-	-
Non-current asset classified as held for sale	49,694	47,481	-	-
Total current assets	449,063	465,991	16,009	18,783
Non-current assets				
Bank balances pledged	439	435	-	-
Investment in associates	48,776	48,296	300	300
Investment in joint venture	984	891	-	-
Investment in subsidiaries	-	-	109,930	108,930
Held-to-maturity financial asset	25	25	25	25
Club membership	45	45	45	45
Property, plant and equipment	22,428	22,794	283	333
Investment properties	33,725	33,812	22,000	22,000
Deferred tax assets	3,851	3,851	-	-
Other receivables	6,114	6,144	25	40
Total non-current assets	116,387	116,293	132,608	131,673
Total assets	565,450	582,284	148,617	150,456
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and overdrafts	50,495	50,115	7,100	7,100
Trade payables	103,378	104,212	222	222
Other payables	33,220	32,951	59,440	59,777
Progress billings in excess of construction work-in-progress	362	-	-	-
Provision for maintenance costs	830	910	-	-
Current portion of finance leases	79	83	-	-
Current portion of long-term borrowings	61,607	51,151	4,153	4,277
Current portion of term notes	29,985	29,939	-	-
Current portion of financial guarantee liabilities	171	199	80	86
Income tax payable	5,750	5,596	-	-
Total current liabilities	285,877	275,156	70,995	71,462

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1(b)(i) (Continued)

	The Group S\$'000		The Company S\$'000	
	31/08/2017	31/05/2017	31/08/2017	31/05/2017
LIABILITIES AND EQUITY				
Non-current liabilities				
Finance leases	266	285	-	-
Long-term borrowings	114,316	136,332	23,817	23,239
Financial guarantee liabilities	666	752	207	226
Deferred tax liabilities	432	429	-	-
Other payables	3,012	3,704	-	-
Total non-current liabilities	118,692	141,502	24,024	23,465
Capital, reserves and non-controlling interests				
Share capital	58,701	58,701	58,701	58,701
Treasury shares	(269)	(269)	(269)	(269)
Currency translation reserve	(914)	(1,011)	-	-
Capital reserve	18,793	18,793	(42)	(42)
Accumulated profits	18,478	19,396	(4,792)	(2,861)
Equity attributable to owners of the Company	94,789	95,610	53,598	55,529
Non-controlling interests	66,092	70,016	-	-
Net equity	160,881	165,626	53,598	55,529
Total liabilities and equity	565,450	582,284	148,617	150,456

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

The Group S\$'000		The Group S\$'000	
<u>As at 31/08/2017</u>		<u>As at 31/05/2017</u>	
Secured	Unsecured	Secured	Unsecured
77,357	64,809	63,577	67,711

Amount repayable after one year

The Group S\$'000		The Group S\$'000	
<u>As at 31/08/2017</u>		<u>As at 31/05/2017</u>	
Secured	Unsecured	Secured	Unsecured
103,980	10,602	124,933	11,684

Details of any collateral

The total secured borrowings are represented by:

- (i) Obligations under finance leases secured on certain motor vehicles of the Group and
- (ii) Bank loans and long-term bank loans secured by any security interest over any asset of the Group (and in this instance, security interest shall take into account any collateral over the relevant asset granted by the Group as reflected in the latest audited or unaudited financial statements of the Group and shall, in any event, include any security created over any receivables due or owing to the Group or paid or payable to the Group).

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

	The Group	
	S\$'000	
	First Quarter Ended	
	31/08/2017	31/08/2016
Operating activities		
(Loss) Profit before tax	(584)	1,085
Adjustments for:		
Share of results of associates and joint venture	(911)	(785)
Depreciation of property, plant and equipment	391	893
Amortisation of deferred sales commission expenses	584	321
Amortisation of deferred show flat costs	117	156
Amortisation of financial guarantee liabilities	(81)	(144)
Amortisation of issuance costs on term notes	45	45
Change in fair value of foreign exchange forward contract	-	(70)
Provision for maintenance costs	23	-
Unrealised currency translation losses	(44)	563
Interest income	(276)	(351)
Interest expense	2,070	2,449
Operating cash flows before movements in working capital	1,334	4,162
Trade receivables	(4,262)	6,472
Other receivables	(1,313)	10,189
Inventories	(2)	(3)
Construction work-in-progress in excess of progress billings	530	(4,133)
Development properties	(104)	(20,281)
Completed properties held for sale	11,683	-
Trade payables	(344)	1,062
Other payables	2,999	(7,182)
Long term deposit	-	(438)
Utilisation of provision for maintenance costs	(103)	(32)
Cash generated from (used in) operations	10,418	(10,184)
Interest paid	(2,493)	(2,685)
Income tax paid	(212)	(679)
Net cash generated from (used in) operating activities	7,713	(13,548)
Investing activities		
Additional assets held for sale	(239)	-
Purchase of property, plant and equipment	(33)	(2,063)
Investment in an associate	(1,468)	-
Acquisition of non-controlling interests in a subsidiary	-	(36)
Loans receivable	(486)	(1,022)
Repayment of loans receivable	2,103	938
Dividend received from associates	-	457
Interest received	1,119	159
Net cash generated from (used in) investing activities	996	(1,567)

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1(c) (Continued)

	The Group S\$'000	
	First Quarter Ended	
	31/08/2017	31/08/2016
Financing activities		
Drawdown of bank loans	27,747	37,130
Repayment of bank loans	(24,428)	(39,814)
Drawdown of long-term borrowings	4,593	48,332
Repayment of long-term borrowings	(17,139)	(25,146)
Repayment of long-term loan	-	(4,050)
Increase in pledged fixed deposits	(205)	-
Repayment of obligations under finance leases	(22)	(21)
Deemed capital injection by non-controlling interests	-	614
Repayment of deemed capital to non-controlling interests	(4,345)	-
Dividends paid to non-controlling interest	(1,841)	-
Net cash (used in) generated from financing activities	(15,640)	17,045
Net (decrease) increase in cash and cash equivalents	(6,931)	1,930
Cash and cash equivalents at beginning of period	33,439	32,206
Effect of foreign exchange rate changes	593	56
Cash and cash equivalents at end of period (Note A)	27,101	34,192

Note A: Cash and cash equivalents

	The Group S\$'000	
	First Quarter Ended	
	31/08/2017	31/08/2016
Cash at banks	14,478	22,822
Cash on hand	46	44
Fixed deposits	6,167	4,875
Project accounts (see Note below):		
Cash at banks	11,493	10,232
Fixed deposits	1,217	2,005
	33,401	39,978
Pledged fixed deposits	(3,045)	(3,869)
Bank overdrafts	(3,255)	(1,917)
Total cash and cash equivalents	27,101	34,192

Note:

Project accounts are subject to restrictions under the Housing Developers (Project Account) Rules (1997 Ed). Withdrawals from these projects accounts are restricted to payments for project expenditure incurred until the completion of the project.

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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

	Share capital	Treasury Shares	Currency Translation reserve	Capital reserve	Accumulated profits	Equity attributable to owners of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group								
Balance at 31/05/2017	58,701	(269)	(1,011)	18,793	19,396	95,610	70,016	165,626
<i>Total comprehensive loss for the period:</i>								
Loss for the period	-	-	-	-	(918)	(918)	(4)	(922)
Other comprehensive loss for the period	-	-	97	-	-	97	425	522
Total comprehensive loss for the period	-	-	97	-	(918)	(821)	421	(400)
<i>Transactions with owners, recognised directly in equity:</i>								
Repayment of deemed capital to non-controlling interests	-	-	-	-	-	-	(4,345)	(4,345)
Balance at 31/08/2017	58,701	(269)	(914)	18,793	18,478	94,789	66,092	160,881
Previous Corresponding Period								
Balance at 31/05/2016	58,701	-	(1,633)	18,765	23,590	99,423	69,612	169,035
Prior year adjustments	-	-	-	-	(1,119)	(1,119)	-	(1,119)
Balance at 31/05/2016, as restated	58,701	-	(1,633)	18,765	22,471	98,304	69,612	167,916
<i>Total comprehensive income for the period:</i>								
Profit for the period	-	-	-	-	648	648	89	737
Other comprehensive income for the period	-	-	449	-	-	449	576	1,025
Total comprehensive income for the period	-	-	449	-	648	1,097	665	1,762
<i>Transactions with owners, recognised directly in equity:</i>								
Acquisition of non-controlling interests in a subsidiary	-	-	-	28	-	28	(64)	(36)
Deemed capital injection by non-controlling interests	-	-	-	-	-	-	614	614
Balance at 31/08/2016, as restated	58,701	-	(1,184)	18,793	23,119	99,429	70,827	170,256

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1(d)(i) (Continued)

	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
<u>The Company</u>					
Balance at 31/05/2017	58,701	(269)	(42)	(2,861)	55,529
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,931)	(1,931)
Balance at 31/08/2017	58,701	(269)	(42)	(4,792)	53,598
<u>Previous Corresponding Period</u>					
Balance at 31/05/2016	58,701	-	(42)	911	59,570
Prior year adjustments	-	-	-	(125)	(125)
Balance at 31/05/2016, as restated	58,701	-	(42)	786	59,445
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,236)	(1,236)
Balance at 31/08/2016, as restated	58,701	-	(42)	(450)	58,209

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State 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.

<u>Share Capital</u>	The Company	
	No of shares	Amount S\$'000
Balance at 31/05/2017 and 31/08/2017	503,223,039	58,701

<u>Treasury Shares</u>	The Company	
	No of shares	Amount S\$'000
Balance as at 31/05/2017 and 31/08/2017	1,270,400	269

During the period ended 31/08/2017, there were no changes in the share capital and treasury shares of the Company.

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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

	The Company	
	31/08/2017	31/05/2017
Total number of issued shares	503,223,039	503,223,039
Total number of treasury shares	(1,270,400)	(1,270,400)
Total number of issued shares excluding treasury share	501,952,639	501,952,639

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

There were no sales, transfers, cancellation and/or use of treasury shares during the period ended 31/08/2017.

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.

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

The figures presented have not been audited or reviewed.

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation for the current financial period as those adopted for the audited financial statements for the financial year ended 31/05/2016.

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

Not applicable.

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

		The Group	
		First Quarter Ended	
		31/08/2017	31/08/2016
(Loss) Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:			
(i)	Based on the weighted average number of shares (cents)	(0.18)	0.13
	- Weighted average number of shares (excluding treasury shares) ('000)	501,953	503,223
(ii)	On a fully diluted basis (cents)	(0.18)	0.13
	- Adjusted weighted average number of shares (excluding treasury shares) ('000)	501,953	503,223

- 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**

		Cents	
		As at 31/08/2017	As at 31/05/2017
The Group		18.9	19.0
The Company		10.7	11.1

Net asset value per share is calculated based on 501,952,639 (31/05/2017: 501,952,639) ordinary shares on issue at the end of the period under review and of the immediately preceding financial year.

- 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**

Income Statement

First Quarter Ended 31/08/2017 ("1QFY2018") Against First Quarter Ended 31/08/2016 ("1QFY2017")

Revenue increased by S\$6.1 million due mainly to higher progressive revenue from on-going development properties. Cost of sales correspondingly increased by S\$6.3 million.

Other operating income decreased by S\$1.0 million due mainly to absence of compensation received from the investment property tenant and unrealised foreign exchange gain.

Selling and distribution expenses increased by S\$1.3 million due mainly to the promotional expenses incurred for completed property held for sale and sales commission.

Administrative expenses decreased by S\$0.5 million due mainly to lower depreciation charges.

Other operating expenses of S\$0.1 million were due to unrealised foreign exchange loss in 1QFY2018.

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8 (Continued)

Share of results of associates and joint venture increased by S\$0.1 million due mainly to the absence of sharing the losses from an associate in 1QFY2018, of which the Group reduced its ownership interest and the balance of the investment was classified as held for trading investment in 4QFY2017.

Finance costs decreased by S\$0.4 million due mainly to repayment of loans.

Overall, the Group reported loss after tax of S\$0.9 million in 1QFY2018 as compared to profit after tax of S\$0.7 million in 1QFY2017.

Loss attributable to owners of the Company was S\$0.9 million in 1QFY2018 as compared to profit of S\$0.6 million in 1QFY2017.

Statement of Financial Position

Financial Position As At 31/08/2017 Against Financial Position As At 31/05/2017

Trade receivables increased by S\$3.8 million due mainly to progressive billings from on-going engineering projects.

Loan receivables decreased by S\$1.6 million due to repayment.

Completed properties held for sale decreased by S\$11.7 million due to one of the completed property being fully sold.

Non-current asset classified as held for sale increased by S\$2.2 million due to foreign exchange differences on translation from Australian dollars to Singapore dollars.

Long-term borrowings decreased by S\$11.6 million due to repayment of loans.

Statement of Cash Flows

First Quarter Ended 31/08/2017 ("1QFY2018") Against First Quarter Ended 31/08/2016 ("1QFY2017")

Operating activities

Net cash generated from operating activities was S\$7.7 million, due mainly to the sale of completed properties held for sale.

Investing activities

Net cash generated from investing activities was S\$1.0 million, due mainly to repayment of loan receivables, interest received and investment in an associate.

Financing activities

Net cash used in financing activities was S\$15.6 million, due mainly to repayment of borrowings and repayment of deemed capital injection to non-controlling interests.

As a result, the Group recorded a net decrease in cash and cash equivalents of S\$6.9 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 was made.

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

The business environment remains competitive and the Group will continue to focus on expeditious completion of its on-going Engineering and Real Estate projects as well as prudent cost management. The Group will continue to pursue investment opportunities selectively as and when they arise.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect

No interim dividend has been declared or recommend in the current reporting period.

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 has not obtained a general mandate from shareholders for IPTs.

14 Confirmation pursuant to Rule 720(1) of the Listing Manual.

The Company hereby confirms that it has procured undertakings from all its Directors and executive officers in accordance with Rule 720(1) of the Listing Manual.

TEE International Limited

NEGATIVE ASSURANCE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Phua Boon Kin and Saw Chin Choo, being two Directors of TEE International Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the first quarter ended 31 August 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Phua Boon Kin
Deputy Group Managing Director

Saw Chin Choo
Executive Director

Dated 11 October 2017