



TEE International Limited

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

Unaudited Second Quarter Financial Statements and Dividend Announcement for the Period Ended 30 November 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) %	The Group S\$'000		Increase/ (Decrease) %
	Second Quarter Ended			Half Year Ended		
	30/11/2017	30/11/2016		30/11/2017	30/11/2016	
Revenue	44,899	64,716	(30.6)	115,027	128,717	(10.6)
Cost of sales	(37,869)	(55,186)	(31.4)	(100,915)	(111,925)	(9.8)
Gross profit	7,030	9,530	(26.2)	14,112	16,792	(16.0)
Other operating income	1,405	1,784	(21.2)	1,723	2,973	(42.0)
Selling & distribution expenses	(2,271)	(874)	NM	(4,244)	(1,488)	NM
Administrative expenses	(5,092)	(5,239)	(2.8)	(9,944)	(10,564)	(5.9)
Other operating expenses	(7,953)	(414)	NM	(7,953)	(177)	NM
Share of results of associates and joint venture	1,753	(510)	NM	2,664	275	NM
Finance costs	(2,191)	(2,508)	(12.6)	(4,261)	(4,957)	(14.0)
(Loss) Profit before tax	(7,319)	1,769	NM	(7,903)	2,854	NM
Income tax expense	(244)	(695)	(64.9)	(582)	(1,043)	(44.2)
(Loss) Profit for the period	(7,563)	1,074	NM	(8,485)	1,811	NM

(Loss) Profit attributable to:

Owners of the Company
Non-controlling interests

(5,217)	394	NM	(6,135)	1,042	NM
(2,346)	680	NM	(2,350)	769	NM
(7,563)	1,074	NM	(8,485)	1,811	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) %	The Group S\$'000		Increase/ (Decrease) %
	Second Quarter Ended			Half Year Ended		
	30/11/2017	30/11/2016		30/11/2017	30/11/2016	
(Loss) Profit for the period	(7,563)	1,074	NM	(8,485)	1,811	NM
Other comprehensive income:						
Currency translation differences	1,393	1,167	19.4	1,915	2,192	(12.6)
Other comprehensive income for the period	1,393	1,167	19.4	1,915	2,192	(12.6)
Total comprehensive (loss) income for the period	(6,170)	2,241	NM	(6,570)	4,003	NM

NM – not meaningful

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1(a)(ii) (Continued)

	The Group S\$'000		Increase/ (Decrease) %	The Group S\$'000		Increase/ (Decrease) %
	Second Quarter Ended			Half Year Ended		
	30/11/2017	30/11/2016		30/11/2017	30/11/2016	
Total comprehensive (loss) income attributable to:						
Owners of the Company	(5,070)	696	NM	(5,891)	1,793	NM
Non-controlling interests	(1,100)	1,545	NM	(679)	2,210	NM
	(6,170)	2,241	NM	(6,570)	4,003	NM

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

	The Group S\$'000		Increase/ (Decrease) %	The Group S\$'000		Increase/ (Decrease) %
	Second Quarter Ended			Half Year Ended		
	30/11/2017	30/11/2016		30/11/2017	30/11/2016	
A Other operating income:						
Interest income	196	296	(33.8)	472	647	(27.0)
Amortisation of financial guarantee liabilities	116	334	(65.3)	197	478	(58.8)
Gain on disposal of property, plant and equipment	-	1	(100.0)	-	1	(100.0)
Change in fair value of foreign exchange forward contract	-	-	-	-	70	(100.0)
Management fee income	79	92	(14.1)	138	227	(39.2)
Compensation received from an investment property tenant	-	975	(100.0)	-	1,413	(100.0)
Net foreign currency exchange adjustment loss	919	-	NM	771	-	NM
Others	95	86	10.5	145	137	5.8
	1,405	1,784	(21.2)	1,723	2,973	(42.0)
B Finance costs:						
Loan interests	1,887	2,016	(6.4)	3,460	3,967	(12.8)
Term notes interest	299	486	(38.5)	791	978	(19.1)
Finance leases	5	6	(16.7)	10	12	(16.7)
	2,191	2,508	(12.6)	4,261	4,957	(14.0)
C Other operating expenses:						
Net foreign currency exchange adjustment loss	-	413	(100.0)	-	176	(100.0)
Trade receivables written off	1	1	-	1	1	-
Impairment loss on investment in associated company	6,153	-	NM	6,153	-	NM
Impairment loss on completed properties and land held for sale	1,799	-	NM	1,799	-	NM
	7,953	414	NM	7,953	177	NM
D Depreciation of property, plant and equipment	381	237	60.8	772	1,130	(31.7)
E Amortisation of issuance costs on term notes	15	46	(67.4)	60	91	(34.1)
F Amortisation of deferred sales commission expenses	949	581	63.3	1,533	902	70.0
G Amortisation of deferred show flat expenses	309	96	NM	426	252	69.0
H Adjustment for under (over) provision of income tax in respect of prior year	28	(5)	NM	19	(5)	NM

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	
	30/11/2017	31/05/2017	30/11/2017	31/05/2017
ASSETS				
Current assets				
Cash and cash equivalents	27,461	39,587	857	3,494
Bank balances pledged	1,445	2,402	1,397	1,390
Trade receivables	58,044	55,117	55	269
Other receivables	17,475	13,239	14,000	11,972
Current portion of loans receivables	20,794	26,793	-	933
Held-to-maturity financial asset	25	25	25	25
Held for trading investment	700	700	700	700
Inventories	60	27	-	-
Construction work-in-progress in excess of progress billings	77,594	89,622	-	-
Development properties	141,541	143,997	-	-
Completed properties and land held for sale	33,376	47,001	-	-
Non-current asset classified as held for sale	47,839	47,481	-	-
Total current assets	426,354	465,991	17,034	18,783
Non-current assets				
Bank balances pledged	465	435	-	-
Investment in associates	44,416	48,296	300	300
Investment in joint venture	782	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	22,087	22,794	228	333
Investment properties	33,226	33,812	22,000	22,000
Other receivables	141	6,144	10	40
Deferred tax assets	4,283	3,851	-	-
Total non-current assets	105,470	116,293	132,538	131,673
Total assets	531,824	582,284	149,572	150,456
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and overdrafts	62,085	50,115	7,100	7,100
Trade payables	88,512	104,212	-	222
Other payables	37,494	32,951	63,045	59,777
Progress billings in excess of construction work-in-progress	64	-	-	-
Provision for maintenance costs	541	910	-	-
Current portion of finance leases	78	83	-	-
Current portion of long-term borrowings	66,158	51,151	13,692	4,277
Current portion of term notes	-	29,939	-	-
Current portion of financial guarantee liabilities	181	199	78	86
Income tax payable	5,599	5,596	-	-
Total current liabilities	260,712	275,156	83,915	71,462

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1(b)(i) (Continued)

	The Group S\$'000		The Company S\$'000	
	30/11/2017	31/05/2017	30/11/2017	31/05/2017
LIABILITIES AND EQUITY				
Non-current liabilities				
Finance leases	248	285	-	-
Long-term borrowings	103,635	136,332	13,581	23,239
Financial guarantee liabilities	606	752	187	226
Other payables	13,012	3,704	-	-
Deferred tax liabilities	404	429	-	-
Total non-current liabilities	117,905	141,502	13,768	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	(767)	(1,011)	-	-
Capital reserve	18,793	18,793	(42)	(42)
Accumulated profits	13,261	19,396	(6,501)	(2,861)
Equity attributable to owners of the Company	89,719	95,610	51,889	55,529
Non-controlling interests	63,488	70,016	-	-
Net equity	153,207	165,626	51,889	55,529
Total liabilities and equity	531,824	582,284	149,572	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 As at 30/11/2017		The Group S\$'000 As at 31/05/2017	
Secured	Unsecured	Secured	Unsecured
72,729	55,592	63,577	67,711

Amount repayable after one year

The Group S\$'000 As at 30/11/2017		The Group S\$'000 As at 31/05/2017	
Secured	Unsecured	Secured	Unsecured
103,308	575	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		The Group S\$'000	
	Second Quarter Ended		Half Year Ended	
	30/11/2017	30/11/2016	30/11/2017	30/11/2016
Operating activities				
(Loss) Profit before tax	(7,319)	1,769	(7,903)	2,854
Adjustments for:				
Share of results of associates and joint venture	(1,753)	510	(2,664)	(275)
Depreciation of property, plant and equipment	381	237	772	1,130
Amortisation of deferred sales commission expenses	949	581	1,533	902
Amortisation of deferred show flat costs	309	96	426	252
Amortisation of financial guarantee liabilities	(116)	(334)	(197)	(478)
Amortisation of issuance costs on term notes	15	46	60	91
Impairment loss on investment in associated company	6,153	-	6,153	-
Impairment loss on completed properties and land held for sale	1,799	-	1,799	-
Change in fair value of foreign exchange forward contract	-	-	-	(70)
Trade receivables written off	1	1	1	1
Gain on disposal of property, plant and equipment	-	(1)	-	(1)
Provision for maintenance costs	55	204	78	204
Unrealised currency translation gain	(212)	(584)	(256)	(21)
Interest income	(196)	(296)	(472)	(647)
Interest expense	2,191	2,508	4,261	4,957
Operating cash flows before movements in working capital	2,257	4,737	3,591	8,899
Trade receivables	1,869	(9,998)	(2,393)	(3,526)
Other receivables	(658)	(1,154)	(1,971)	9,035
Inventories	(31)	(3)	(33)	(6)
Construction work-in-progress in excess of progress billings	11,703	4,738	12,233	605
Development properties	4,584	(21,867)	4,480	(42,148)
Completed properties held by sale	143	1,724	11,826	1,724
Trade payables	(15,944)	390	(16,288)	1,452
Other payables	3,476	13,463	6,475	6,281
Long term deposit	-	(292)	-	(730)
Progress billings in excess of construction work-in-progress	64	129	64	129
Utilisation of provision for maintenance costs	(344)	(46)	(447)	(78)
Cash generated from (used in) operations	7,119	(8,179)	17,537	(18,363)
Interest paid	(2,698)	(3,810)	(5,191)	(6,495)
Income tax paid	(925)	(1,690)	(1,137)	(2,369)
Net cash generated from (used in) operating activities	3,496	(13,679)	11,209	(27,227)
Investing activities				
Proceeds on disposal of property, plant and equipment	-	1	-	1
Additional assets held for sale	(611)	-	(850)	-
Purchase of property, plant and equipment	(29)	(3,452)	(62)	(5,515)
Investment in associate	-	-	(1,468)	-
Acquisition of non-controlling interests in a subsidiary	-	-	-	(36)
Loans receivable	(403)	(191)	(889)	(1,213)
Repayment of loans receivable	4,834	2,394	6,937	3,332
Dividend received from associates and joint venture	558	3,550	558	4,007
Interest received	1,084	825	2,203	984
Net cash generated from investing activities	5,433	3,127	6,429	1,560

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1(c) (Continued)

	The Group S\$'000		The Group S\$'000	
	Second Quarter Ended		Half Year Ended	
	30/11/2017	30/11/2016	30/11/2017	30/11/2016
Financing activities				
Drawdown of bank loans	41,949	33,694	69,696	70,824
Repayment of bank loans	(29,204)	(32,192)	(53,632)	(72,006)
Drawdown of long-term borrowings	982	13,281	5,575	61,613
Repayment of long-term borrowings	(5,654)	(7,507)	(22,793)	(32,653)
Repayment of long-term loan	-	-	-	(4,050)
Repayment of term notes	(30,000)	-	(30,000)	-
Decrease in bank balances pledged	1,140	42	935	42
Repayment of obligations under finance leases	(23)	(23)	(45)	(44)
Loan from related party	10,600	-	10,600	-
Capital contribution from non-controlling interest	-	1,118	-	1,732
Deemed capital injection by non-controlling interests	337	-	337	-
Repayment of deemed capital to non-controlling interests	-	-	(4,345)	-
Purchase of treasury shares	-	(242)	-	(242)
Dividends paid to shareholders	-	(904)	-	(904)
Dividends paid to non-controlling interests	-	(673)	(1,841)	(673)
Net cash (used in) generated from financing activities	(9,873)	6,594	(25,513)	23,639
Net decrease in cash and cash equivalents	(944)	(3,958)	(7,875)	(2,028)
Cash and cash equivalents at beginning of period	27,101	34,192	33,439	32,206
Effect of foreign exchange rate changes	(695)	(198)	(102)	(142)
Cash and cash equivalents at end of period (Note A)	25,462	30,036	25,462	30,036

Note A: Cash and cash equivalents

	The Group S\$'000		The Group S\$'000	
	Second Quarter Ended		Half Year Ended	
	30/11/2017	30/11/2016	30/11/2017	30/11/2016
Cash at banks	9,100	17,388	9,100	17,388
Cash on hand	42	68	42	68
Fixed deposits	4,618	7,666	4,618	7,666
Project accounts (see Note below):				
Cash at banks	15,611	10,574	15,611	10,574
Fixed deposits	-	2,005	-	2,005
	29,371	37,701	29,371	37,701
Pledged fixed deposits	(1,910)	(3,835)	(1,910)	(3,835)
Bank overdrafts	(1,999)	(3,830)	(1,999)	(3,830)
Total cash and cash equivalents	25,462	30,036	25,462	30,036

Note:

Project accounts are subject to restrictions under the Housing Developers (Project Account) Rules (1997Ed). 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	-	-	-	-	(6,135)	(6,135)	(2,350)	(8,485)
Other comprehensive income for the period	-	-	244	-	-	244	1,671	1,915
Total comprehensive loss for the period	-	-	244	-	(6,135)	(5,891)	(679)	(6,570)
<i>Transactions with owners, recognised directly in equity</i>								
Deemed capital injection by non-controlling interests	-	-	-	-	-	-	337	337
Repayment of deemed capital to non-controlling interests	-	-	-	-	-	-	(4,345)	(4,345)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,841)	(1,841)
Balance at 30/11/2017	58,701	(269)	(767)	18,793	13,261	89,719	63,488	153,207
Previous Corresponding Period								
Balance at 31/05/2016	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	-	-	-	-	1,042	1,042	769	1,811
Other comprehensive income for the period	-	-	751	-	-	751	1,441	2,192
Total comprehensive income for the period	-	-	751	-	1,042	1,793	2,210	4,003
<i>Transactions with owners, recognised directly in equity</i>								
Acquisition of non-controlling interests in a subsidiary	-	-	-	28	-	28	(64)	(36)
Deemed capital injection from non-controlling interests	-	-	-	-	-	-	1,732	1,732
Dividend paid	-	-	-	-	(904)	(904)	(673)	(1,577)
Purchase of treasury shares	-	(242)	-	-	-	(242)	-	(242)
Balance at 30/11/2016	58,701	(242)	(882)	18,793	22,609	98,979	72,817	171,796

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1(d)(i) (Continued)

	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits (loss) 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	-	-	-	(3,640)	(3,640)
Balance at 30/11/2017	58,701	(269)	(42)	(6,501)	51,889
<u>Previous Corresponding Period</u>					
Balance at 31/05/2016	58,701	-	(42)	786	59,445
Profit for the period, representing total comprehensive income for the period	-	-	-	921	921
Dividend paid	-	-	-	(904)	(904)
Purchase of treasury shares	-	(242)	-	-	(242)
Balance at 30/11/2016	58,701	(242)	(42)	803	59,220

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 as at 31/08/2017 and 30/11/2017	503,223,039	58,701

<u>Treasury Shares</u>	The Company	
	No of shares	Amount S\$'000
Balance as at 31/08/2017 and 30/11/2017	1,270,400	269

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1(d)(ii) (Continued)

During the period ended 30/11/2017, there were no changes in the share capital of the Company.

During the period ended 30/11/2017, there were no changes in the treasury share of the Company (30/11/2016: 1,140,600 treasury shares)

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	
	30/11/2017	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 shares	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 30/11/2017.

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 year as those adopted for the audited financial statements for the financial year ended 31/05/2017.

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		The Group	
	Second Quarter Ended		Half Year Ended	
	30/11/2017	30/11/2016	30/11/2017	30/11/2016
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)	(1.04)	0.08	(1.22)	0.21
- Weighted average number of shares (excluding treasury shares) ('000)	501,953	502,319	501,953	502,771
(ii) On a fully diluted basis (cents)	(1.04)	0.08	(1.22)	0.21
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	501,953	502,319	501,953	502,771

- 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 30/11/2017	As at 31/05/2017
The Group	17.9	19.0
The Company	10.3	11.1

Net asset value per share is calculated based on 501,952,639 ordinary shares (excluding treasury shares) (31/05/2017: 501,952,639) 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

Second Quarter Ended 30/11/2017 ("2QFY2018") against Second Quarter Ended 30/11/2016 ("2QFY2017")

Revenue decreased by S\$19.8 million due mainly to lower progressive revenue from development properties and lower revenue from on-going engineering projects. Cost of sales decreased by S\$17.3 million correspondingly.

Other operating income decreased by S\$0.4 million due mainly to the absence of compensation which was received in 2QFY2017 from an investment property tenant.

Selling and distribution expenses increased by S\$1.4 million due mainly to higher marketing costs incurred by TEE Land.

Other operating expenses increased by S\$7.5 million due mainly to one-off impairment losses recognised on the proposed disposal of an associate and the remaining unsold units in the completed properties held for sale by TEE Land.

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8 (Continued)

Share of results of associates and joint venture increased by S\$2.3 million due mainly to higher contribution of profits from associated companies.

Finance costs decreased by S\$0.3 million due mainly to repayment of loans.

Income tax expenses decreased by S\$0.5 million due mainly to lower taxable profit.

The Group recorded a loss after tax of S\$7.6 million in 2QFY2018 due as previously announced, mainly to one-off impairment losses recognised on the proposed disposal of an associate and the remaining unsold units in the completed properties held for sale by TEE Land.

Attributable to owners of the Company was a loss of S\$5.2 million in 2QFY2018 compared to a profit of S\$0.4 million in 2QFY2017.

Half Year Ended 30/11/2017 ("1HFY2018") against Half Year Ended 30/11/2016 ("1HFY2017")

Revenue decreased by S\$13.7 million due mainly to lower revenue from on-going engineering projects. Cost of sales decreased by S\$11.0 million correspondingly.

Other operating income decreased by S\$1.3 million due mainly to the absence of compensation which was received in 1HFY2017 from an investment property tenant.

Selling and distribution expenses increased by S\$2.8 million due mainly to higher marketing costs incurred by TEE Land.

Other operating expenses increased by S\$7.8 million due mainly to one-off impairment losses recognised on the proposed disposal of an associate and the remaining unsold units in the completed properties held for sale by TEE Land.

Share of results of associates and joint venture increased by S\$2.4 million due mainly to higher contribution of profits from associated companies.

Finance costs decreased by S\$0.7 million due mainly to repayment of loans.

Income tax expense decreased by S\$0.5 million due mainly to lower taxable profit.

The Group recorded a loss after tax of S\$8.5 million in 1HFY2018 due as previously announced, mainly to one-off impairment losses recognised on the proposed disposal of an associate and the remaining unsold units in the completed properties held for sale by TEE Land.

Attributable to owners of the Company was a loss of S\$6.1 million in 1HFY2018 compared to a profit of S\$1.0 million in 1HFY2017.

Statement of Financial Position

Financial Position as at 30/11/2017 against Financial Position as at 31/05/2017

Total other receivables decreased by S\$1.8 million due mainly to repayment by a former joint developer.

Loan receivables decreased by S\$6.0 million due to repayments by associated companies.

Construction work-in-progress decreased by S\$12.0 million due to progressive billing of the on-going engineering projects.

Completed properties held for sale decreased by S\$13.6 million due to sale of remaining units in a completed project.

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8 (Continued)

Investment in associates decreased by S\$3.9 million due mainly to a one-off impairment loss recognised on the proposed disposal of an associate, offset by share of profits from associated companies.

Deferred tax assets increased by S\$0.4 million due mainly to deferred tax benefits recognised by certain loss-making subsidiaries.

Trade payables decreased by S\$15.7m due to payment to creditors. Other payables increased by S\$13.9 million due mainly to loan from a related party.

Total borrowings inclusive of long-term borrowings, bank loans and overdrafts decreased by \$5.7 million due mainly to repayment of loans. The term notes were fully repaid upon maturity in October 2017.

Statement of Cash Flows

Half Year Ended 30/11/2017 ("1HFY2018") against Half Year Ended 30/11/2016 ("1HFY2017")

Operating activities

Net cash generated from operating activities was S\$11.2 million, due mainly to the decrease in construction work-in-progress in excess of progress billings, sale of completed properties held for sale and decrease in trade payables.

Investing activities

Net cash generated from investing activities was S\$6.4 million, due mainly to repayments by associated companies.

Financing activities

Net cash used in financing activities was S\$25.5 million, due mainly to repayment of the term notes upon maturity.

As a result, the Group recorded a net decrease in cash and cash equivalents of S\$7.9 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.

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 outlook remains challenging.

The Group will focus on expeditious completion of its Engineering projects as well as speeding up sale of its Real Estate properties with a view to generating profits to reduce the losses in FY2018. Accordingly, the performance in 2HFY2018 is expected to improve.

The Group will continue to selectively pursue investment opportunities as and when they arise.

TEE International Limited

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? **YES**

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.12 cents per ordinary share
Tax Rate	Tax exempt (One-Tier)

(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 recommended 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 second quarter and half year ended 30 November 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 12 January 2018