



## TEE International Limited

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

### Unaudited Third Quarter Financial Statements and Dividend Announcement for the Period Ended 29 February 2016

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) %
	Third Quarter Ended			Nine Months Ended		
	29/02/2016	28/02/2015	29/02/2016	28/02/2015		
<b>Revenue</b>	46,483	43,138	7.8	168,259	128,449	31.0
<b>Cost of sales</b>	(40,132)	(37,344)	7.5	(147,964)	(111,399)	32.8
<b>Gross profit</b>	6,351	5,794	9.6	20,295	17,050	19.0
Other operating income	1,552	995	56.0	7,087	3,274	NM
Selling & distribution expenses	(751)	(1,570)	(52.2)	(1,672)	(2,304)	(27.4)
Administrative expenses	(6,399)	(5,192)	23.2	(18,071)	(14,830)	21.9
Other operating expenses	203	(868)	NM	(1,215)	(629)	93.2
Share of results of associates and joint venture	2,275	2,999	(24.1)	7,499	7,748	(3.2)
Finance costs	(2,201)	(1,553)	41.7	(6,359)	(3,753)	69.4
<b>Profit before tax</b>	1,030	605	70.2	7,564	6,556	15.4
Income tax expense	(136)	(221)	(38.5)	(559)	(1,264)	(55.8)
<b>Profit for the period</b>	894	384	NM	7,005	5,292	32.4

Profit attributable to:

Owners of the Company  
Non-controlling interests

611	(134)	NM	5,819	2,816	NM
283	518	(45.4)	1,186	2,476	(52.1)
894	384	NM	7,005	5,292	32.4

**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) %
	Third Quarter Ended			Nine Months Ended		
	29/02/2016	28/02/2015	29/02/2016	28/02/2015		
Profit for the period	894	384	NM	7,005	5,292	32.4
Other comprehensive (loss) income:						
Currency translation differences	(482)	377	NM	(1,089)	493	NM
Other comprehensive (loss) income for the period	(482)	377	NM	(1,089)	493	NM
<b>Total comprehensive income for the period</b>	412	761	(45.9)	5,916	5,785	2.3

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### 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 (Continued)

	The Group S\$'000		Increase/ (Decrease) %	The Group S\$'000		Increase/ (Decrease) %
	Third Quarter Ended			Nine Months Ended		
	29/02/2016	28/02/2015		29/02/2016	28/02/2015	
Total comprehensive income attributable to:						
Owners of the Company	398	245	62.4	5,350	3,279	63.2
Non-controlling interests	14	516	(97.3)	566	2,506	(77.4)
	412	761	(45.9)	5,916	5,785	2.3

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

	The Group S\$'000		Increase/ (Decrease) %	The Group S\$'000		Increase/ (Decrease) %
	Third Quarter Ended			Nine Months Ended		
	29/02/2016	28/02/2015		29/02/2016	28/02/2015	
A Other operating income:						
Interest income	344	608	(43.4)	1,048	1,913	(45.2)
Amortisation of financial guarantee liabilities	160	225	(28.9)	512	684	(25.1)
Gain on disposal of property, plant and equipment	3	-	NM	2,210	-	NM
Gain on disposal of subsidiary	-	-	-	-	299	NM
Gain from dilution of equity interest in associate	-	-	-	1,814	-	NM
Management fee income	833	14	NM	940	41	NM
Others	212	148	43.2	563	337	67.1
	1,552	995	56.0	7,087	3,274	NM
B Finance costs:						
Loan interests	1,709	1,064	60.6	4,877	3,065	59.1
Term notes interest	486	481	1.0	1,464	668	NM
Finance leases	6	8	(25.0)	18	20	(0.1)
	2,201	1,553	41.7	6,359	3,753	69.4
C Other operating expenses:						
Net foreign currency exchange adjustment (gain) loss	(218)	874	NM	1,199	1,097	9.3
Allowance for doubtful trade receivables	-	-	-	-	8	NM
Write back of allowance for doubtful other receivables	-	(7)	NM	-	(488)	NM
Trade receivables written off	-	1	NM	1	2	(50.0)
Property, plant and equipment written off	15	-	NM	15	10	50.0
	(203)	868	NM	1,215	629	93.2
D Depreciation of property, plant and equipment	941	194	NM	2,670	1,204	NM
E Amortisation of issuance costs on term notes	45	45	0.0	136	75	81.3
F Amortisation of deferred sales commission expenses	156	155	0.6	379	508	(25.4)
G Amortisation of deferred show flat expenses	183	16	NM	467	47	NM
H Adjustment for over provision of income tax in respect of prior year	(509)	(209)	NM	(494)	(142)	NM

NM – not meaningful

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

Note:

Restatements have been made to the prior corresponding period (third quarter and nine months ended 28/02/2015) due to the change in accounting policy on sales commissions by the Group and its associates, which was adopted by the Group in the fourth quarter of financial year 2015.

### 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	
	29/02/2016	31/05/2015	29/02/2016	31/05/2015
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	30,730	24,012	978	677
Bank balances pledged	3,406	1,975	1,369	1,360
Trade receivables	41,077	85,273	-	3,661
Other receivables	17,541	20,298	15,143	17,633
Current portion of loans receivable from associates	14,356	19,664	1,108	3,906
Inventories	19	18	-	-
Construction work-in-progress in excess of progress billings	70,545	77,809	-	-
Development properties	148,670	122,613	-	-
Completed property and land held for sale	14,973	14,973	-	-
<b>Total current assets</b>	<b>341,317</b>	<b>366,635</b>	<b>18,598</b>	<b>27,237</b>
<b>Non-current assets</b>				
Bank balances pledged	423	429	-	-
Available-for-sale investment	*	*	-	-
Investment in associates	58,278	43,241	4,783	781
Investment in joint venture	1,143	808	-	-
Investment in subsidiaries	-	-	107,087	100,949
Club membership	46	46	46	46
Property, plant and equipment	91,002	79,248	441	463
Investment properties	35,708	36,036	24,000	24,000
Deferred tax assets	1,702	1,382	-	-
Other receivables	11,388	10,534	-	-
Loans receivable from associates	16,726	19,216	640	-
<b>Total non-current assets</b>	<b>216,416</b>	<b>190,940</b>	<b>136,997</b>	<b>126,239</b>
<b>Total assets</b>	<b>557,733</b>	<b>557,575</b>	<b>155,595</b>	<b>153,476</b>

\* Denotes amount less than \$1,000

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## 1(b)(i) (Continued)

	The Group S\$'000		The Company S\$'000	
	29/02/2016	31/05/2015	29/02/2016	31/05/2015
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank loans and overdrafts	50,400	52,612	7,180	8,900
Trade payables	77,714	98,547	6	3,673
Other payables	31,436	26,101	53,343	42,528
Progress billings in excess of construction work-in-progress	133	41	-	-
Provision for maintenance costs	267	1,692	-	-
Current portion of finance leases	78	80	-	-
Current portion of long-term borrowings	20,881	50,679	6,340	5,425
Current portion of financial guarantee liabilities	563	667	423	667
Income tax payable	5,694	3,348	-	-
<b>Total current liabilities</b>	<b>187,166</b>	<b>233,767</b>	<b>67,292</b>	<b>61,193</b>
<b>Non-current liabilities</b>				
Finance leases	311	385	-	-
Long-term loan	4,050	4,050	-	-
Long-term borrowings	167,820	123,344	28,617	29,039
Term notes	29,713	29,577	-	-
Financial guarantee liabilities	1,038	1,452	332	1,047
Long-term deposit	730	730	730	730
Deferred tax liabilities	141	2,066	-	-
Other payables	19	18	-	-
<b>Total non-current liabilities</b>	<b>203,822</b>	<b>161,622</b>	<b>29,679</b>	<b>30,816</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	58,701	58,701	58,701	58,701
Currency translation reserve	(1,051)	(582)	-	-
Capital reserve	18,765	18,737	(42)	(42)
Accumulated profits	21,760	18,709	(35)	2,808
Equity attributable to owners of the Company	98,175	95,565	58,624	61,467
Non-controlling interests	68,570	66,621	-	-
Net equity	166,745	162,186	58,624	61,467
<b>Total liabilities and equity</b>	<b>557,733</b>	<b>557,575</b>	<b>155,595</b>	<b>153,476</b>

## 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 29/02/2016</u>		<u>As at 31/05/2015</u>	
Secured	Unsecured	Secured	Unsecured
40,620	30,739	67,700	35,671

### Amount repayable after one year

The Group S\$'000		The Group S\$'000	
<u>As at 29/02/2016</u>		<u>As at 31/05/2015</u>	
Secured	Unsecured	Secured	Unsecured
153,516	44,328	109,666	43,640

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### 1(b)(ii) (Continued)

#### 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).

Note: These borrowings exclude the long-term loan of \$4,050,000 due to joint developer.

### 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	
	Third Quarter Ended		Nine Months Ended	
	29/02/2016	28/02/2015	29/02/2016	28/02/2015
<b>Operating activities</b>				
Profit before tax	1,030	605	7,564	6,556
Adjustments for:				
Share of results of associates and joint venture	(2,275)	(2,999)	(7,499)	(7,748)
Depreciation of property, plant and equipment	941	194	2,670	1,204
Gain on disposal of subsidiary	-	-	-	(299)
Gain from dilution of equity interest in associate	-	-	(1,814)	-
Amortisation of deferred sales commission expenses	156	155	379	508
Amortisation of deferred show flat costs	183	16	467	47
Amortisation of financial guarantee liabilities	(160)	(225)	(512)	(684)
Amortisation of issuance costs on term notes	45	45	136	75
Allowance for doubtful trade receivables	-	-	-	8
Write back of doubtful other receivables	-	(7)	-	(488)
Trade receivables written off	-	1	1	2
Property, plant and equipment written off	15	-	15	10
Gain on disposal of property, plant and equipment	(3)	-	(2,210)	-
(Write back of) Provision for maintenance costs	(22)	95	(18)	802
Interest income	(344)	(608)	(1,048)	(1,913)
Interest expense	2,201	1,553	6,359	3,753
Operating cash flows before movements in working capital	1,767	(1,175)	4,490	1,833
Trade receivables	34,640	(4,139)	42,669	(17,866)
Other receivables	2,657	(3,571)	(2,681)	(4,635)
Inventories	1	-	(1)	-
Construction work-in-progress in excess of progress billings	10,797	(2,914)	7,264	(21,506)
Development properties	(9,498)	(1,197)	(26,304)	(2,075)
Completed property and land held for sale	-	-	-	1,216
Trade payables	(37,988)	5,173	(18,841)	24,888
Other payables	429	2,239	7,166	13,867
Progress billings in excess of construction work-in-progress	28	458	92	684
Utilisation of provision for maintenance costs	(143)	(166)	(1,389)	(238)
Cash from (used in) operations	2,690	(5,292)	12,465	(3,832)
Interest paid	(1,729)	(1,671)	(7,085)	(5,340)
Income tax paid	182	(351)	(492)	(906)
Net cash from (used in) operating activities	1,143	(7,314)	4,888	(10,078)

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1(c) (Continued)

	The Group S\$'000		The Group S\$'000	
	Third Quarter Ended		Nine Months Ended	
	29/02/2016	28/02/2015	29/02/2016	28/02/2015
<b>Investing activities</b>				
Proceeds on disposal of property, plant and equipment	(11)	-	2,221	-
Purchase of property, plant and equipment	(2,202)	(3,315)	(15,974)	(7,944)
Purchase of investment properties	-	(1,966)	-	(31,353)
Investment in associates	(1,226)	-	(3,948)	-
Acquisition of non-controlling interests in a subsidiary	-	-	(54)	-
Disposal of a subsidiary	-	80	-	(551)
Loans receivable from associates	-	(145)	(3,639)	(8,645)
Repayment of loan receivables from associates	4,788	6,774	10,142	16,803
Interest received	1,087	390	3,652	413
Net cash from (used in) investing activities	2,436	1,818	(7,600)	(31,277)
<b>Financing activities</b>				
Drawdown of bank loans	50,473	20,902	112,120	62,374
Repayment of bank loans	(51,281)	(15,527)	(111,446)	(67,354)
Drawdown of long-term borrowings	16,799	8,134	31,169	39,299
Repayment of long-term borrowings	(2,533)	(8,875)	(14,476)	(30,378)
Increase of bank balances pledged	(1,432)	663	(1,425)	5,128
Repayment of obligations under finance leases	(18)	(13)	(64)	(72)
Proceeds from issuance of term notes	-	-	-	29,457
Payment of warrant issuance expenses	-	-	-	(2)
Net capital contribution from non-controlling interest	501	-	2,467	7
Net proceeds from exercise of warrants	-	42	-	2,091
Dividends paid to shareholders	(755)	-	(2,768)	(2,506)
Dividends paid to non-controlling interests	-	(577)	(1,002)	(1,559)
Net cash from financing activities	11,754	4,749	14,575	36,485
Net increase (decrease) in cash and cash equivalents	15,333	(747)	11,863	(4,870)
Cash and cash equivalents at beginning of period	17,487	28,738	21,126	31,373
Effect of foreign exchange rate changes	(2,090)	(544)	(2,259)	944
<b>Cash and cash equivalents at end of year (Note A)</b>	<b>30,730</b>	<b>27,447</b>	<b>30,730</b>	<b>27,447</b>

## Note A: Cash and cash equivalents

	The Group S\$'000		The Group S\$'000	
	Third Quarter Ended		Nine Months Ended	
	29/02/2016	28/02/2015	29/02/2016	28/02/2015
Cash at banks	24,230	15,743	24,230	15,743
Cash on hand	48	82	48	82
Fixed deposits	5,113	4,428	5,113	4,428
Project accounts (see Note below):				
Cash at banks	5,168	6,163	5,168	6,163
Fixed deposits	-	8,023	-	8,023
	34,559	34,439	34,559	34,439
Pledged fixed deposits	(3,829)	(1,810)	(3,829)	(1,810)
Bank overdrafts	-	(5,182)	-	(5,182)
<b>Total cash and cash equivalents</b>	<b>30,730</b>	<b>27,447</b>	<b>30,730</b>	<b>27,447</b>

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	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
<b>The Group</b>							
<b>Balance at 31/05/2015</b>	58,701	(582)	18,737	18,709	95,565	66,621	162,186
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	5,819	5,819	1,186	7,005
Other comprehensive loss for the period	-	(469)	-	-	(469)	(620)	(1,089)
<i>Transactions with owners, recognised directly in equity</i>							
Acquisition of non-controlling interests in a subsidiary	-	-	28	-	28	(82)	(54)
Net capital contribution from non-controlling interests	-	-	-	-	-	2,467	2,467
Dividend paid	-	-	-	(2,768)	(2,768)	(1,002)	(3,770)
<b>Balance at 29/02/2016</b>	<b>58,701</b>	<b>(1,051)</b>	<b>18,765</b>	<b>21,760</b>	<b>98,175</b>	<b>68,570</b>	<b>166,745</b>
<b>Previous Corresponding Period</b>							
<b>Balance at 31/05/2014, as restated</b>	56,151	(1,072)	21,084	19,875	96,038	46,291	142,329
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	2,816	2,816	2,476	5,292
Other comprehensive income for the period	-	463	-	-	463	30	493
<i>Transactions with owners, recognised directly in equity</i>							
Net capital contribution from non-controlling interests	-	-	-	-	-	7	7
Disposal of a subsidiary	-	-	-	-	-	(2,375)	(2,375)
Issue of shares arising from exercise of warrants	2,091	-	-	-	2,091	-	2,091
Expenses incurred on issue of bonus warrants	-	-	(2)	-	(2)	-	(2)
Dividend paid	-	-	-	(2,506)	(2,506)	(1,559)	(4,065)
<b>Balance at 28/02/2015, as restated</b>	<b>58,242</b>	<b>(609)</b>	<b>21,082</b>	<b>20,185</b>	<b>98,900</b>	<b>44,870</b>	<b>143,770</b>

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### 1(d)(i) (Continued)

	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
<b>The Company</b>				
<b>Balance at 31/05/2015</b>	58,701	(42)	2,808	61,467
Loss for the period, representing total comprehensive loss for the period	-	-	(75)	(75)
Dividend paid	-	-	(2,768)	(2,768)
<b>Balance at 29/02/2016</b>	<b>58,701</b>	<b>(42)</b>	<b>(35)</b>	<b>58,624</b>
<b>Previous Corresponding Period</b>				
<b>Balance at 31/05/2014</b>	56,151	(40)	2,880	58,991
Profit for the period, representing total comprehensive income for the period	-	-	582	582
<u>Transactions with owners, recognised directly in equity</u>				
Issue of shares arising from exercise of warrants	2,091	-	-	2,091
Expenses incurred on issue of bonus warrants	-	(2)	-	(2)
Dividend paid	-	-	(2,506)	(2,506)
<b>Balance at 28/02/2015</b>	<b>58,242</b>	<b>(42)</b>	<b>956</b>	<b>59,156</b>

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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

	The Company	
	No of shares	Amount S\$'000
Balance at 31/05/2015 and 29/02/2016	503,222,297	58,701

During the period ended 29/02/2016, there were no changes in the share capital of the Company. The number of outstanding warrants as at 29/02/2016 is 186,386,020 and can be exercised before 26/05/2017.

As at 29/02/2016 and 28/02/2015, there were no shares held as treasury shares and other outstanding convertibles.

- 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	
	29/02/2016	31/05/2015
Total number of issued shares	503,222,297	503,222,297

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

There were no sales, transfers, disposals, cancellation and/or use of treasury shares during the period ended 29/02/2016.



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- 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 31/05/2015.

- 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.

- 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	
	Third Quarter Ended		Nine Months Ended	
	29/02/2016	28/02/2015	29/02/2016	28/02/2015
Earnings (loss) 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)	0.12	(0.03)	1.16	0.57
- Weighted average number of shares ('000)	503,222	501,329	503,222	496,770
(ii) On a fully diluted basis (cents)	0.12	(0.03)	1.16	0.55
- Adjusted weighted average number of shares ('000)	503,222	510,836	503,222	509,281

- 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 29/02/2016	As at 31/05/2015
The Group	19.5	19.0
The Company	11.6	12.2

Net asset value per share is calculated based on 503,222,297 (31/05/2015: 503,222,297) ordinary shares on issue at the end of the period under review and of the immediately preceding financial year.

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- 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**

Third Quarter Ended 29/02/2016 ("3QFY2016") against Third Quarter Ended 28/02/2015 ("3QFY2015")

Group revenue increased by S\$3.3 million due mainly to higher revenue from on-going engineering projects. Cost of sales increased by S\$2.8 million correspondingly.

Other operating income increased by S\$0.6 million due mainly to higher management fee income.

Selling & distribution expenses decreased by S\$0.8 million due mainly to lower marketing expenses.

Administrative expenses increased by S\$1.2 million due mainly to higher depreciation expenses.

Other operating expenses decreased by S\$1.0 million due to forex exchange gain of S\$0.2 million in 3QFY2016 compared to forex exchange losses of S\$0.8 million in 3QFY2015.

Share of results of associates and joint venture decreased by S\$0.7 million due mainly to lower contribution from associated companies.

Finance costs increased by S\$0.6 million due mainly to increased borrowings.

Overall, profit after tax increased by S\$0.5 million from S\$0.4 million to \$0.9 million.

Profit attributable to owners of the Company amounted to S\$0.6 million compared to loss of S\$0.1 million.

Nine Months Ended 29/02/2016 ("9MFY2016") against Nine Months Ended 28/02/2015 ("9MFY2015")

Group revenue increased by S\$39.8 million due mainly to higher revenue from on-going engineering projects, despite lower revenue from real estate projects. Cost of sales increased by S\$36.6 million correspondingly.

Other operating income increased by S\$3.8 million due to gain from the dilution of equity interest in an associate from 50% to 42.11% following its IPO and gain on disposal of property, plant and equipment.

Selling & distribution expenses decreased by S\$0.6 million due mainly to lower marketing expenses.

Administrative expenses increased by S\$3.2 million due mainly to higher depreciation expenses and management fee.

Other operating expenses increased by S\$0.6 million due mainly to an absence of write back of allowances of doubtful debt in 9MFY2016.

Finance costs increased by S\$2.6 million as a result of increased borrowings.

Income tax expense decreased by S\$0.7 million due mainly to deferred tax benefits recognised by certain loss making subsidiaries.

## TEE International Limited

### 8. (Continued)

#### **Income Statement**

Nine Months Ended 29/02/2016 ("9MFY2016") against Nine Months Ended 28/02/2015 ("9MFY2015")

Overall, profit after tax increased by S\$1.7 million from S\$5.3 million to S\$7.0 million.

Profit attributable to owners of the Company increased by S\$3.0 million due to higher contribution from engineering segment and lower share of profit by non-controlling interest in the real estate subsidiaries.

#### **Statement of Financial Position**

Financial Position As At 29/02/2016 against Financial Position As At 31/05/2015

Trade receivables decreased by S\$44.2 million due mainly to higher collections.

Loans receivable from associates decreased by S\$7.8 million due mainly to repayment.

Development properties increased by S\$26.1 million due mainly to construction and development costs incurred for on-going development projects.

Investment in associates increased by S\$15.0 million due mainly to additional cost of investment and higher share of profits from associated companies.

Property, plant and equipment increased by S\$11.8 million due mainly to acquisition of properties in Australia by our subsidiary, TEE Land.

Trade payables decreased by S\$20.8 million due mainly to higher payments.

Other payables increased by S\$5.3 million due mainly to accrual of development costs for on-going development projects.

Provision for maintenance cost decreased by S\$1.4 million due mainly to utilization of maintenance cost for engineering projects.

Income tax payable increased by S\$2.3 million due mainly to TOP of a development property as revenue from sales of development property is only taxable upon completion of the project. As such, deferred tax liabilities decreased by S\$1.9 million accordingly.

#### **Statement of Cash Flows**

Nine Months Ended 29/02/2016 ("9MFY2016") against Nine Months Ended 28/02/2015 ("9MFY2015")

##### **Operating activities**

Net cash from operating activities was S\$4.9 million, due mainly to profit before tax, offset by interest paid and changes in working capital.

##### **Investing activities**

Net cash used in investing activities was S\$7.6 million, due mainly to the acquisition of properties in Australia by our subsidiary, TEE Land.

##### **Financing activities**

Net cash from financing activities was S\$14.6 million, due mainly to additional drawdown of borrowings.

As a result, the Group recorded a net increase in cash and cash equivalents of S\$11.9 million.

## TEE International Limited

- 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 business environment remains challenging amid economic uncertainties and heightened geopolitical tensions. The Group will continue to focus on expeditious completion of its on-going Engineering and Real Estate projects, prudent cost management and selective pursuit of investment opportunities.

As of date, the Group has a total outstanding Engineering order book of approximately S\$306 million.

- 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/recommendeded, 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.

## TEE International Limited

**14 General - Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the state use**

The Company intends to utilise the net proceeds from issue of shares arising from exercise of warrants for general corporate purposes, including refinancing of existing borrowings and financing of working capital, acquisition, investment and capital expenditure requirements of the Group as the directors may deem fit. The percentage allocation for each intended use cannot be determined at this moment. The Company will make periodic announcements on the utilisation of proceeds.

As at 29/02/2016, the number of outstanding warrants was 186,386,020. To-date, 10,196,576 warrants were converted to ordinary shares at the exercise price of S\$0.25 per warrant. The proceeds of approximately S\$2,549,000 was used for share capital increase of its Engineering subsidiary, Trans Equatorial Engineering Pte Ltd in August 2015.

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

We, Phua Chian 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 third quarter and nine months ended 29 February 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Phua Chian Kin  
Group Chief Executive

Saw Chin Choo  
Executive Director

Dated 7 April 2016