



TEE INTERNATIONAL LIMITED

(Incorporated in Singapore with limited liability)

(Company registration number 200007107D)

MATERIAL ADJUSTMENTS BETWEEN THE AUDITED FINANCIAL RESULTS AND UNAUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MAY 2014

The Board of Directors (the "Board") of TEE International Limited (the "Company") together with its subsidiaries, (the "Group") refers to the earlier result announcement for the financial year ended 31 May 2014 (the "Unaudited Results") released on 23 July 2014.

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Board would like to announce that subsequent to the release of the Unaudited Results, there are material adjustments made by the Company.

The variances were primarily due to a one-off project cost overrun amounting to \$18,950,000 on a completed project. Based on the information available to-date, current developments and discussions with various professionals, management has decided, in the interest of prudence, to recognise the cost overrun in full. The Company is taking all necessary and appropriate actions to recover the cost overrun from the sub-contractors. In one of the Company's claim against its sub-contractors, the arbitrator has ruled in favour of the Company with only the quantum of the claim to be determined.

As a result of the above, the Group and Company was technically in breach of its interest cover ratio covenant with certain banks as at 31 May 2014. The Company is in the process of seeking a waiver of the covenant from the relevant banks.

Consolidated Statement of Profit or Loss and other Comprehensive Income

	Group		
	Announced S\$'000	Audited S\$'000	Variance S\$'000
Profit (Loss) for the year ¹	8,260	(10,690)	(18,950)

Note:

- The movement of profit for the year to loss for the year is due to one-off project cost overrun on a completed project.

Consolidated Statement of financial position

	Group		
	Announced S\$'000	Audited S\$'000	Variance S\$'000
Current assets			
Cash and bank balances ²	39,854	-	(39,854)
Cash and cash equivalents ²	-	32,916	32,916
Bank balances pledged ²	-	6,528	6,528
Trade receivables ³	61,761	42,811	(18,950)
Development properties ⁴	156,942	157,412	470
Non-current assets			
Bank balances pledged ²	-	410	410

**Consolidated Statement of financial position
(continued)**

	Group		
	Announced S\$'000	Audited S\$'000	Variance S\$'000
Current liabilities			
Other payables ⁴	(21,203)	(22,600)	(1,397)
Current portion of long-term bank loans ⁵	(25,347)	(38,719)	(13,372)
Liabilities directly associated with assets classified as held for sale ⁴	(9,978)	(8,856)	1,122
Non-current liabilities			
Long-term bank loans ⁵	(126,522)	(113,150)	13,372
Financial guarantee liabilities ⁴	(1,855)	(2,050)	(195)
Capital and reserves			
Accumulated profits ³	36,702	17,752	(18,950)

Notes:

2. Reclassification of cash and bank balances to bank balances pledged and cash and cash equivalents.
3. The decrease of trade receivables and accumulated profits of S\$18,950,000 is due to accounting for the one-off project cost overrun on a completed project to cost of sales.
4. Reconciliation of the increase of other payables of S\$1,397,000:
 - (i) Reclassification of advances from customers of S\$470,000 in development properties to other payables;
 - (ii) Reclassification of S\$195,000 from other payables to financial guarantee liabilities; and
 - (iii) Reclassification of deferred consideration of S\$1,122,000 from liabilities directly associated with assets classified as held for sale to other payables.
5. Reclassification of S\$13,372,000 of the Group's and Company's non-current portion of long-term bank loans to current portion of long-term bank loans. This is arising from the accounting of the one-off project cost overrun on a completed project, which led the Group and Company to be technically in breach of its interest cover ratio covenant with certain banks. This entitles these banks the right to review their respective facilities.

Statement of financial position

	Company		
	Announced S\$'000	Audited S\$'000	Variance S\$'000
Current assets			
Cash and bank balances ²	4,680	-	(4,680)
Cash and cash equivalents ²	-	2,848	2,848
Bank balances pledged ²	-	1,832	1,832
Trade receivables ⁶	3,285	-	(3,285)
Other receivables ⁶	36,232	23,103	(13,129)
Current liabilities			
Other payables ⁶	(60,385)	(54,007)	6,378
Current portion of long-term bank loans ⁵	(4,039)	(17,411)	(13,372)
Liabilities directly associated with assets classified as held for sale ⁶	(1,122)	-	1,122
Non-current liabilities			
Long-term bank loans ⁵	(28,466)	(15,094)	13,372
Capital and reserves			
Accumulated profits ⁶	11,794	2,880	(8,914)

Note:

6. Reconciliation of the decrease of accumulated profits of S\$8,914,000:
- (i) The decrease of trade receivables of S\$3,285,000 and other receivables of S\$14,129,000, total amounting to S\$17,414,000 is due to impairment of a subsidiary's receivables;
 - (ii) An increase of dividend of S\$1,000,000 from a subsidiary to other receivables;
 - (iii) Reclassification of deferred consideration of S\$1,122,000 from liabilities directly associated with assets classified as held for sale to other payables; and
 - (iv) An increase of dividend of S\$7,500,000 from subsidiaries to other payables.

As a result of the above, the Company's profit for the year decreased by S\$8,914,000 from S\$11,429,000 to S\$2,515,000.

Payment of the final dividend will still be made on 27 November 2014, subject to approval by the Members at the 14th Annual General Meeting to be held on 30 September 2014 instead of 25 September 2014 as provided in the announcement released on 8 August 2014.

The annual report for the financial year ended 31 May 2014 which contain the auditors' report and audited financial statements will be despatched to shareholders and SGX-ST on or about 15 September 2014.

By Order of the Board

Yeo Ai Mei
Company Secretary

15 September 2014