



TEE International Limited

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

Unaudited Third Quarter and Nine Months Financial Statements and Dividend Announcement for the Period Ended 28 February 2015

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		
	28/02/2015	28/02/2014		28/02/2015	28/02/2014	
Revenue	43,138	37,351	15.5	128,449	156,250	(17.8)
Cost of sales	(37,344)	(31,328)	19.2	(111,399)	(138,269)	(19.4)
Gross profit	5,794	6,023	(3.8)	17,050	17,981	(5.2)
Other operating income	995	1,113	(10.6)	3,274	3,075	6.5
Administrative expenses	(6,141)	(5,363)	14.5	(16,218)	(15,236)	6.4
Other operating expenses	(874)	(514)	70.0	(1,107)	(2,290)	(51.7)
Share of results of associates	2,845	1,102	NM	7,541	4,180	80.4
Finance costs	(1,553)	(671)	NM	(3,753)	(2,195)	71.0
Profit before tax	1,066	1,690	(36.9)	6,787	5,515	23.1
Income tax expense	(304)	(536)	(43.3)	(1,338)	(1,169)	14.5
Profit for the period	762	1,154	(34.0)	5,449	4,346	25.4

Profit attributable to:

Owners of the Company
Non-controlling interests

133	567	(76.5)	2,927	3,100	(5.6)
629	587	7.2	2,522	1,246	NM
762	1,154	(34.0)	5,449	4,346	25.4

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		
	28/02/2015	28/02/2014		28/02/2015	28/02/2014	
Profit for the period	762	1,154	(34.0)	5,449	4,346	25.4
Other comprehensive income (loss):						
Currency translation differences	378	(33)	NM	494	(438)	NM
Other comprehensive income (loss) for the period	378	(33)	NM	494	(438)	NM
Total comprehensive income for the period	1,140	1,121	1.7	5,943	3,908	52.1

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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		
	28/02/2015	28/02/2014		28/02/2015	28/02/2014	
Total comprehensive income attributable to:						
Owners of the Company	513	531	(3.4)	3,391	2,681	26.5
Non-controlling interests	627	590	6.3	2,552	1,227	NM
	1,140	1,121	1.7	5,943	3,908	52.1

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		
	28/02/2015	28/02/2014		28/02/2015	28/02/2014	
A Other operating income:						
Interest income	608	735	(17.3)	1,913	1,716	11.5
Amortisation of financial guarantee liabilities	225	273	(17.6)	684	781	(12.4)
(Loss) Gain on disposal of property, plant and equipment	-	(5)	NM	-	43	NM
Gain on disposal of subsidiary	-	-	NM	299	-	NM
Others	162	110	47.3	378	535	(29.3)
	995	1,113	(10.6)	3,274	3,075	6.5
B Finance costs:						
Bank borrowings	1,064	662	60.7	3,065	2,166	41.5
Term notes interest	481	-	NM	668	-	NM
Finance leases	8	9	(11.1)	20	29	(31.0)
	1,553	671	NM	3,753	2,195	71.0
C Depreciation of property, plant and equipment	194	343	(43.4)	1,204	1,469	(18.0)
D Trade receivables written off	1	-	NM	2	1	NM
E Write back of allowance for doubtful other receivables	(7)	-	NM	(488)	-	NM
F Net foreign currency exchange adjustment loss	874	375	NM	1,097	1,428	(23.2)
G Amortisation of intangible assets	-	135	NM	-	407	NM
H Amortisation of issuance costs on term notes	45	-	NM	75	-	NM
I Write-off property, plant and equipment	-	-	-	10	-	NM
J Adjustment for (over) under provision of income tax in respect of prior year	(209)	122	NM	(142)	40	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	
	28/02/2015	31/05/2014	28/02/2015	31/05/2014
ASSETS				
Current assets				
Cash and cash equivalents	32,629	32,916	1,268	2,848
Bank balances pledged	1,360	6,528	1,360	1,832
Trade receivables	60,667	42,811	-	-
Other receivables	24,471	16,918	27,790	23,103
Current portion of loans receivable from associates	23,651	23,708	3,906	3,906
Construction work-in-progress in excess of progress billings	54,143	32,637	-	-
Development properties	159,487	157,412	-	-
Completed property held for sale	-	1,216	-	-
Assets classified as held for sale	-	14,116	-	3,122
Total current assets	356,408	328,262	34,324	34,811
Non-current assets				
Bank balances pledged	450	410	-	-
Investment in associates	36,459	27,893	300	300
Investment in subsidiaries	-	-	109,270	100,745
Club membership	46	46	46	46
Property, plant and equipment	18,838	11,950	247	38
Investment properties	62,955	33,120	23,000	23,000
Deferred tax assets	241	113	-	-
Other receivables	10,098	11,164	-	-
Loans receivable from associates	20,552	28,652	-	-
Total non-current assets	149,639	113,348	132,863	124,129
Total assets	506,047	441,610	167,187	158,940
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and overdrafts	55,746	59,718	8,900	9,500
Trade payables	72,089	47,201	16	46
Other payables	33,758	22,600	59,310	54,007
Progress billings in excess of construction work-in-progress	1,174	490	-	-
Provision for maintenance costs	738	174	-	-
Current portion of finance leases	96	77	-	-
Current portion of long-term bank loans	37,871	38,719	5,446	17,411
Current portion of financial guarantee liabilities	690	734	724	1,025
Income tax payable	2,165	1,638	-	-
Liabilities directly associated with assets classified as held for sale	-	8,856	-	-
Total current liabilities	204,327	180,207	74,396	81,989

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1(b)(i) (Continued)

	The Group S\$'000		The Company S\$'000	
	28/02/2015	31/05/2014	28/02/2015	31/05/2014
LIABILITIES AND EQUITY				
Non-current liabilities				
Finance leases	453	345	-	-
Long-term loan	4,050	4,050	-	-
Long-term bank loans	122,641	113,150	31,453	15,094
Term notes	29,532	-	-	-
Financial guarantee liabilities	1,603	2,050	1,452	2,136
Long-term deposit	730	730	730	730
Deferred tax liabilities	1,117	1,084	-	-
Other payables	14	13	-	-
Total non-current liabilities	160,140	121,422	33,635	17,960
Capital, reserves and non-controlling interests				
Share capital	58,242	56,151	58,242	56,151
Currency translation reserve	(608)	(1,072)	-	-
Capital reserve	21,082	21,084	(42)	(40)
Accumulated profits	18,173	17,752	956	2,880
Equity attributable to owners of the Company	96,889	93,915	59,156	58,991
Non-controlling interests	44,691	46,066	-	-
Net equity	141,580	139,981	59,156	58,991
Total liabilities and equity	506,047	441,610	167,187	158,940

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 28/02/2015		The Group S\$'000 As at 31/05/2014	
Secured	Unsecured	Secured	Unsecured
52,520	41,193	54,379	44,135

Amount repayable after one year

The Group S\$'000 As at 28/02/2015		The Group S\$'000 As at 31/05/2014	
Secured	Unsecured	Secured	Unsecured
106,926	45,700	112,285	1,210

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.

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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	
	Third Quarter Ended		Nine Months Ended	
	28/02/2015	28/02/2014	28/02/2015	28/02/2014
Operating activities				
Profit before tax	1,066	1,690	6,787	5,515
Adjustments for:				
Share of results of associates	(2,845)	(1,102)	(7,541)	(4,180)
Depreciation of property, plant and equipment	194	343	1,204	1,469
Gain on disposal of subsidiary	-	-	(299)	-
Amortisation of financial guarantee liabilities	(225)	(273)	(684)	(781)
Amortisation of intangible assets	-	135	-	407
Amortisation of issuance costs on term notes	45	-	75	-
Write back of allowance for doubtful other receivables	(7)	-	(488)	-
Trade receivables written off	1	-	2	1
Property, plant and equipment written off	-	-	10	-
Loss (Gain) on disposal of property, plant and equipment	-	5	-	(43)
Provision for maintenance costs	95	128	802	185
Gain on disposal of other investments	-	-	-	(11)
Change in fair value of other investments	-	-	-	16
Interest income	(608)	(735)	(1,913)	(1,716)
Interest expense	1,553	671	3,753	2,195
Operating cash flows before movements in working capital	(731)	862	1,708	3,057
Trade receivables	(4,139)	4,294	(17,858)	8,867
Other receivables	(4,014)	3,118	(4,517)	(1,014)
Inventories	-	(527)	-	393
Construction work-in-progress in excess of progress billings	(2,914)	12,833	(21,506)	12,458
Development properties	(1,197)	(13,494)	(2,075)	(12,859)
Completed property held for sale	-	-	1,216	-
Trade payables	5,173	(9,246)	24,888	(23,269)
Other payables	2,239	1,572	13,867	2,662
Progress billings in excess of construction work-in-progress	458	(408)	684	(6,029)
Utilisation of provision for maintenance costs	(166)	(3)	(238)	(256)
Cash used in operations	(5,291)	(999)	(3,831)	(15,990)
Interest paid	(1,671)	(885)	(5,340)	(3,356)
Income tax paid	(351)	(1,165)	(906)	(2,444)
Net cash used in operating activities	(7,313)	(3,049)	(10,077)	(21,790)
Investing activities				
Proceeds on disposal of property, plant and equipment	-	8	-	79
Proceeds on disposal of a subsidiary	80	-	2,080	-
Purchase of property, plant and equipment	(3,315)	(248)	(7,944)	(10,290)
Investment properties	(1,966)	(637)	(31,353)	(8,708)
Proceeds on disposal of other investments	-	-	-	375
Investment in associates	-	-	-	(784)
Repayment of loans receivable from associates	6,708	-	16,694	-
Loans receivable from associates	(80)	(1,598)	(8,537)	(13,232)
Disposal of subsidiary	-	-	(2,631)	-
Interest received	390	11	413	197
Net cash from (used in) investing activities	1,817	(2,464)	(31,278)	(32,363)

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1(c) (Continued)

	The Group S\$'000		The Group S\$'000	
	Third Quarter Ended		Nine Months Ended	
	28/02/2015	28/02/2014	28/02/2015	28/02/2014
Financing activities				
Drawdown of bank loans	20,902	50,501	62,374	136,064
Repayment of bank loans	(15,527)	(50,526)	(67,354)	(143,611)
Drawdown of long-term bank loans	8,134	849	39,299	12,229
Repayment of long-term bank loans	(8,875)	(1,835)	(30,378)	(12,990)
Increase (decrease) bank balances pledged	663	(3,125)	5,128	3,057
Repayment of obligations under finance leases	(13)	(53)	(72)	(169)
Increase of obligation under finance leases	-	55	-	55
Proceeds from issuance of term notes	-	-	29,457	-
Payment of warrant issuance expenses	-	-	(2)	-
Capital contribution from non-controlling interest	-	-	7	62,100
Payment of share issuance expenses	-	-	-	(2,831)
Net proceeds from exercise of warrants	42	-	2,091	-
Dividends paid to shareholders	-	-	(2,506)	(3,482)
Dividends paid to non-controlling interests	(577)	-	(1,559)	(1,310)
Net cash from (used in) financing activities	4,749	(4,134)	36,485	49,112
Net decrease in cash and cash equivalents	(747)	(9,647)	(4,870)	(5,041)
Cash and cash equivalents at beginning of period	28,738	37,771	31,373	33,243
Effect of foreign exchange rate changes	(544)	(146)	944	(224)
Cash and cash equivalents at end of period (Note A)	27,447	27,978	27,447	27,978

Note A: Cash and cash equivalents

	The Group S\$'000		The Group S\$'000	
	Third Quarter Ended		Nine Months Ended	
	28/02/2015	28/02/2014	28/02/2015	28/02/2014
Cash at banks	15,743	15,396	15,743	15,396
Cash on hand	82	150	82	150
Fixed deposits	4,428	8,577	4,428	8,577
Project accounts (see Note below):				
Cash at banks	6,163	13,770	6,163	13,770
Fixed deposits	8,023	5,008	8,023	5,008
	34,439	42,901	34,439	42,901
Pledged fixed deposits	(1,810)	(8,578)	(1,810)	(8,578)
Bank overdrafts	(5,182)	(6,345)	(5,182)	(6,345)
Total cash and cash equivalents	27,447	27,978	27,447	27,978

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
The Group							
Balance at 31/05/2014	56,151	(1,072)	21,084	17,752	93,915	46,066	139,981
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	2,927	2,927	2,522	5,449
Other comprehensive income for the period	-	464	-	-	464	30	494
<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)
Balance at 28/02/2015	58,242	(608)	21,082	18,173	96,889	44,691	141,580
Previous Corresponding Period							
Balance at 31/05/2013	47,978	51	(46)	45,205	93,188	7,136	100,324
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	3,100	3,100	1,246	4,346
Other comprehensive loss for the period	-	(419)	-	-	(419)	(19)	(438)
<i>Transactions with owners, recognised directly in equity:</i>							
Net capital contribution from non-controlling interests	-	-	21,170	-	21,170	38,099	59,269
Issue of shares under Scrip Dividend Scheme	8,173	-	-	(8,173)	-	-	-
Dividend paid	-	-	-	(3,482)	(3,482)	(1,310)	(4,792)
Balance at 28/02/2014	56,151	(368)	21,124	36,650	113,557	45,152	158,709

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1(d)(i) (Continued)

	Share capital	Capital reserve	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<u>The Company</u>				
Balance at 31/05/2014	56,151	(40)	2,880	58,991
Profit for the period, representing total comprehensive income for the period	-	-	582	582
<i>Transactions with owners, recognised directly in equity</i>				
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)
Balance at 28/02/2015	58,242	(42)	956	59,156
<u>Previous Corresponding Period</u>				
Balance at 31/05/2013	47,978	-	14,239	62,217
Profit for the period, representing total comprehensive income for the period	-	-	5,191	5,191
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares under Scrip Dividend Scheme	8,173	-	(8,173)	-
Dividend paid	-	-	(3,482)	(3,482)
Balance at 28/02/2014	56,151	-	7,775	63,926

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- 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 31/05/2014	493,025,721	56,151
Issue of shares arising from exercise of warrants	8,362,847	2,091
Balance at 28/02/2015	501,388,568	58,242

During the period ended 28/02/2015, there was an increase of share capital arising from the exercise of 8,362,847 warrants at S\$0.25 per warrant for TEEW170526. The number of outstanding warrants as at 28/02/2015 is 188,219,749 and can be exercised before 26/05/2017.

As at 28/02/2015 and 28/02/2014, 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	
	28/02/2015	31/05/2014
Total number of issued shares	501,388,568	493,025,721

- 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 28/02/2015.

- 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

Other than the adoption of certain revisions to various existing Financial Reporting Standards ("FRS"), the new FRS and Interpretations of FRS ("INT FRS") that are mandatory for the financial year beginning on 1 June 2014, 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 31/05/2014.

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- 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**

The adoption of the various revised FRS, new FRS and INT FRS effective for the financial year commencing on 01/06/2014 does not have a material financial effect on the Group and the Company.

- 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	
	28/02/2015	28/02/2014	28/02/2015	28/02/2014
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)	0.03	0.12	0.59	0.65
- Weighted average number of shares ('000)	501,329	493,026	496,770	478,138
(ii) On a fully diluted basis (cents)	0.03	0.12	0.57	0.65
- Adjusted weighted average number of shares ('000)	510,836	493,026	509,281	478,138

- 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 28/02/2015	As at 31/05/2014
The Group	19.3	19.0
The Company	11.8	12.0

Net asset value per share is calculated based on 501,388,568 (31/05/2014: 493,025,721) 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 28/02/2015 ("3QFY2015") Against Third Quarter Ended 28/02/2014 ("3QFY2014")

Revenue increased by S\$5.7 million from S\$37.4 million to S\$43.1 million due mainly to higher revenue recognised during 3QFY2015 for on-going engineering projects.

In line with the increased revenue, cost of sales correspondingly increased by S\$6.0 million from S\$31.3 million to S\$37.3 million.

As a result, gross profit decreased by S\$0.2 million from S\$6.0 million to S\$5.8 million.

Other operating income decreased by S\$0.1 million from S\$1.1 million to S\$1.0 million due mainly to lower interest income from associated companies.

Administrative expenses increased by S\$0.7 million from S\$5.4 million to S\$6.1 million due mainly to higher marketing expenses incurred for a property development project in Malaysia by TEE Land during the 3QFY2015.

Other operating expenses increased by S\$0.4 million from S\$0.5 million to S\$0.9 million due mainly to the increase in unrealised foreign exchange losses arising from depreciation of the Australian Dollar against the Singapore Dollar.

Finance costs increased by S\$0.9 million from S\$0.7 million to S\$1.6 million due mainly to additional borrowings and higher financing costs.

Share of results of associates increased by S\$1.7 million from S\$1.1 million to S\$2.8 million due mainly to increase in contribution from associated companies in Singapore.

Income tax expenses decreased by S\$0.2 million from S\$0.5 million to S\$0.3 million due mainly to lower taxable profit.

As a result, the Group recorded a lower profit after tax of S\$0.8 million compared to S\$1.2 million.

Profit attributable to owners of the Company decreased by S\$0.5 million from S\$0.6 million to S\$0.1 million in 3QFY2015.

Nine Months Ended 28/02/2015 ("9MFY2015") Against Nine Months Ended 28/02/2014 ("9MFY2014")

Revenue decreased by S\$27.9 million from S\$156.3 million to S\$128.4 million due mainly to lower revenue recognised for on-going real estate and engineering projects.

In line with the decreased revenue, cost of sales correspondingly decreased by S\$26.9 million from S\$138.3 million to S\$111.4 million.

As a result, gross profit decreased by S\$1.0 million from S\$18.0 million to S\$17.0 million.

Other operating income of S\$3.3 million in 9MFY2015 was mainly derived from interest income from associates, amortisation of financial guarantee liabilities and gain on disposal of a subsidiary, Interlift Sales Pte Ltd ("Interlift").

Administrative expenses increased by S\$1.0 million from S\$15.2 million to S\$16.2 million due mainly to higher marketing expenses incurred for a property development project in Malaysia by TEE Land during 9MFY2015.

TEE International Limited

8 (Continued)

Income Statement (Cont'd)

Nine Months Ended 28/02/2015 ("9MFY2015") Against Nine Months Ended 28/02/2014 ("9MFY2014") (Cont'd)

Other operating expenses decreased by S\$1.2 million from S\$2.3 million to S\$1.1 million due mainly to IPO expenses and amortisation of intangible assets that were incurred in 9MFY2014, as well as a reduction in unrealised foreign exchange losses during 9MFY2015.

Finance costs increased by S\$1.6 million from S\$2.2 million to S\$3.8 million due mainly to additional borrowings and higher financing costs.

Share of results of associates increased by S\$3.3 million from S\$4.2 million to S\$7.5 million due mainly to increase in contribution from real estate associates in Singapore.

Income tax expenses increased by S\$0.1 million from S\$1.2 million to S\$1.3 million due mainly to higher taxable profit.

As a result, the Group recorded a higher profit after tax of S\$5.4 million compared to S\$4.3million.

The profit attributable to owners of the Company decreased by S\$0.2 million from S\$3.1 million to S\$2.9 million in 9MFY2015.

Statement of Financial Position

Trade receivables increased by S\$17.9 million from S\$42.8 million as at 31/05/2014 to S\$60.7 million as at 28/02/2015, due mainly to prepayments for on-going and newly commenced projects.

Total other receivables increased by S\$6.5 million from S\$28.1 million as at 31/05/2014 to S\$34.6 million as at 28/02/2015 due mainly to loan interest receivables from associated companies and deposit placed for the purchase of a hotel in Australia.

Construction work-in-progress in excess of progress billings increased by S\$21.5 million from S\$32.6 million as at 31/05/2014 to S\$54.1 million as at 28/02/2015 due mainly to on-going and newly commenced engineering projects.

Completed property held for sale of S\$1.2 million as at 31/05/2014 was for the remaining units at 91 Marshall which were subsequently sold in 1QFY2015.

Investment in associates increased by S\$8.6 million from S\$27.9 million as at 31/5/2014 to S\$36.5 million as at 28/02/2015 due mainly to increase in contribution from share of retained profits from associated companies.

Property, plant and equipment increased by S\$6.8 million from S\$12.0 million to S\$18.8 million as at 28/02/2015 due mainly to construction cost incurred for the Group's HQ building currently being built in Bukit Batok.

Investment properties increased by S\$29.9 million from S\$33.1 million as at 31/05/2014 to S\$63.0 million as at 28/02/2015, due mainly to acquisitions of a hotel in Australia, a guest house in New Zealand and three condominium units in Bangkok by TEE Land.

The Company had completed the disposal of Interlift in 1QFY2015, leading to elimination for related items in assets classified as held for sales; and liabilities directly associated with those assets classified as held for sales as at 31/05/2014.

Loans receivable from associates decreased by S\$8.2 million from S\$52.4 million as at 31/05/2014 to S\$44.2 million as at 28/02/15 due mainly to repayments.

Bank loans and overdrafts decreased by S\$4.0 million from S\$59.7 million as at 31/05/2014 to S\$55.7 million as at 28/02/2015 due mainly to repayment of some bank loans.

TEE International Limited

8 (Continued)

Statement of Financial Position (Cont'd)

Trade payables increased by S\$24.9 million from S\$47.2 million as at 31/05/2014 to S\$72.1 million as at 28/02/2015 due mainly to construction costs and prepayments received for on-going development projects and engineering projects.

Other payables increased by S\$11.2 million from S\$22.6 million as at 31/05/2014 to S\$33.8 million as at 28/02/2015 due mainly to advances paid by TEE Land's joint venture partners for a project at Australia and prepayment received from customers.

Provision for maintenance cost increased by S\$0.5 million from S\$0.2 million as at 31/05/2014 to S\$0.7 million as at 28/02/2015 due mainly to completion of several engineering projects.

Progress billings in excess of construction work-in-progress increased by S\$0.7 million from S\$0.5 million as at 31/5/2014 to S\$1.2 million as at 28/02/2015, due mainly to new on-going overseas engineering project.

Financial guarantee liabilities decreased by S\$0.5 million from S\$2.8 million as at 31/05/2014 to S\$2.3 million as at 28/02/2015 was due mainly to amortisation.

Income tax payable increased by S\$0.5 million from S\$1.6 million as at 31/05/2014 to S\$2.1 million as at 28/02/2015 due mainly to higher profit for 9MFY2015.

The term notes of S\$29.5 million as at 28/02/2015 was for Tranche 1 of the Medium Term Notes Programme raised in October 2014 by TEE Land.

Statement of Cash Flows

Operating activities

Net cash used in operating activities was S\$10.1 million for 9MFY2015, due mainly to payment of interest, increases in trade receivables and construction work-in-progress in excess of progress billing, offset with increases in trade and other payables.

Investing activities

Net cash used in investing activities was S\$31.3 million for 9MFY2015, due mainly to the acquisition of investment properties by TEE Land.

Financing activities

Net cash from financing activities was S\$36.5 million for 9MFY2015, due mainly to net proceeds received from the issuance of Medium Term Notes by TEE Land and drawn down of additional bank loans.

As a result, the Group recorded a net decrease in cash and cash equivalents of S\$4.9 million, from S\$31.4 million as at 31/05/2014 to S\$27.4 million as at 28/02/2015 after adjusting for effect of foreign exchange rate charge of S\$0.9 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**

Operational challenges will continue to be present in today's competitive business environment. The Group remains selective and prudent in pursuing potential growth prospects in Singapore and in the region. Currently, the Group is focused on delivering its ongoing Engineering and Real Estate projects, and at the same time tapping on its existing business networks and strong credentials to win new projects.

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?

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 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 **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 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 28/02/2015, the number of outstanding warrants was 188,219,749. So far, 8,362,847 warrants were converted to ordinary shares at the exercise price of S\$0.25 per warrant. Pending the deployment of the net proceeds, the proceeds of approximately S\$2,091,000 was used for working capital purposes deem fit in the interests of the Group.

TEE International Limited

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 28 February 2015 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 9 April 2015