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

Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 August 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)
	First Quarter Ended		
	31/08/2016	31/08/2015	%
Revenue	64,001	61,055	4.8
Cost of sales	(56,739)	(54,767)	3.6
Gross profit	7,262	6,288	15.5
Other operating income	1,426	2,327	(38.7)
Selling & distribution expenses	(614)	(329)	86.6
Administrative expenses	(5,325)	(5,314)	0.2
Other operating expenses	-	(1,020)	(100.0)
Share of results of associates and joint venture	785	2,723	(71.2)
Finance costs	(2,449)	(1,974)	24.1
Profit before tax	1,085	2,701	(59.8)
Income tax (expense) credit	(348)	53	NM
Profit for the period	737	2,754	(73.2)
Profit attributable to:			
Owners of the company	648	2,464	(73.7)
Non-controlling interests	89	290	(69.3)
	737	2,754	(73.2)

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

	The Group S$'000		Increase/ (Decrease)
	First Quarter Ended		
	31/08/2016	31/08/2015	%
Profit for the period	737	2,754	(73.2)
Other comprehensive income (loss):			
Currency translation differences	1,025	(1,503)	NM
Other comprehensive income (loss) for the period	1,025	(1,503)	NM
Total comprehensive income for the period	1,762	1,251	40.8
Total comprehensive income attributable to:			
Owners of the company	1,097	1,671	(34.4)
Non-controlling interests	665	(420)	NM
	1,762	1,251	40.8

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

	The Group S$'000		Increase/ (Decrease)
	First Quarter Ended		
	31/08/2016	31/08/2015	%
A Other operating income:			
Interest income	351	343	2.3
Amortisation of financial guarantee liabilities	144	179	(19.6)
Gain on disposal of property, plant and equipment	-	1,721	(100.0)
Net foreign currency exchange adjustment gain	237	-	NM
Change in fair value of foreign exchange forward contract	70	-	NM
Management fee income	135	4	NM
Forfeiture of rental deposit	438	-	NM
Others	51	80	(36.3)
	1,426	2,327	(38.7)
B Finance costs:			
Loan interests	1,951	1,476	32.2
Term notes interest	492	492	0.0
Finance leases	6	6	0.0
	2,449	1,974	24.1
C Other operating expenses:			
Net foreign currency exchange adjustment loss	-	1,014	(100.0)
Allowance for doubtful debt on trade receivables	-	3	(100.0)
Property, plant and equipment written off	-	3	(100.0)
	-	1,020	(100.0)
D Depreciation of property, plant and equipment	893	818	9.2
E Amortisation of issuance costs on term notes	45	45	0.0
F Amortisation of deferred sales commission expenses	321	3	NM
G Amortisation of deferred show flat expenses	156	105	48.6

NM – not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group S$'000		The Company S$'000	
	31/08/2016	31/05/2016	31/08/2016	31/05/2016
ASSETS				
Current assets				
Cash and cash equivalents	36,109	32,206	887	1,710
Bank balances pledged	3,448	3,448	1,369	1,369
Trade receivables	36,572	43,210	33	-
Other receivables	14,707	25,546	13,618	13,597
Current portion of loans receivable from associates	23,834	24,042	1,158	1,148
Inventories	19	16	-	-
Construction work-in-progress in excess of progress billings	108,027	103,914	-	-
Development properties	134,317	113,275	-	-
Completed property held for sale	46,231	46,231	-	-
Total current assets	403,264	391,888	17,065	17,824
Non-current assets				
Bank balances pledged	421	414	-	-
Investment in associates	59,364	58,776	4,783	4,783
Investment in joint venture	1,394	1,360	-	-
Investment in subsidiaries	-	-	107,263	107,227
Club membership	42	42	42	42
Property, plant and equipment	92,667	89,666	352	398
Investment properties	36,337	35,717	24,000	24,000
Deferred tax assets	2,859	2,643	-	-
Other receivables	6,254	6,210	85	-
Loans receivable from associates	6,527	6,235	154	351
Total non-current assets	205,865	201,063	136,679	136,801
Total assets	609,129	592,951	153,744	154,625
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and overdrafts	52,677	53,444	7,180	7,180
Trade payables	109,279	108,217	-	38
Other payables	23,462	31,441	56,507	54,412
Provision for maintenance costs	611	643	-	-
Derivative financial instruments	-	70	-	-
Current portion of finance leases	86	87	-	-
Current portion of long-term loan	-	4,050	-	-
Current portion of long-term borrowings	31,934	39,861	16,130	16,537
Current portion of financial guarantee liabilities	501	606	171	224
Income tax payable	5,434	5,583	-	-
Total current liabilities	223,984	244,002	79,988	78,391

1(b)(i) (Continued)

	The Group S$'000		The Company S$'000	
	31/08/2016	31/05/2016	31/08/2016	31/05/2016
LIABILITIES AND EQUITY				
Non-current liabilities				
Finance leases	353	372	-	-
Long-term borrowings	180,337	147,836	14,839	15,623
Term notes	29,804	29,758	-	-
Financial guarantee liabilities	806	923	291	311
Long-term deposit	292	730	292	730
Deferred tax liabilities	288	273	-	-
Other payables	1,890	22	-	-
Total non-current liabilities	213,770	179,914	15,422	16,664
Capital, reserves and non-controlling interests				
Share capital	58,701	58,701	58,701	58,701
Currency translation reserve	(1,184)	(1,633)	-	-
Capital reserve	18,793	18,765	(42)	(42)
Accumulated profits	24,238	23,590	(325)	911
Equity attributable to owners of the Company	100,548	99,423	58,334	59,570
Non-controlling interests	70,827	69,612	-	-
Net equity	171,375	169,035	58,334	59,570
Total liabilities and equity	609,129	592,951	153,744	154,625

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$'000 As at 31/08/2016		The Group S$'000 As at 31/05/2016	
Secured	Unsecured	Secured	Unsecured
40,402	44,295	52,438	40,954

Amount repayable after one year

The Group S$'000 As at 31/08/2016		The Group S$'000 As at 31/05/2016	
Secured	Unsecured	Secured	Unsecured
177,540	32,954	146,283	31,683

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	
	First Quarter Ended	
	31/08/2016	31/08/2015
Operating activities		
Profit before tax	1,085	2,701
Adjustments for:		
Share of results of associates and joint venture	(785)	(2,723)
Depreciation of property, plant and equipment	893	818
Amortisation of deferred sales commission expenses	321	3
Amortisation of deferred show flat costs	156	105
Amortisation of financial guarantee liabilities	(144)	(179)
Amortisation of issuance costs on term notes	45	45
Change in fair value of foreign exchange forward contract	(70)	-
Allowance for doubtful trade receivables	-	3
Property, plant and equipment written off	-	3
Gain on disposal of property, plant and equipment	-	(1,721)
Provision for maintenance costs	-	5
Unrealised currency translation losses	563	-
Interest income	(351)	(343)
Interest expense	2,449	1,974
Operating cash flows before movements in working capital	4,162	691
Trade receivables	6,472	6,857
Other receivables	10,189	(1,586)
Inventories	(3)	-
Construction work-in-progress in excess of progress billings	(4,133)	(22,823)
Development properties	(20,281)	(2,757)
Trade payables	1,062	17,755
Other payables	(7,182)	1,422
Long term deposit	(438)	-
Progress billings in excess of construction work-in-progress	-	30
Utilisation of provision for maintenance costs	(32)	(259)
Cash used in operations	(10,184)	(670)
Interest paid	(2,685)	(2,599)
Income tax paid	(679)	(30)
Net cash used in operating activities	(13,548)	(3,299)
Investing activities		
Proceeds on disposal of property, plant and equipment	-	1,743
Purchase of property, plant and equipment	(2,063)	(167)
Acquisition of non-controlling interests in a subsidiary	(36)	(50)
Loans receivable from associates	(1,022)	(3,538)
Repayment of loan receivable from associates	938	5,249
Dividend received from associates	457	-
Interest received	159	2,063
Net cash (used in) from investing activities	(1,567)	5,300

1(c) (Continued)

	The Group S$'000	
	First Quarter Ended	
	31/08/2016	31/08/2015
Financing activities		
Drawdown of bank loans	37,130	26,619
Repayment of bank loans	(39,814)	(20,998)
Drawdown of long-term borrowings	48,332	4,328
Repayment of long-term borrowings	(25,146)	(8,676)
Repayment of long-term loan	(4,050)	-
Increase (decrease) in pledged fixed deposits	-	6
Repayment of obligations under finance leases	(21)	(26)
Deemed capital injection by non-controlling interest	614	-
Net cash from financing activities	17,045	1,253
Net increase in cash and cash equivalents	1,930	3,254
Cash and cash equivalents at beginning of period	32,206	21,126
Effect of foreign exchange rate changes	56	(595)
Cash and cash equivalents at end of period (Note A)	34,192	23,785

Note A: Cash and cash equivalents

	The Group S$'000	
	First Quarter Ended	
	31/08/2016	31/08/2015
Cash at banks	22,822	21,965
Cash on hand	44	54
Fixed deposits	4,875	2,400
Project accounts (see Note below):		
Cash at banks	10,232	4,909
Fixed deposits	2,005	-
	39,978	29,328
Pledged fixed deposits	(3,869)	(2,398)
Bank overdrafts	(1,917)	(3,145)
Total cash and cash equivalents	34,192	23,785

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 31/05/2016	58,701	(1,633)	18,765	23,590	99,423	69,612	169,035
Total comprehensive income for the period:							
Profit for the period	-	-	-	648	648	89	737
Other comprehensive income for the period	-	449	-	-	449	576	1,025
Transactions with owners, recognised directly in equity							
Acquisition of non-controlling interests in a subsidiary	-	-	28	-	28	(64)	(36)
Deemed capital injection by non-controlling interests	-	-	-	-	-	614	614
Balance at 31/08/2016	58,701	(1,184)	18,793	24,238	100,548	70,827	171,375
Previous Corresponding Period							
Balance at 31/05/2015	58,701	(582)	18,737	18,709	95,565	66,621	162,186
Total comprehensive income for the period:							
Profit for the period	-	-	-	2,464	2,464	290	2,754
Other comprehensive loss for the period	-	(793)	-	-	(793)	(710)	(1,503)
Transactions with owners, recognised directly in equity							
Acquisition of non-controlling interests in a subsidiary	-	-	28	-	28	(78)	(50)
Balance at 31/08/2015	58,701	(1,375)	18,765	21,173	97,264	66,123	163,387

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1(d)(i) (Continued)

	Share capital	Capital reserve	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000
The Company				
Balance at 31/05/2016	58,701	(42)	911	59,570
Loss for the period, representing total comprehensive loss for the period	-	-	(1,236)	(1,236)
Balance at 31/08/2016	58,701	(42)	(325)	58,334
Previous Corresponding Period				
Balance at 31/05/2015	58,701	(42)	2,808	61,467
Loss for the period, representing total comprehensive loss for the period	-	-	(1,225)	(1,225)
Balance at 31/08/2015	58,701	(42)	1,583	60,242

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 31/05/2016 and 31/08/2016	503,222,633	58,701

During the period ended 31/08/2016, there were no changes in the share capital of the Company. The number of outstanding warrants as at 31/08/2016 is 186,385,684 and can be exercised before 26/05/2017.

As at 31/08/2016 and 31/08/2015, 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	
	31/08/2016	31/05/2016
Total number of issued shares	503,222,633	503,222,633

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 31/08/2016.

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 31/05/2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

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

	The Group	
	First Quarter Ended	
	31/08/2016	31/08/2015
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)	0.13	0.49
- Weighted average number of shares ('000)	503,223	503,222
(ii) On a fully diluted basis (cents)	0.13	0.49
- Adjusted weighted average number of shares ('000)	503,223	503,222

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year

	Cents	
	As at 31/08/2016	As at 31/05/2016
The Group	20.0	19.8
The Company	11.6	11.8

Net asset value per share is calculated based on 503,222,633 (31/05/2016: 503,222,633) ordinary shares on issue at the end of the period under review and of the immediately preceding financial year.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Income Statement

First Quarter Ended 31/08/2016 ("1QFY2017") Against First Quarter Ended 31/08/2015 ("1QFY2016")

Revenue increased by S$2.9 million due mainly to higher progressive revenue from development properties. Correspondingly, cost of sales increased by S$2.0 million.

Other operating income decreased by S$0.9 million due mainly to an absence of gain on disposal of property, plant and equipment.

Selling & distribution expenses increased by S$0.3 million due to higher sales commission and promotional expenses incurred by TEE Land.

Other operating expenses decreased by S$1.0 million due mainly to fluctuation in unrealised foreign exchange.

Share of results of associates/joint venture decreased by S$1.9 million due mainly to share of lower profits from TEE Land's associated companies.

Finance costs increased by S$0.5 million due mainly to additional borrowings.

Overall, profit after tax decreased by S$2.0 million from S$2.7 million to S$0.7 million due mainly to the decrease in share of profits of TEE Land's associated companies and the absence of an one-off gain on disposal of property, plant and equipment.

Profit attributable to owners of the Company amounted to S$0.6 million compared to S$2.5 million in 1QFY2016.

Statement of Financial Position

Financial Position As At 31/08/2016 Against Financial Position As At 31/05/2016

Trade receivables decreased by S$6.6 million due mainly to higher collections.

Other receivables decreased by S$10.8 million due mainly to payment by a former joint developer and receipt of refundable deposit.

Construction work-in-progress increased by S$4.1 million due mainly to on-going engineering projects.

Development properties increased by S$21.0 million due mainly to purchase of a property by TEE Land.

Other payables and long-term loan decreased by S$6.1 million and S$4.1 million respectively due mainly to payment to a former joint developer.

Long-term borrowings increased by S$24.6 million due mainly to purchase of a property by TEE Land.

8 (Continued)

Statement of Cash Flows

First Quarter Ended 31/08/2016 ("1QFY2017") Against First Quarter Ended 31/08/2015 ("1QFY2016")

Operating activities
Net cash used in operating activities was S$13.5 million, due mainly to purchase of a property by TEE Land.

Investing activities
Net cash used in investing activities was S$1.6 million, due mainly to renovation cost incurred for properties in Australia.

Financing activities
Net cash from financing activities was S$17.0 million, due mainly to drawdown of bank loans.

As a result, the Group recorded a net increase in cash and cash equivalents of S$1.9 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

Amid the challenging business environment, the Group will focus on business development efforts by actively participating in new tenders for Singapore and Overseas engineering projects. In addition, the Group will maintain its commitment to expeditiously complete its on-going Engineering and Real Estate projects, prudent cost management for Engineering and selective pursuit of investment opportunities.

As of date, the Group has a total outstanding Engineering order book of approximately S$316 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/recommended, a statement to that effect

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

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

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

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

15 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 31/08/2016, the number of outstanding warrants was 186,385,684. To-date, 10,196,912 warrants were converted to ordinary shares at the exercise price of S$0.25 per warrant. The proceeds of approximately S$2,550,000 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 first quarter ended 31 August 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 14 October 2016