



TEE International Limited

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

Unaudited Second Quarter Financial Statements and Dividend Announcement for the Period Ended 30 November 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) %
	Second Quarter Ended			Half Year Ended		
	30/11/2016	30/11/2015		30/11/2016	30/11/2015	
Revenue	64,716	60,721	6.6	128,717	121,776	5.7
Cost of sales	(55,186)	(53,065)	4.0	(111,925)	(107,832)	3.8
Gross profit	9,530	7,656	24.5	16,792	13,944	20.4
Other operating income	1,784	3,208	(44.4)	2,973	5,535	(46.3)
Selling & distribution expenses	(874)	(592)	47.6	(1,488)	(921)	61.6
Administrative expenses	(5,239)	(6,358)	(17.6)	(10,564)	(11,672)	(9.5)
Other operating expenses	(414)	(398)	4.0	(177)	(1,418)	(87.5)
Share of results of associates and joint venture	(510)	2,501	NM	275	5,224	(94.7)
Finance costs	(2,508)	(2,184)	14.8	(4,957)	(4,158)	19.2
Profit before tax	1,769	3,833	(53.8)	2,854	6,534	(56.3)
Income tax expense	(695)	(476)	46.0	(1,043)	(423)	NM
Profit for the period	1,074	3,357	(68.0)	1,811	6,111	(70.4)

Profit attributable to:

Owners of the Company
Non-controlling interests

394	2,744	(85.6)	1,042	5,208	(80.0)
680	613	10.9	769	903	(14.8)
1,074	3,357	(68.0)	1,811	6,111	(70.4)

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) %
	Second Quarter Ended			Half Year Ended		
	30/11/2016	30/11/2015		30/11/2016	30/11/2015	
Profit for the period	1,074	3,357	(68.0)	1,811	6,111	(70.4)
Other comprehensive income (loss):						
Currency translation differences	1,167	896	30.2	2,192	(607)	NM
Other comprehensive income (loss) for the period	1,167	896	30.2	2,192	(607)	NM
Total comprehensive income for the period	2,241	4,253	(47.3)	4,003	5,504	(27.3)

TEE International Limited

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) %
	Second Quarter Ended			Half Year Ended		
	30/11/2016	30/11/2015		30/11/2016	30/11/2015	
Total comprehensive income attributable to:						
Owners of the Company	696	3,281	(78.8)	1,793	4,952	(63.8)
Non-controlling interests	1,545	972	59.0	2,210	552	NM
	2,241	4,253	(47.3)	4,003	5,504	(27.3)

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

	The Group S\$'000		Increase/ (Decrease) %	The Group S\$'000		Increase/ (Decrease) %
	Second Quarter Ended			Half Year Ended		
	30/11/2016	30/11/2015		30/11/2016	30/11/2015	
A Other operating income:						
Interest income	296	361	(18.0)	647	704	(8.1)
Amortisation of financial guarantee liabilities	334	173	93.1	478	352	35.8
Gain on disposal of property, plant and equipment	1	486	(99.8)	1	2,207	(100.0)
Change in fair value of foreign exchange forward contract	-	-	-	70	-	NM
Gain from dilution of equity interest in associate	-	1,814	NM	-	1,814	(100.0)
Management fee income	92	34	NM	227	38	NM
Compensation received from a tenant	975	-	NM	1,413	-	NM
Others	86	340	(74.7)	137	420	(67.4)
	1,784	3,208	(44.4)	2,973	5,535	(46.3)
B Finance costs:						
Loan interests	2,016	1,691	19.2	3,967	3,168	25.2
Term notes interest	486	486	0.0	978	978	0.0
Finance leases	6	7	(14.3)	12	12	0.0
	2,508	2,184	14.8	4,957	4,158	19.2
C Other operating expenses:						
Net foreign currency exchange adjustment loss	413	403	2.5	176	1,417	(87.6)
Trade receivables written off (written back)	1	(2)	NM	1	1	0.0
Property, plant and equipment written off	-	(3)	(100.0)	-	-	-
	414	398	4.0	177	1,418	(87.5)
D Depreciation of property, plant and equipment	237	911	(74.0)	1,130	1,729	(34.6)
E Amortisation of issuance costs on term notes	46	46	0.0	91	91	0.0
F Amortisation of deferred sales commission expenses	581	220	NM	902	223	NM
G Amortisation of deferred show flat expenses	96	179	(46.4)	252	284	(11.3)
H Adjustment for (over) under provision of income tax in respect of prior year	(5)	(5)	0.0	(5)	15	NM

NM – not meaningful

TEE International Limited

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

	The Group S\$'000		The Company S\$'000	
	30/11/2016	31/05/2016	30/11/2016	31/05/2016
ASSETS				
Current assets				
Cash and cash equivalents	33,866	32,206	1,471	1,710
Bank balances pledged	3,406	3,448	1,369	1,369
Trade receivables	46,471	43,210	36	-
Other receivables	14,762	25,546	11,043	13,597
Current portion of loans receivable from associates	21,785	24,042	1,028	1,148
Inventories	23	16	-	-
Construction work-in-progress in excess of progress billings	102,802	103,914	-	-
Development properties	155,282	113,275	-	-
Completed property held for sale	44,507	46,231	-	-
Assets classified as held for sale	75,218	-	-	-
Total current assets	498,122	391,888	14,947	17,824
Non-current assets				
Bank balances pledged	429	414	-	-
Investment in associates	55,579	58,776	4,783	4,783
Investment in joint venture	1,510	1,360	-	-
Investment in subsidiaries	-	-	108,930	107,227
Club membership	42	42	42	42
Property, plant and equipment	23,328	89,666	327	398
Investment properties	36,588	35,717	24,000	24,000
Deferred tax assets	3,203	2,643	-	-
Other receivables	6,230	6,210	70	-
Loans receivable from associates	6,373	6,235	-	351
Total non-current assets	133,282	201,063	138,152	136,801
Total assets	631,404	592,951	153,099	154,625
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and overdrafts	56,092	53,444	7,180	7,180
Trade payables	108,820	108,217	-	38
Other payables	35,560	31,441	56,396	54,412
Progress billings in excess of construction work-in-progress	129	-	-	-
Provision for maintenance costs	768	643	-	-
Derivative financial instruments	-	70	-	-
Current portion of finance leases	79	87	-	-
Current portion of long-term loan	-	4,050	-	-
Current portion of long-term borrowings	47,509	39,861	15,643	16,537
Current portion of term notes	29,849	-	-	-
Current portion of financial guarantee liabilities	267	606	105	224
Income tax payable	4,736	5,583	-	-
Total current liabilities	283,809	244,002	79,324	78,391

TEE International Limited

1(b)(i) (Continued)

	The Group S\$'000		The Company S\$'000	
	30/11/2016	31/05/2016	30/11/2016	31/05/2016
LIABILITIES AND EQUITY				
Non-current liabilities				
Finance leases	333	372	-	-
Long-term borrowings	171,413	147,836	14,165	15,623
Term notes	-	29,758	-	-
Financial guarantee liabilities	631	923	265	311
Long-term deposit	-	730	-	730
Deferred tax liabilities	290	273	-	-
Other payables	2,013	22	-	-
Total non-current liabilities	174,680	179,914	14,430	16,664
Capital, reserves and non-controlling interests				
Share capital	58,701	58,701	58,701	58,701
Treasury shares	(242)	-	(242)	-
Currency translation reserve	(882)	(1,633)	-	-
Capital reserve	18,793	18,765	(42)	(42)
Accumulated profits	23,728	23,590	928	911
Equity attributable to owners of the Company	100,098	99,423	59,345	59,570
Non-controlling interests	72,817	69,612	-	-
Net equity	172,915	169,035	59,345	59,570
Total liabilities and equity	631,404	592,951	153,099	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 30/11/2016		The Group S\$'000 As at 31/05/2016	
Secured	Unsecured	Secured	Unsecured
60,336	73,193	52,438	40,954

Amount repayable after one year

The Group S\$'000 As at 30/11/2016		The Group S\$'000 As at 31/05/2016	
Secured	Unsecured	Secured	Unsecured
169,451	2,295	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: As at 31/05/2016, these borrowings exclude the long-term loan of \$4,050,000 due to former joint developer.

TEE International Limited

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group S\$'000		The Group S\$'000	
	Second Quarter Ended		Half Year Ended	
	30/11/2016	30/11/2015	30/11/2016	30/11/2015
Operating activities				
Profit before tax	1,769	3,833	2,854	6,534
Adjustments for:				
Share of loss (profit) of associates and joint venture	510	(2,501)	(275)	(5,224)
Depreciation of property, plant and equipment	237	911	1,130	1,729
Gain from dilution of equity interest in associate	-	(1,814)	-	(1,814)
Amortisation of deferred sales commission expenses	581	220	902	223
Amortisation of deferred show flat costs	96	179	252	284
Amortisation of financial guarantee liabilities	(334)	(173)	(478)	(352)
Amortisation of issuance costs on term notes	46	46	91	91
Change in fair value of foreign exchange forward contract	-	-	(70)	-
Trade receivables written off (written back)	1	(2)	1	1
Property, plant and equipment written off	-	(3)	-	-
Gain on disposal of property, plant and equipment	(1)	(486)	(1)	(2,207)
Provision for (Write back of) maintenance costs	204	(1)	204	4
Unrealised currency translation gain	(584)	-	(21)	-
Interest income	(296)	(361)	(647)	(704)
Interest expense	2,508	2,184	4,957	4,158
Operating cash flows before movements in working capital	4,737	2,032	8,899	2,723
Trade receivables	(9,998)	1,172	(3,526)	8,029
Other receivables	(1,154)	(3,752)	9,035	(5,338)
Inventories	(3)	(2)	(6)	(2)
Construction work-in-progress in excess of progress billings	4,738	19,290	605	(3,533)
Development properties	(10,367)	(14,049)	(30,648)	(16,806)
Acquisition of development property	(11,500)	-	(11,500)	-
Completed property held by sale	1,724	-	1,724	-
Trade payables	390	1,392	1,452	19,147
Other payables	13,463	5,315	6,281	6,737
Long term deposit	(292)	-	(730)	-
Progress billings in excess of construction work-in-progress	129	34	129	64
Utilisation of provision for maintenance costs	(46)	(987)	(78)	(1,246)
Cash (used in) from operations	(8,179)	10,445	(18,363)	9,775
Interest paid	(3,810)	(2,757)	(6,495)	(5,356)
Income tax paid	(1,690)	(644)	(2,369)	(674)
Net cash (used in) from operating activities	(13,679)	7,044	(27,227)	3,745
Investing activities				
Proceeds on disposal of property, plant and equipment	1	489	1	2,232
Purchase of property, plant and equipment	(3,452)	(13,259)	(5,515)	(13,426)
Purchase of investment properties	-	(346)	-	(346)
Investment in associates	-	(2,722)	-	(2,722)
Acquisition of non-controlling interests in a subsidiary	-	(4)	(36)	(54)
Loans receivable from associates	(191)	(101)	(1,213)	(3,639)
Repayment of loan receivables from associates	2,394	105	3,332	5,354
Dividend received from associates	3,550	-	4,007	-
Interest received	825	502	984	2,565
Net cash from (used in) investing activities	3,127	(15,336)	1,560	(10,036)

TEE International Limited

1(c) (Continued)

Financing activities

Drawdown of bank loans	33,694	35,028	70,824	61,647
Repayment of bank loans	(32,192)	(39,167)	(72,006)	(60,165)
Drawdown of long-term borrowings	13,281	10,042	61,613	14,370
Repayment of long-term borrowings	(7,507)	(3,267)	(32,653)	(11,943)
Repayment of long-term loan	-	-	(4,050)	-
Decrease in bank balances pledged	42	1	42	7
Repayment of obligations under finance leases	(23)	(20)	(44)	(46)
Capital contribution from non-controlling interest	1,118	1,966	1,732	1,966
Purchase of treasury shares	(242)	-	(242)	-
Dividends paid to shareholders	(904)	(2,013)	(904)	(2,013)
Dividends paid to non-controlling interests	(673)	(1,002)	(673)	(1,002)
Net cash from financing activities	6,594	1,568	23,639	2,821
Net decrease in cash and cash equivalents	(3,958)	(6,724)	(2,028)	(3,470)
Cash and cash equivalents at beginning of period	34,192	23,785	32,206	21,126
Effect of foreign exchange rate changes	(198)	426	(142)	(169)
Cash and cash equivalents at end of period (Note A)	30,036	17,487	30,036	17,487

The Group S\$'000		The Group S\$'000	
Second Quarter Ended		Half Year Ended	
30/11/2016	30/11/2015	30/11/2016	30/11/2015
33,694	35,028	70,824	61,647
(32,192)	(39,167)	(72,006)	(60,165)
13,281	10,042	61,613	14,370
(7,507)	(3,267)	(32,653)	(11,943)
-	-	(4,050)	-
42	1	42	7
(23)	(20)	(44)	(46)
1,118	1,966	1,732	1,966
(242)	-	(242)	-
(904)	(2,013)	(904)	(2,013)
(673)	(1,002)	(673)	(1,002)
6,594	1,568	23,639	2,821
(3,958)	(6,724)	(2,028)	(3,470)
34,192	23,785	32,206	21,126
(198)	426	(142)	(169)
30,036	17,487	30,036	17,487

Note A: Cash and cash equivalents

Cash at banks	17,388	10,098	17,388	10,098
Cash on hand	68	47	68	47
Fixed deposits	7,666	2,397	7,666	2,397
Project accounts (see Note below):				
Cash at banks	10,574	7,342	10,574	7,342
Fixed deposits	2,005	-	2,005	-
	37,701	19,884	37,701	19,884
Pledged fixed deposits	(3,835)	(2,397)	(3,835)	(2,397)
Bank overdrafts	(3,830)	-	(3,830)	-
Total cash and cash equivalents	30,036	17,487	30,036	17,487

The Group S\$'000		The Group S\$'000	
Second Quarter Ended		Half Year Ended	
30/11/2016	30/11/2015	30/11/2016	30/11/2015
17,388	10,098	17,388	10,098
68	47	68	47
7,666	2,397	7,666	2,397
10,574	7,342	10,574	7,342
2,005	-	2,005	-
37,701	19,884	37,701	19,884
(3,835)	(2,397)	(3,835)	(2,397)
(3,830)	-	(3,830)	-
30,036	17,487	30,036	17,487

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.

TEE International Limited

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Treasury shares	Currency Translation reserve	Capital reserve	Accumulated profits	Equity attributable to owners of the company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group								
Balance at 31/05/2016	58,701	-	(1,633)	18,765	23,590	99,423	69,612	169,035
<i>Total comprehensive income for the period:</i>								
Profit for the period	-	-	-	-	1,042	1,042	769	1,811
Other comprehensive income for the period	-	-	751	-	-	751	1,441	2,192
<i>Transactions with owners, recognised directly in equity</i>								
Acquisition of non-controlling interests in a subsidiary	-	-	-	28	-	28	(64)	(36)
Net capital contribution from non-controlling interests	-	-	-	-	-	-	1,732	1,732
Dividend paid	-	-	-	-	(904)	(904)	(673)	(1,577)
Purchase of treasury shares	-	(242)	-	-	-	(242)	-	(242)
Balance at 30/11/2016	58,701	(242)	(882)	18,793	23,728	100,098	72,817	172,915
Previous Corresponding Period								
Balance at 31/05/2015	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	-	-	-	-	5,208	5,208	903	6,111
Other comprehensive loss for the period	-	-	(256)	-	-	(256)	(351)	(607)
<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	-	-	-	-	-	-	1,966	1,966
Dividend paid	-	-	-	-	(2,013)	(2,013)	(1,002)	(3,015)
Balance at 30/11/2015	58,701	-	(838)	18,765	21,904	98,532	68,055	166,587

TEE International Limited

1(d)(i) (Continued)

	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
The Company					
Balance at 31/05/2016	58,701	-	(42)	911	59,570
Profit for the period, representing total comprehensive income for the period	-	-	-	921	921
Dividend paid	-	-	-	(904)	(904)
Purchase of treasury shares	-	(242)	-	-	(242)
Balance at 30/11/2016	58,701	(242)	(42)	928	59,345
Previous Corresponding Period					
Balance at 31/05/2015	58,701	-	(42)	2,808	61,467
Profit for the period, representing total comprehensive income for the period	-	-	-	1,274	1,274
Dividend paid	-	-	-	(2,013)	(2,013)
Balance at 30/11/2015	58,701	-	(42)	2,069	60,728

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	
Share Capital	
	No of shares
	Amount S\$'000
Balance as at 30/11/2015	503,222,297
Issue of shares arising from exercise of warrants	336
Balance as at 31/08/2016 and 30/11/2016	503,222,633

The Company	
Treasury Shares	
	No of shares
	Amount S\$'000
Purchase of treasury shares	1,140,600
Balance as at 30/11/2016	1,140,600

* Denotes amount less than \$1,000

TEE International Limited

1(d)(ii) (Continued)

During the period ended 30/11/2016, there were no changes in the share capital of the Company (30/11/2015: 336 shares).

The Company buy-backs 1,140,600 ordinary shares at a cost of S\$242,000 and held as treasury shares during the period ended 30/11/2016.

The number of outstanding warrants as at 30/11/2016 is 186,385,684 (30/11/2015: 186,386,020) and can be exercised before 26/05/2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	The Company	
	30/11/2016	31/05/2016
Total number of issued shares	503,222,633	503,222,633
Total number of treasury shares	(1,140,600)	-
Total number of issued shares excluding treasury shares	502,082,033	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

During the period ended 30/11/2016, there were 1,140,600 ordinary shares buy-backs at a cost of S\$242,000 and held as treasury shares.

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.

TEE International Limited

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

	The Group		The Group	
	Second Quarter Ended		Half Year Ended	
	30/11/2016	30/11/2015	30/11/2016	30/11/2015
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)	0.08	0.55	0.21	1.03
- Weighted average number of shares (excluding treasury shares) ('000)	502,319	503,222	502,771	503,222
(ii) On a fully diluted basis (cents)	0.08	0.55	0.21	1.03
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	502,319	503,222	502,771	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 30/11/2016	As at 31/05/2016
The Group	19.9	19.8
The Company	11.8	11.8

Net asset value per share is calculated based on 502,082,033 ordinary shares (excluding treasury shares) (31/05/2016: 503,222,633) on issue at the end of the period under review and of the immediately preceding financial year.

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

Income Statement

Second Quarter Ended 30/11/2016 ("2QFY2017") against Second Quarter Ended 30/11/2015 ("2QFY2016")

Revenue increased by S\$4.0 million due mainly to higher progressive revenue from development properties offset by lower revenue from on-going engineering projects. Cost of sales increased by S\$2.1 million correspondingly.

Other operating income decreased by S\$1.4 million due mainly to the absence of gain from the dilution of equity interest in an associate.

Selling and distribution costs increased by S\$0.3 million due mainly to higher sales commission and direct marketing expenses incurred by TEE Land.

Administrative expenses decreased by S\$1.1 million due mainly to lower depreciation charges.

TEE International Limited

8. (Continued)

Share of results of associates and joint venture decreased by S\$3.0 million due mainly to lower contribution from associated companies.

Finance costs increased by S\$0.3 million due mainly to additional borrowings.

Overall, profit after tax decreased by S\$2.3 million from S\$3.4 million to \$1.1 million due to lower contribution from share of results of associates and joint venture.

Profit attributable to owners of the Company amounted to S\$0.4 million compared to S\$ 2.7 million in 2QFY2016.

Half Year Ended 30/11/2016 ("1H FY2017") against Half Year Ended 30/11/2015 ("1H FY2016")

Revenue increased by S\$6.9 million due mainly to higher progressive revenue from development properties offset by lower revenue from on-going engineering projects. Cost of sales increased by S\$4.1 million correspondingly.

Other operating income decreased by S\$2.6 million due mainly to the absence of gain from the dilution of equity interest in an associate as well as the absence of gain on disposal of property, plant and equipment.

Selling and distribution costs increased by S\$0.6 million due mainly to higher sales commission and direct marketing expenses incurred by TEE Land.

Other operating expenses decreased by S\$1.2 million due mainly to fluctuation in unrealised foreign exchange.

Share of results of associates and joint venture decreased by S\$4.9 million due mainly to lower contribution from associated companies.

Finance costs increased by S\$0.8 million due mainly to additional borrowings.

Income tax expense increased by S\$0.6 million due mainly to taxable profit from progressive revenue recognised from development properties.

Overall, profit after tax decreased by S\$4.3 million from S\$6.1 million to S\$1.8 million due mainly to lower contribution from share of results of associates and joint venture.

Profit attributable to owners of the Company decreased by S\$4.2 million from S\$5.2 million to S\$1.0 million.

Statement of Financial Position

Financial Position As At 30/11/2016 against Financial Position As At 31/05/2016

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

Development properties and long-term borrowings increased by S\$42.0 million and S\$31.2 million respectively due mainly to purchase of two properties by TEE Land.

Assets classified as held for sale increased by S\$75.2 million due to the reclassification of the two properties, which were previously held under property, plant and equipment. Accordingly, property, plant and equipment decreased by S\$66.3 million.

Deferred tax assets increased by S\$0.5 million due mainly to deferred tax benefits recognised by certain loss making subsidiaries.

TEE International Limited

8. (Continued)

Other payables increased by S\$6.1 million due mainly to accrual of development costs for on-going development project and shareholder's loan from joint venture partner offset by payment to a former joint developer.

Long-term loan decreased by S\$4.1 million due to payment to a former joint developer.

Income tax payable decreased by S\$0.8 million due mainly to payment of income tax.

Statement of Cash Flows

Half Year Ended 30/11/2016 ("1HFY2017") Against Half Year Ended 30/11/2015 ("1HFY2016")

Operating activities

Net cash used in operating activities was S\$27.2 million, mainly due to purchase of two development properties.

Investing activities

Net cash from investing activities was S\$1.6 million, due mainly to the repayment of loan receivables and dividend received from associated companies, offset by payment for purchase of property, plant and equipment.

Financing activities

Net cash from financing activities was S\$23.6 million, mainly from additional drawdown of long-term borrowings.

As a result, the Group recorded a net decrease in cash and cash equivalents of S\$2.0 million.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

No forecast was made.

10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The business environment continues to face challenges amid weaker economic outlook and increased geopolitical uncertainties. The Group will maintain its commitment in prudent cost management and to expeditiously complete on-going Engineering and Real Estate projects. In addition, the Group will focus on business development efforts by actively participating in new tenders for Singapore and Overseas engineering projects, and selective pursuit of investment opportunities in Singapore and the region.

To date, the Group has a total outstanding Engineering order book of approximately S\$302 million.

11 **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? **YES**

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

TEE International Limited

11 Dividend (Continued)

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **YES**

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.15 cents per ordinary share
Tax Rate	Tax exempt (One-Tier)

(c) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

12 If no dividend has been declared/recommended, a statement to that effect

Not applicable.

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 30/11/2016, 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.

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 second quarter and half year ended 30 November 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 13 January 2017