



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 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) %
	First Quarter Ended 31/08/2015	31/08/2014	
Revenue	61,055	42,342	44.2
Cost of sales	(54,767)	(38,759)	41.3
Gross profit	6,288	3,583	75.5
Other operating income	2,327	1,648	41.2
Selling & distribution expenses	(329)	(213)	54.5
Administrative expenses	(5,314)	(4,609)	15.3
Other operating expenses	(1,020)	-	NM
Share of results of associates and joint venture	2,723	2,958	(7.9)
Finance costs	(1,974)	(965)	NM
Profit before tax	2,701	2,402	12.4
Income tax expense	53	(173)	NM
Profit for the period	2,754	2,229	23.6
Profit attributable to:			
Owners of the company	2,464	1,385	77.9
Non-controlling interests	290	844	(65.6)
	2,754	2,229	23.6

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 31/08/2015	31/08/2014	
Profit for the period	2,754	2,229	23.6
Other comprehensive loss:			
Currency translation differences	(1,503)	(90)	NM
Other comprehensive loss for the period	(1,503)	(90)	NM
Total comprehensive income for the period	1,251	2,139	(41.5)
Total comprehensive income attributable to:			
Owners of the company	1,671	1,309	27.7
Non-controlling interests	(420)	830	NM
	1,251	2,139	(41.5)

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

	The Group S\$'000		Increase/ (Decrease) %
	First Quarter Ended		
	31/08/2015	31/08/2014	
A Other operating income:			
Interest income	343	667	(48.6)
Amortisation of financial guarantee liabilities	179	216	(17.1)
Gain on disposal of subsidiary	-	299	NM
Gain on disposal of property, plant and equipment	1,721	-	NM
Net foreign currency exchange adjustment gain	-	289	NM
Others	84	177	(52.5)
	2,327	1,648	NM
B Finance costs:			
Loan interests	1,479	959	54.2
Term notes interest	492	-	NM
Finance leases	3	6	(50.0)
	1,974	965	NM
C Other operating expenses:			
Net foreign currency exchange adjustment loss	1,014	-	NM
Allowance for doubtful debt on trade receivables	3	-	NM
Property, plant and equipment written off	3	-	NM
	1,020	-	NM
D Depreciation of property, plant and equipment	818	563	45.3
E Amortisation of issuance costs on term notes	45	-	NM
F Amortisation of deferred sales commission expenses	3	69	(95.7)
G Amortisation of deferred show flat expenses	105	16	NM

NM – not meaningful

Note:

Restatements have been made to the prior corresponding period (first quarter ended 31/08/2014) due to the change in accounting policy on sales commissions by the Group and its associates, which was adopted by the Group in the fourth quarter of financial year 2015.

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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	
	31/08/2015	31/05/2015	31/08/2015	31/05/2015
ASSETS				
Current assets				
Cash and cash equivalents	26,930	24,012	573	677
Bank balances pledged	1,975	1,975	1,360	1,360
Trade receivables	78,413	85,273	-	3,661
Other receivables	20,086	20,298	15,710	17,633
Current portion of loans receivable from associates	21,643	19,664	4,430	3,906
Inventories	18	18	-	-
Construction work-in-progress in excess of progress billings	100,632	77,809	-	-
Development properties	125,803	122,613	-	-
Completed property held for sale	14,973	14,973	-	-
Total current assets	390,473	366,635	22,073	27,237
Non-current assets				
Bank balances pledged	423	429	-	-
Available-for-sale investment	*	*	-	-
Investment in associates	44,696	43,241	781	781
Investment in joint venture	1,061	808	-	-
Investment in subsidiaries	-	-	105,999	100,949
Club membership	46	46	46	46
Property, plant and equipment	77,412	79,248	441	463
Investment properties	35,550	36,036	24,000	24,000
Deferred tax assets	1,633	1,382	-	-
Other receivables	10,504	10,534	-	-
Loans receivable from associates	15,526	19,216	-	-
Total non-current assets	186,851	190,940	131,267	126,239
Total assets	577,324	557,575	153,340	153,476

* Denotes amount less than \$1,000

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1(b)(i) (Continued)

	The Group S\$'000		The Company S\$'000	
	31/08/2015	31/05/2015	31/08/2015	31/05/2015
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and overdrafts	58,491	52,612	7,551	8,900
Trade payables	116,302	98,547	19	3,673
Other payables	27,330	26,101	47,941	42,528
Progress billings in excess of construction work-in-progress	71	41	-	-
Provision for maintenance costs	1,423	1,692	-	-
Current portion of finance leases	76	80	-	-
Current portion of long-term borrowings	28,930	50,679	5,969	5,425
Current portion of financial guarantee liabilities	598	667	595	667
Income tax payable	5,471	3,348	-	-
Total current liabilities	238,692	233,767	62,075	61,193
Non-current liabilities				
Finance leases	352	385	-	-
Long-term loan	4,050	4,050	-	-
Long-term borrowings	138,987	123,344	29,372	29,039
Term notes	29,622	29,577	-	-
Financial guarantee liabilities	1,342	1,452	921	1,047
Long-term deposit	730	730	730	730
Deferred tax liabilities	143	2,066	-	-
Other payables	19	18	-	-
Total non-current liabilities	175,245	161,622	31,023	30,816
Capital, reserves and non-controlling interests				
Share capital	58,701	58,701	58,701	58,701
Currency translation reserve	(1,375)	(582)	-	-
Capital reserve	18,765	18,737	(42)	(42)
Accumulated profits	21,173	18,709	1,583	2,808
Equity attributable to owners of the Company	97,264	95,565	60,242	61,467
Non-controlling interests	66,123	66,621	-	-
Net equity	163,387	162,186	60,242	61,467
Total liabilities and equity	577,324	557,575	153,340	153,476

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

The Group S\$'000		The Group S\$'000	
<u>As at 31/08/2015</u>		<u>As at 31/05/2015</u>	
Secured	Unsecured	Secured	Unsecured
52,702	34,795	67,700	35,671

Amount repayable after one year

The Group S\$'000		The Group S\$'000	
<u>As at 31/08/2015</u>		<u>As at 31/05/2015</u>	
Secured	Unsecured	Secured	Unsecured
124,620	44,341	109,666	43,640

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1(b)(ii) (Continued)

Details of any collateral

The total secured borrowings are represented by:

- (i) Obligations under finance leases secured on certain motor vehicles of the Group and
- (ii) Bank loans and long-term bank loans secured by any security interest over any asset of the Group (and in this instance, security interest shall take into account any collateral over the relevant asset granted by the Group as reflected in the latest audited or unaudited financial statements of the Group and shall, in any event, include any security created over any receivables due or owing to the Group or paid or payable to the Group).

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

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

	The Group	
	S\$'000	
	First Quarter Ended	
	31/08/2015	31/08/2014
Operating activities		
Profit before tax	2,701	2,402
Adjustments for:		
Share of results of associates and joint venture	(2,723)	(2,958)
Depreciation of property, plant and equipment	818	563
Gain on disposal of a subsidiary	-	(299)
Amortisation of deferred sales commission expenses	3	69
Amortisation of deferred show flat costs	105	16
Amortisation of financial guarantee liabilities	(179)	(216)
Amortisation of issuance costs on term notes	45	-
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	165
Interest income	(343)	(667)
Interest expense	1,974	965
Operating cash flows before movements in working capital	691	40
Trade receivables	6,857	11,286
Other receivables	(1,586)	1,174
Construction work-in-progress in excess of progress billings	(22,823)	(12,770)
Development properties	(2,757)	(3,502)
Completed property held for sale	-	1,216
Trade payables	17,755	500
Other payables	1,422	9,367
Progress billings in excess of construction work-in-progress	30	(490)
Utilisation of provision for maintenance costs	(259)	-
Cash (used in) from operations	(670)	6,821
Interest paid	(2,599)	(1,847)
Income tax paid	(30)	(92)
Net cash (used in) from operating activities	(3,299)	4,882

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1(c) (Continued)

	The Group S\$'000	
	First Quarter Ended	
	31/08/2015	31/08/2014
Investing activities		
Proceeds on disposal of property, plant and equipment	1,743	-
Purchase of property, plant and equipment	(167)	(1,346)
Purchase of investment property	-	(28,584)
Acquisition of non-controlling interests in a subsidiary	(50)	-
Disposal of a subsidiary	-	(2,631)
Loans receivable from associates	1,711	2,726
Interest received	2,063	13
Net cash from (used in) investing activities	5,300	(29,822)
Financing activities		
Drawdown of bank loans	26,619	24,942
Repayment of bank loans	(20,998)	(18,438)
Drawdown of long-term borrowings	4,328	22,600
Repayment of long-term borrowings	(8,676)	(11,424)
Increase (decrease) in pledged fixed deposits	6	(14)
Repayment of obligations under finance leases	(26)	(20)
Payment of warrant issuance expenses	-	(2)
Proceeds on issue of shares arising from exercise of warrants	-	33
Net cash from financing activities	1,253	17,677
Net increase (decrease) in cash and cash equivalents	3,254	(7,263)
Cash and cash equivalents at beginning of period	21,126	31,373
Effect of foreign exchange rate changes	(595)	(66)
Cash and cash equivalents at end of period (Note A)	23,785	24,044

Note A: Cash and cash equivalents

	The Group S\$'000	
	First Quarter Ended	
	31/08/2015	31/08/2014
Cash at banks	21,965	8,966
Cash on hand	54	92
Fixed deposits	2,400	6,962
Project accounts (see Note below):		
Cash at banks	4,909	11,180
Fixed deposits	-	8,016
	29,328	35,216
Pledged fixed deposits	(2,398)	(6,952)
Bank overdrafts	(3,145)	(4,220)
Total cash and cash equivalents	23,785	24,044

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 31/05/2015	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	-	-	-	2,464	2,464	290	2,754
Other comprehensive loss for the period	-	(793)	-	-	(793)	(710)	(1,503)
<i>Transactions with owners, recognised directly in equity</i>							
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
Previous Corresponding Period							
Balance at 31/05/2014, as restated	56,151	(1,072)	21,084	19,875	96,038	46,291	142,329
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	1,385	1,385	844	2,229
Other comprehensive loss for the period	-	(76)	-	-	(76)	(14)	(90)
<i>Transactions with owners, recognised directly in equity</i>							
Disposal of a subsidiary	-	-	-	-	-	(2,375)	(2,375)
Issue of shares arising from exercise of warrants	33	-	-	-	33	-	33
Expenses incurred on issue of bonus warrants	-	-	(2)	-	(2)	-	(2)
Balance at 31/08/2014, as restated	56,184	(1,148)	21,082	21,260	97,378	44,746	142,124

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1(d)(i) (Continued)

	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
The Company				
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
Previous Corresponding Period				
Balance at 31/05/2014	56,151	(40)	2,880	58,991
Loss for the period, representing total comprehensive loss for the period	-	-	(887)	(887)
<u>Transactions with owners, recognised directly in equity</u>				
Issue of shares arising from exercise of warrants	33	-	-	33
Expenses incurred on issue of bonus warrants	-	(2)	-	(2)
Balance at 31/08/2014	56,184	(42)	1,993	58,135

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	The Company	
	No of shares	Amount S\$'000
Balance at 31/05/2015 and 31/08/2015	503,222,297	58,701

During the period ended 31/08/2015, there were no changes in the share capital of the Company. The number of outstanding warrants as at 31/08/2015 is 186,386,020 and can be exercised before 26/05/2017.

As at 31/08/2015 and 31/08/2014, 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	
	31/08/2015	31/05/2015
Total number of issued shares	503,222,297	503,222,297

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

There were no sales, transfers, disposals, cancellation and/or use of treasury shares during the period ended 31/08/2015.

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2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures presented have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

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 2015, the Group has adopted the same accounting policies and methods of computation for the current financial period as those adopted for the audited financial statements for the financial year ended 31/05/2015.

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

The adoption of the various revised FRS, new FRS and INT FRS effective for the financial year commencing on 01/06/2015 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

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)
 - Weighted average number of shares ('000)
- (ii) On a fully diluted basis (cents)
 - Adjusted weighted average number of shares ('000)

The Group	
First Quarter Ended	
31/08/2015	31/08/2014
0.49	0.28
503,222	493,126
0.49	0.28
503,222	503,073

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 31/08/2015	As at 31/05/2015
The Group	19.3	19.0
The Company	12.0	12.2

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

- 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 31/08/2015 ("1QFY2016") Against First Quarter Ended 31/08/2014 ("1QFY2015")

Revenue increased by S\$18.7 million due mainly to higher revenue recognised during 1QFY2016 for on-going engineering projects. Cost of sales increased by S\$16.0 million.

Gross profit increased by S\$2.7 million due mainly to higher revenue recognised and higher gross margin contributions from hotel operations and rental income from TEE Land in 1QFY2016.

Other operating income increased by S\$0.7 million due mainly to gain on disposal of property, plant and equipment.

Selling & distribution expenses increased marginally from S\$0.2 million to S\$0.3 million due mainly to higher road shows, advertisement and other promotional expenses incurred in 1QFY2016.

Administrative expenses increased by S\$0.7 million due mainly to higher depreciation charges.

Other operating expenses increased by S\$1.0 million due mainly to foreign exchange losses on the Malaysian Ringgit.

Finance costs increased by S\$1.0 million due mainly to additional borrowings.

Overall, profit after tax increased by S\$0.5 million.

Profit attributable to owners of the Company amounted to S\$2.5 million compared to S\$1.4 million.

Statement of Financial Position

Financial Position As At 31/08/2015 Against Financial Position As At 31/05/2015

Cash and bank balances increased by S\$2.9 million due mainly to collection from receivables.

Construction work-in-progress and trade payables increased by S\$22.8 million and \$17.8 million respectively due mainly to major on-going engineering and development projects.

Bank loans and overdrafts increased by S\$5.9 million due to drawdown of additional borrowings.

Income tax payable increased from S\$3.3 million to S\$5.5 million due mainly to TOP of a development project as revenue from sales of development properties is only taxable upon completion of the project.

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8. (Continued)

Statement of Cash Flows

First Quarter Ended 31/08/2015 ("1QFY2016") Against First Quarter Ended 31/08/2014 ("1QFY2015")

Operating activities

Net cash used in operating activities was S\$3.3 million, due mainly to profit before tax, offset by interest paid and changes in working capital.

Investing activities

Net cash from investing activities was S\$5.3 million, due mainly to interest received, loans receivable from associates and proceeds from disposal of property, plant and equipment.

Financing activities

Net cash from financing activities was S\$1.3 million, due mainly to drawdown of bank loans.

As a result, the Group recorded a net increase in cash and cash equivalents of S\$3.3 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 Group remains cautious amid the prevailing economic uncertainties and geopolitical tensions and will be selective in pursuing projects and investment opportunities in Singapore and in the region.

Meanwhile, the Group will continue to focus on completing its existing Engineering and Real Estate projects expeditiously. Currently, the Group has a total outstanding Engineering order book of approximately S\$377 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.

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- 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 31/08/2015, the number of outstanding warrants was 186,386,020. So far, 10,196,576 warrants were converted to ordinary shares at the exercise price of S\$0.25 per warrant. The proceeds of approximately S\$2,549,000 was used for share capital increase of its Engineering subsidiary, Trans Equatorial Engineering Pte Ltd.

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 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 12 October 2015