



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 2014

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		
	28/02/2014	28/02/2013		28/02/2014	28/02/2013	
Revenue	37,351	52,999	(29.5)	156,250	127,652	22.4
Cost of sales	(31,328)	(47,321)	(33.8)	(138,269)	(111,124)	24.4
Gross profit	6,023	5,678	6.1	17,981	16,528	8.8
Other operating income	1,299	967	34.3	3,517	2,841	23.8
Administrative expenses	(5,363)	(4,341)	23.5	(15,236)	(9,630)	58.2
Other operating expenses	(700)	(58)	NM	(2,732)	(141)	NM
Share of results of associates	1,102	105	NM	4,180	418	NM
Finance costs	(671)	(570)	17.7	(2,195)	(1,582)	38.7
Profit before tax	1,690	1,781	(5.1)	5,515	8,434	(34.6)
Income tax expense	(536)	(455)	17.8	(1,169)	(1,810)	(35.4)
Profit for the period	1,154	1,326	(13.0)	4,346	6,624	(34.4)
Profit attributable to:						
Owners of the company	567	1,378	(58.9)	3,100	6,697	(53.7)
Non-controlling interests	587	(52)	NM	1,246	(73)	NM
	1,154	1,326	(13.0)	4,346	6,624	(34.4)

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		
	28/02/2014	28/02/2013		28/02/2014	28/02/2013	
Profit for the period	1,154	1,326	(13.0)	4,346	6,624	(34.4)
Other comprehensive (loss) income:						
Currency translation differences	(33)	204	NM	(438)	(47)	NM
Other comprehensive (loss) income for the period	(33)	204	NM	(438)	(47)	NM
Total comprehensive income for the period	1,121	1,530	(26.7)	3,908	6,577	(40.6)

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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		
	28/02/2014	28/02/2013		28/02/2014	28/02/2013	
Total comprehensive income attributable to:						
Owners of the company	531	1,564	(66.0)	2,681	6,639	(59.6)
Non-controlling interests	590	(34)	NM	1,227	(62)	NM
	1,121	1,530	(26.7)	3,908	6,577	(40.6)

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		
	28/02/2014	28/02/2013		28/02/2014	28/02/2013	
A Other operating income:						
Interest income	735	544	35.1	1,716	1,526	12.5
Fair value gain on interest rate swap contract	-	23	NM	-	179	NM
Amortisation of financial guarantee liabilities	273	201	35.8	781	583	34.0
Others	291	199	46.2	1,020	553	84.5
	1,299	967	34.3	3,517	2,841	23.8
B Finance costs:						
Bank borrowings	662	564	17.4	2,166	1,563	38.6
Finance leases	9	6	50.0	29	19	52.6
	671	570	17.7	2,195	1,582	38.7
C Depreciation of property, plant and equipment	343	1,127	(69.6)	1,469	3,061	(52.0)
D Allowance for doubtful debts and bad debts written off:						
Trade receivables written off	-	2	NM	1	17	(94.1)
Allowance for doubtful trade receivables	-	-	-	-	62	NM
E Foreign currency exchange adjustment loss	374	29	NM	1,428	109	NM
F Adjustment for under provision of income tax in respect of prior year	122	19	NM	40	19	NM
G Loss/(Gain) on disposal of property, plant and equipment	5	(10)	NM	(43)	(16)	NM
H Amortisation of intangible assets	135	-	NM	407	-	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	
	28/02/2014	31/05/2013	28/02/2014	31/05/2013
ASSETS				
Current assets				
Cash and bank balances	42,901	49,696	2,640	4,580
Trade receivables	45,275	54,143	3,284	15,620
Other receivables	14,991	10,360	25,882	26,230
Current portion of loans receivable from associates	23,978	13,103	3,906	3,906
Other investments	-	380	-	380
Inventories	3,059	3,452	-	-
Construction work-in-progress in excess of progress billings	23,981	36,439	-	-
Development properties	125,220	112,361	-	-
Total current assets	279,405	279,934	35,712	50,716
Non-current assets				
Investment in associates	25,438	20,881	300	300
Investment in subsidiaries	-	-	104,062	104,835
Intangible assets	3,664	4,071	-	-
Club membership	50	50	50	50
Property, plant and equipment	12,009	3,248	36	16
Investment properties	30,208	21,500	21,500	21,500
Deferred tax assets	347	443	-	-
Other receivables	6,366	8,088	-	-
Loans receivable from associates	27,912	25,555	-	-
Total non-current assets	105,994	83,836	125,948	126,701
Total assets	385,399	363,770	161,660	177,417
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and overdrafts	64,064	70,084	8,500	11,600
Trade payables	33,081	56,350	4,503	5,501
Other payables	24,848	22,969	72,082	84,063
Progress billings in excess of construction work-in-progress	366	6,395	-	-
Provision for maintenance costs	194	265	-	-
Current portion of finance leases	224	210	-	-
Current portion of long-term bank loans	5,135	13,655	2,400	1,300
Current portion of financial guarantee liabilities	921	933	1,175	1,463
Income tax payable	1,603	3,741	-	-
Total current liabilities	130,436	174,602	88,660	103,927
Non-current liabilities				
Finance leases	590	745	-	-
Long-term loan	4,050	4,050	-	-
Long-term bank loans	88,028	80,836	6,283	7,258
Financial guarantee liabilities	1,698	2,091	2,061	3,285
Long-term deposit	730	730	730	730
Deferred tax liabilities	1,141	374	-	-
Other payables	17	18	-	-
Total non-current liabilities	96,254	88,844	9,074	11,273

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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 (Continued)

	The Group S\$'000		The Company S\$'000	
	28/02/2014	31/05/2013	28/02/2014	31/05/2013
Capital and reserves				
Share capital	56,151	47,978	56,151	47,978
Currency translation reserve	(368)	51	-	-
Capital reserve	21,124	(46)	-	-
Accumulated profits	36,650	45,205	7,775	14,239
Equity attributable to owners of the company	113,557	93,188	63,926	62,217
Non-controlling interests	45,152	7,136	-	-
Total equity	158,709	100,324	63,926	62,217
Total liabilities and equity	385,399	363,770	161,660	177,417

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 <u>As at 28/02/2014</u>		The Group S\$'000 <u>As at 31/05/2013</u>	
Secured	34,507	Unsecured	34,916
		Secured	11,672
		Unsecured	72,277

Amount repayable after one year

The Group S\$'000 <u>As at 28/02/2014</u>		The Group S\$'000 <u>As at 31/05/2013</u>	
Secured	88,618	Unsecured	-
		Secured	80,672
		Unsecured	909

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	
	28/02/2014	28/02/2013	28/02/2014	28/02/2013
Operating activities				
Profit before tax	1,690	1,781	5,515	8,434
Adjustments for:				
Share of results of associates	(1,102)	(105)	(4,180)	(418)
Change in fair value of interest rate swap contract	-	(23)	-	(179)
Depreciation of property, plant and equipment	343	1,127	1,469	3,061
Amortisation of financial guarantee liabilities	(273)	(201)	(781)	(583)
Amortisation of intangible assets	135	-	407	-
Allowance for doubtful trade receivables	-	-	-	62
Trade receivables written off	-	2	1	17
Loss (Gain) on disposal of property, plant and equipment	5	(10)	(43)	(16)
Provision for (Write back of) maintenance costs	128	1	185	(481)
Gain on disposal of other investments	-	-	(11)	(47)
Change in fair value of other investments	-	(18)	16	(88)
Dividend income	-	(9)	-	(9)
Interest income	(735)	(544)	(1,716)	(1,526)
Interest expense	671	570	2,195	1,582
Operating cash flows before movements in working capital	862	2,571	3,057	9,809
Trade receivables	4,294	11,728	8,867	(6,813)
Other receivables	3,118	1,159	(1,014)	(3,889)
Inventories	(527)	-	393	-
Construction work-in-progress in excess of progress billings	12,833	(6,550)	12,458	(9,795)
Development properties	(13,494)	4,716	(12,859)	(25,037)
Trade payables	(9,246)	(563)	(23,269)	6,166
Other payables	1,572	1,426	2,662	1,600
Progress billings in excess of construction work-in-progress	(408)	321	(6,029)	(1,972)
Utilisation of provision for maintenance costs	(3)	(155)	(256)	(1,491)
Cash (used in) from operations	(999)	14,653	(15,990)	(31,422)
Interest paid	(885)	(899)	(3,356)	(2,564)
Income tax paid	(1,165)	(1,192)	(2,444)	(3,050)
Net cash (used in) from operating activities	(3,049)	12,562	(21,790)	(37,036)
Investing activities				
Proceeds on disposal of property, plant and equipment	8	10	79	49
Purchase of property, plant and equipment	(248)	(105)	(10,290)	(2,269)
Investment property	(637)	-	(8,708)	-
Proceeds on disposal of other investments	-	-	375	613
Investment in associates	-	-	(784)	(454)
Acquisition of non-controlling interests in a subsidiary	-	-	-	(8)
Capital contributions from non-controlling interests	-	1,941	-	1,941
Loans receivable from associates	(1,598)	(1,218)	(13,232)	(625)
Dividend received	-	9	-	9
Interest received	11	10	197	566
Net cash (used in) from investing activities	(2,464)	647	(32,363)	(178)

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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 (Continued)

	The Group S\$'000		The Group S\$'000	
	Third Quarter Ended		Nine Months Ended	
	28/02/2014	28/02/2013	28/02/2014	28/02/2013
Financing activities				
Drawdown of bank loans	50,501	63,511	136,064	119,670
Repayment of bank loans	(50,526)	(62,059)	(143,611)	(100,258)
Drawdown of long-term bank loans	849	88	12,229	22,981
Repayment of long-term bank loans	(1,835)	(1,422)	(12,990)	(4,231)
(Increase) Decrease in pledged fixed deposits	(3,125)	(1,353)	3,057	3,668
Decrease in restricted cash	-	1,344	-	1,344
Repayment of obligations under finance leases	(53)	(17)	(169)	(78)
Increase of obligation under finance leases	55	-	55	-
Net proceeds from exercise of warrants	-	7,023	-	15,029
Capital contribution from non-controlling interest pursuant to initial public offering	-	-	62,100	-
Payment of share issued expenses	-	-	(2,831)	-
Dividends paid to shareholders	-	(2,279)	(3,482)	(7,467)
Dividends paid to non-controlling interests	-	-	(1,310)	-
Net cash (used in) from financing activities	(4,134)	4,836	49,112	50,658
Net (decrease) increase in cash and cash equivalents	(9,647)	18,045	(5,041)	13,444
Cash and cash equivalents at beginning of period	37,771	7,473	33,243	12,125
Effect of foreign exchange rate changes	(146)	(40)	(224)	(91)
Cash and cash equivalents at end of period (Note A)	27,978	25,478	27,978	25,478

Note A: Cash and cash equivalents

	The Group S\$'000		The Group S\$'000	
	Third Quarter Ended		Nine Months Ended	
	28/02/2014	28/02/2013	28/02/2014	28/02/2013
Cash and cash equivalents	42,901	33,469	42,901	33,469
Pledged fixed deposits	(8,578)	(4,519)	(8,578)	(4,519)
Bank overdrafts	(6,345)	(3,472)	(6,345)	(3,472)
Total cash and cash equivalents	27,978	25,478	27,978	25,478

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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 31/05/2013	47,978	51	(46)	45,205	93,188	7,136	100,324
Total comprehensive income for the period	-	(419)	-	3,100	2,681	1,227	3,908
Net capital contribution from non-controlling interests pursuant to initial public offering	-	-	21,170	-	21,170	38,099	59,269
Issue of shares under Scrip Dividend Scheme	8,173	-	-	(8,173)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	(1,310)	(1,310)
Dividends paid to shareholders	-	-	-	(3,482)	(3,482)	-	(3,482)
Balance at 28/02/2014	56,151	(368)	21,124	36,650	113,557	45,152	158,709
Previous Corresponding Period							
Balance at 31/05/2012	32,104	186	845	42,500	75,635	(1,330)	74,305
Total comprehensive income for the period	-	(58)	-	6,697	6,639	(62)	6,577
Acquisition of non-controlling interests in a Subsidiary	-	-	(6)	-	(6)	(2)	(8)
Net capital contribution from non-controlling interests	-	-	-	-	-	1,941	1,941
Issue of shares arising from exercise of warrants	15,874	-	(845)	-	15,029	-	15,029
Dividends paid to shareholders	-	-	-	(7,467)	(7,467)	-	(7,467)
Balance at 28/02/2013	47,978	128	(6)	41,730	89,830	547	90,377

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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 (Continued)

	Share capital	Capital reserve	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company				
Balance at 31/05/2013	47,978	-	14,239	62,217
Total comprehensive income for the period	-	-	5,191	5,191
Issue of shares under Scrip Dividend Scheme	8,173	-	(8,173)	-
Dividends paid to shareholders	-	-	(3,482)	(3,482)
Balance at 28/02/2014	56,151	-	7,775	63,926
Previous corresponding period				
Balance at 31/05/2012	32,104	845	6,693	39,642
Total comprehensive income for the period	-	-	2,478	2,478
Issue of shares arising from exercise of warrants	15,874	(845)	-	15,029
Dividends paid to shareholders	-	-	(7,467)	(7,467)
Balance at 28/02/2013	47,978	-	1,704	49,682

- 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

Movement in the Company's issued and fully paid up share capital during the financial period ended 28/02/2014:-

	The Company	
	No of shares	Amount (S\$'000)
Balance at 31/05/2013	466,228,410	47,978
Issue of shares under Scrip Dividend Scheme	26,797,311	8,173
Balance at 28/02/2014	493,025,721	56,151

As at 28/02/2014, there were no outstanding convertibles (28/02/2013: 43,978,130 warrants for TEEW130228 which had expired on 28/02/2013).

As at 28/02/2014, there were no shares held as treasury shares.

- 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	
	28/02/2014	31/05/2013
Total number of issued shares	493,025,721	466,228,410

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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

Not applicable.

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 2013, 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 31/05/2013.

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 01/06/2013 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	
	28/02/2014	28/02/2013	28/02/2014	28/02/2013
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)	0.12	0.32	0.65	1.65
- Weighted average number of shares ('000)	493,026	433,320	478,138	406,126
(ii) On a fully diluted basis (cents)	0.12	0.32	0.65	1.65
- Adjusted weighted average number of shares ('000)	493,026	433,320	478,138	406,126

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- 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 28/02/2014	As at 31/05/2013
The Group	23.0	20.0
The Company	13.0	13.3

Net asset value per share is calculated based on 493,025,721 (31/05/2013: 466,228,410) 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

Revenue decreased by S\$15.6 million to \$37.4 million in the three months ended 28/02/2014 ("3QFY2014") as compared to \$53.0 million reported for the corresponding three months ended 28/02/2013 ("3QFY2013") mainly due to lower recognition of revenue in 3QFY2014.

Revenue for nine months ended 28/02/2014 ("9MFY2014") increased by S\$28.6 million to S\$156.3 million as compared to the corresponding nine months ended 28/02/2013 ("9MFY2013") of S\$127.7 million. The increase was mainly due to revenue recognised from on-going and completed engineering projects, rental income and property development projects.

The cost of sales for 9MFY2014 was higher mainly due to higher cost incurred from on-going overseas engineering projects.

Administrative expenses increased by S\$1.0 million to S\$5.4 million in 3QFY2014, mainly due to higher staff costs and expenses arising from the Interlift Sales Pte. Ltd. ("Interlift") acquisition. For the same reasons, the administrative expenses increased from S\$9.6m in 9MFY2013 to S\$15.2 million in 9MFY2014.

Finance cost increased by S\$0.6 million from S\$1.6 million in 9MFY2013 to S\$2.2 million in 9MFY2014. This was mainly due to increased borrowings and higher costs of funding.

Other operating expenses increased by S\$0.6 million from S\$0.1 million in 3QFY2013 to S\$0.7 million in 3QFY2014, mainly due to the increase in unrealised foreign exchange losses. However, for 9MFY2014, other operating expenses increased by S\$2.6 million from S\$0.1 million in 9MFY2013 to S\$2.7 million. In addition to the increase in unrealised foreign exchange losses, the increase was also due to the amortisation of intangible assets arising from Interlift acquisition and IPO expenses incurred by TEE Land Limited ("TEE Land").

Share of results of associates increased during 3QFY2014 as compared to 3QFY2013 from S\$0.1 million to S\$1.1 million. The increase was mainly due to positive results from Singapore real estate associates and the transfer of completed units to owners from projects of a Thai real estate associate during the quarter. For 9MFY2014, the share of results of associates increased from S\$0.4 million in 9MFY2013 to S\$4.2 million, an increase of S\$3.8 million.

For the nine months ended 28/02/2014, the Group recorded a lower profit after tax of S\$4.3 million as compared to S\$6.6 million in 9MFY2013.

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8. (Continued)

Statement of Financial Position

Trade receivables decreased by S\$8.8 million from S\$54.1 million as at 31/05/2013 to S\$45.3 million as at 28/02/2014, mainly due to the collection from receivables.

Total amount of other receivables increased from S\$18.4 million as at 31/05/2013 to S\$21.4 million as at 28/02/2014, mainly due to the amount owing by subcontractors for an on-going engineering project.

Total loans receivable from associates increased by S\$13.2 million from S\$38.7 million as at 31/05/2013 to S\$51.9 million as at 28/02/2014, mainly due to land acquisitions in Bangkok by a Thai real estate associate as well as the acquisition of a property by a Singapore real estate associate.

Investment in associates increased from S\$20.9 million as at 31/05/2013 to S\$25.4 million as at 28/02/2014, mainly due to an increase in retained earnings from associates in Singapore and Thailand as well as increased investments in a Thai real estate associate for land acquisitions in Bangkok.

Property, plant and equipment increased to S\$12.0 million as at 28/02/2014 from S\$3.2 million as at 31/05/2013, mainly due to the completion of the acquisition of a building at 25 Bukit Batok Street 22, Singapore by TEE Land.

Investment properties increased by S\$8.7 million, from S\$21.5 million as at 31/05/2013 to S\$30.2 million as at 28/02/2014, mainly due to the acquisition of and subsequent work done to improve Workotel in New Zealand by TEE Land.

The decrease in bank loans and overdrafts by S\$6.0 million, from S\$70.1 million as at 31/05/2013 to S\$64.1 million as at 28/02/2014 was mainly due to the repayment of short-term bank loans.

Current portion of long-term bank loans decreased to S\$5.1 million as at 28/02/2014 from S\$13.7 million as at 31/05/2013, mainly due to the repayment of loans after the completion of 448@East Coast.

Non-current portion of long-term bank loans increased by S\$7.2 million, from S\$80.8 million as at 31/05/2013 to S\$88.0 million as at 28/02/2014, mainly due to the completion of the acquisition of a building at 25 Bukit Batok Street 22, Singapore and the payment of development costs relating to The Peak @ Cairnhill I and Twelve Residences.

Equity attributable to owners of the Group increased by S\$20.4 million, from S\$93.2 million to S\$113.6 million as at 28/02/2014, mainly due to the recognition of increased value of the 70.69% equity interest in TEE Land.

Non-controlling interest increased from S\$7.1 million to S\$45.2 million as at 28/02/2014, mainly due to the dilution of the equity interest in TEE Land.

Statement of Cash Flows

Operating activities

Net cash used in operating activities was S\$21.8 million in 9MFY2014 mainly due to the increase in trade payables.

Investing activities

Net cash used in investing activities was S\$32.4 million in 9MFY2014, mainly due to the purchase of a building in Singapore and the acquisition of and subsequent work done to improve Workotel in New Zealand by TEE Land. Loans were extended to a real estate associate for the purchase of a property in Singapore and to fund development activities. Similarly, loans were also granted to a Thai real estate associate for land acquisitions in Bangkok.

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8. (Continued)

Financing activities

Net cash generated from financing activities was S\$49.1 million in 9MFY2014, mainly due to the net proceeds received from the issuance of new shares pursuant to the listing of TEE Land.

As a result of the above operating, investing and financing activities, there was a net decrease in cash and cash equivalents of S\$5.0 million, thereby bringing the total cash and cash equivalents to S\$28.0 million as at 28/02/2014.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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**

In 3QFY2014, we signed a memorandum of understanding with Guangdong Wanlv Environment Engineering Co., Ltd to enter into a long term partnership to focus on the investment, construction, operation and financing of municipal infrastructure and environmental protection projects in the Guangdong Province, China.

Current total outstanding order book is S\$270.6 million, comprising S\$195.8 million from the Engineering Business in Singapore and the region and S\$74.8 million from our associates in Malaysia and Thailand for its telecommunication engineering and wastewater treatment businesses.

For the Real Estate Business, we have contracted sales of S\$53.6 million for its on-going residential property developments in Singapore (excluding joint venture projects). In Thailand, our associate has also contracted sales of approximately S\$9.7 million for its on-going residential property developments. We have also completed acquisitions of two plots of land in Bangkok, Thailand and has entered into an agreement to acquire a plot of land in Klang, Selangor, Malaysia.

While we remain cautious in the face of challenges and difficulties in the business environment, we will continue to seek selective growth opportunities in Singapore and the region. We will capitalise on such opportunities as and when they arise.

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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.

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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 2014 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 10 April 2014