



## TEE International Limited

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

### Unaudited Second Quarter and Half Year Financial Statements and Dividend Announcement for the Period Ended 30 November 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) %
	Second Quarter Ended			Half Year Ended		
	30/11/2014	30/11/2013		30/11/2014	30/11/2013	
<b>Revenue</b>	42,969	50,083	(14.2)	85,311	118,899	(28.2)
<b>Cost of sales</b>	(35,296)	(45,762)	(22.9)	(74,055)	(106,941)	(30.8)
<b>Gross profit</b>	7,673	4,321	77.6	11,256	11,958	(5.9)
Other operating income	920	1,108	(17.0)	2,279	1,963	16.1
Administrative expenses	(5,192)	(4,218)	23.1	(10,077)	(9,873)	2.1
Other operating expenses	(522)	123	NM	(233)	(1,777)	(86.9)
Share of results of associates	1,825	1,704	7.1	4,696	3,078	52.6
Finance costs	(1,235)	(830)	48.8	(2,200)	(1,524)	44.4
<b>Profit before tax</b>	3,469	2,208	57.1	5,721	3,825	49.6
Income tax expense	(861)	(92)	NM	(1,034)	(633)	63.3
<b>Profit for the year</b>	2,608	2,116	23.3	4,687	3,192	46.8

Profit attributable to:

Owners of the Company  
Non-controlling interests

1,515	1,608	(5.8)	2,794	2,533	10.3
1,093	508	NM	1,893	659	NM
2,608	2,116	23.3	4,687	3,192	46.8

#### 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		
	30/11/2014	30/11/2013		30/11/2014	30/11/2013	
Profit for the period	2,608	2,116	23.3	4,687	3,192	46.8
Other comprehensive income (loss):						
Currency translation differences	206	(36)	NM	116	(405)	NM
Other comprehensive income (loss) for the period	206	(36)	NM	116	(405)	NM
<b>Total comprehensive income for the period</b>	2,814	2,080	35.3	4,803	2,787	72.3

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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) %
	Second Quarter Ended			Half Year Ended		
	30/11/2014	30/11/2013		30/11/2014	30/11/2013	
Total comprehensive income attributable to:						
Owners of the Company	1,675	1,586	5.6	2,878	2,150	33.9
Non-controlling interests	1,139	494	NM	1,925	637	NM
	<b>2,814</b>	<b>2,080</b>	<b>35.3</b>	<b>4,803</b>	<b>2,787</b>	<b>72.3</b>

### 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		
	30/11/2014	30/11/2013		30/11/2014	30/11/2013	
A Other operating income:						
Interest income	638	488	30.7	1,305	981	33.0
Amortisation of financial guarantee liabilities	243	275	(11.6)	459	508	(9.6)
Gain on disposal of property, plant and equipment	-	25	NM	-	48	NM
Gain on disposal of subsidiary	-	-	NM	299	-	NM
Others	39	320	(87.8)	216	426	(49.3)
	<b>920</b>	<b>1,108</b>	<b>(17.0)</b>	<b>2,279</b>	<b>1,963</b>	<b>16.1</b>
B Finance costs:						
Bank borrowings	1,229	820	49.9	2,188	1,504	45.5
Finance leases	6	10	(40.0)	12	20	(40.0)
	<b>1,235</b>	<b>830</b>	<b>48.8</b>	<b>2,200</b>	<b>1,524</b>	<b>44.4</b>
C Depreciation of property, plant and equipment	447	387	15.5	1,010	1,126	(10.3)
D Trade receivable written off	1	1	0.0	1	1	0.0
E Write back of allowance for doubtful other receivables	(481)	-	NM	(481)	-	NM
F Net foreign currency exchange adjustment loss (gain)	512	(257)	NM	223	1,054	(78.8)
G Amortisation of intangible assets	-	136	NM	-	272	NM
H Amortisation of issuance costs on term notes	30	-	NM	30	-	NM
I Write-off property, plant and equipment	10	-	NM	10	-	NM
J Adjustment for under (over) provision of income tax in respect of prior year	67	(82)	NM	67	(82)	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	
	30/11/2014	31/05/2014	30/11/2014	31/05/2014
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	36,972	32,916	957	2,848
Bank balances pledged	2,048	6,528	1,352	1,832
Trade receivables	56,529	42,811	-	-
Other receivables	20,314	16,918	26,700	23,103
Current portion of loans receivable from associates	30,279	23,708	3,906	3,906
Construction work-in-progress in excess of progress billings	51,229	32,637	-	-
Development properties	158,290	157,412	-	-
Completed property held for sale	-	1,216	-	-
Assets classified as held for sale	-	14,116	-	3,122
<b>Total current assets</b>	<b>355,661</b>	<b>328,262</b>	<b>32,915</b>	<b>34,811</b>
<b>Non-current assets</b>				
Bank balances pledged	425	410	-	-
Investment in associates	33,011	27,893	300	300
Investment in subsidiaries	-	-	106,270	100,745
Club membership	46	46	46	46
Property, plant and equipment	15,644	11,950	45	38
Investment properties	60,922	33,120	23,000	23,000
Deferred tax assets	235	113	-	-
Other receivables	10,096	11,164	-	-
Loans receivable from associates	20,552	28,652	-	-
<b>Total non-current assets</b>	<b>140,931</b>	<b>113,348</b>	<b>129,661</b>	<b>124,129</b>
<b>Total assets</b>	<b>496,592</b>	<b>441,610</b>	<b>162,576</b>	<b>158,940</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank loans and overdrafts	53,423	59,718	9,500	9,500
Trade payables	66,916	47,201	21	46
Other payables	31,637	22,600	56,651	54,007
Progress billings in excess of construction work-in-progress	716	490	-	-
Provision for maintenance costs	809	174	-	-
Current portion of finance leases	84	77	-	-
Current portion of long-term bank loans	11,744	38,719	4,557	17,411
Current portion of financial guarantee liabilities	627	734	837	1,025
Income tax payable	2,504	1,638	-	-
Liabilities directly associated with assets classified as held for sale	-	8,856	-	-
<b>Total current liabilities</b>	<b>168,460</b>	<b>180,207</b>	<b>71,566</b>	<b>81,989</b>

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### 1(b)(i) (Continued)

	The Group S\$'000		The Company S\$'000	
	31/11/2014	31/05/2014	31/11/2014	31/05/2014
<b>LIABILITIES AND EQUITY</b>				
<b>Non-current liabilities</b>				
Finance leases	380	345	-	-
Long-term loan	4,050	4,050	-	-
Long-term bank loans	149,787	113,150	29,798	15,094
Term notes	29,487	-	-	-
Financial guarantee liabilities	1,891	2,050	1,604	2,136
Long-term deposit	730	730	730	730
Deferred tax liabilities	819	1,084	-	-
Other payables	13	13	-	-
<b>Total non-current liabilities</b>	<b>187,157</b>	<b>121,422</b>	<b>32,132</b>	<b>17,960</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	58,200	56,151	58,200	56,151
Currency translation reserve	(988)	(1,072)	-	-
Capital reserve	21,082	21,084	(42)	(40)
Accumulated profits	18,040	17,752	720	2,880
Equity attributable to owners of the Company	96,334	93,915	58,878	58,991
Non-controlling interests	44,641	46,066	-	-
<b>Net equity</b>	<b>140,975</b>	<b>139,981</b>	<b>58,878</b>	<b>58,991</b>
<b>Total liabilities and equity</b>	<b>496,592</b>	<b>441,610</b>	<b>162,576</b>	<b>158,940</b>

### 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 30/11/2014</u>		<u>As at 31/05/2014</u>				
Secured	27,139	Unsecured	38,112	Secured	54,379	Unsecured	44,135

#### Amount repayable after one year

	The Group S\$'000		The Group S\$'000				
	<u>As at 30/11/2014</u>		<u>As at 31/05/2014</u>				
Secured	133,714	Unsecured	45,940	Secured	112,285	Unsecured	1,210

#### Details of any collateral

The total secured borrowings are represented by:

- Obligations under finance leases secured on certain motor vehicles of the Group and
- 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	
	Second Quarter Ended		Half Year Ended	
	30/11/2014	30/11/2013	30/11/2014	30/11/2013
<b>Operating activities</b>				
Profit before tax	3,469	2,208	5,721	3,825
Adjustments for:				
Share of results of associates	(1,825)	(1,704)	(4,696)	(3,078)
Depreciation of property, plant and equipment	447	387	1,010	1,126
Gain on disposal of subsidiary	-	-	(299)	-
Amortisation of financial guarantee liabilities	(243)	(275)	(459)	(508)
Amortisation of intangible assets	-	136	-	272
Amortisation of issuance costs on term notes	30	-	30	-
Write back of allowance for doubtful other receivables	(481)	-	(481)	-
Trade receivables written off	1	1	1	1
Property, plant and equipment written off	10	-	10	-
Gain on disposal of property, plant and equipment	-	(25)	-	(48)
Provision for maintenance costs	470	39	635	57
Gain on disposal of other investments	-	(7)	-	(11)
Change in fair value of other investments	-	-	-	16
Interest income	(638)	(488)	(1,305)	(981)
Interest expense	1,235	830	2,200	1,524
Operating cash flows before movements in working capital	2,475	1,102	2,367	2,195
Trade receivables	(25,005)	(2,135)	(13,719)	4,573
Other receivables	(1,825)	958	(503)	(4,132)
Inventories	-	1,059	-	920
Construction work-in-progress in excess of progress billings	(5,822)	37	(18,592)	(375)
Development properties	2,624	(6,105)	(878)	635
Completed property held for sale	-	-	1,216	-
Trade payables	19,215	(5,968)	19,715	(14,023)
Other payables	2,261	575	11,628	1,090
Progress billings in excess of construction work-in-progress	716	(4,590)	226	(5,621)
Utilisation of provision for maintenance costs	-	(91)	-	(253)
Cash (used in) from operations	(5,361)	(15,158)	1,460	(14,991)
Interest paid	(1,822)	(1,295)	(3,669)	(2,471)
Income tax paid	(463)	(550)	(555)	(1,279)
Net cash used in operating activities	(7,646)	(17,003)	(2,764)	(18,741)
<b>Investing activities</b>				
Proceeds on disposal of property, plant and equipment	-	30	-	71
Purchase of property, plant and equipment	(3,283)	(460)	(4,629)	(10,042)
Investment properties	(803)	(8,071)	(29,387)	(8,071)
Proceeds on disposal of other investments	-	129	-	375
Investment in associates	-	(784)	-	(784)
Disposal of subsidiary	2,000	-	(631)	-
Loans receivable from associates	(1,197)	(4,657)	1,529	(11,634)
Interest received	10	172	23	186
Net cash used in investing activities	(3,273)	(13,641)	(33,095)	(29,899)

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1(c) (Continued)

## Financing activities

Drawdown of bank loans	16,530	45,599	41,472	85,563
Repayment of bank loans	(33,389)	(42,469)	(51,827)	(93,085)
Drawdown of long-term bank loans	8,565	3,704	31,165	11,380
Repayment of long-term bank loans	(10,079)	(3,046)	(21,503)	(11,155)
Increase bank balances pledged	4,479	5,016	4,465	6,182
Repayment of obligations under finance leases	(39)	(53)	(59)	(116)
Proceeds from issuance of term notes	29,457	-	29,457	-
Payment of warrant issuance expenses	-	-	(2)	-
Capital contribution from non-controlling interest	7	-	7	62,100
Payment of share issuance expenses	-	-	-	(2,831)
Net proceeds from exercise of warrants	2,016	-	2,049	-
Dividends paid to shareholders	(2,506)	(3,482)	(2,506)	(3,482)
Dividends paid to non-controlling interests	(982)	(1,310)	(982)	(1,310)
Net cash from financing activities	14,059	3,959	31,736	53,246
Net increase (decrease) in cash and cash equivalents	3,140	(26,685)	(4,123)	4,606
Cash and cash equivalents at beginning of period	24,044	64,785	31,373	33,243
Effect of foreign exchange rate changes	1,554	(329)	1,488	(78)
<b>Cash and cash equivalents at end of period (Note A)</b>	<b>28,738</b>	<b>37,771</b>	<b>28,738</b>	<b>37,771</b>

The Group S\$'000		The Group S\$'000	
Second Quarter Ended		Half Year Ended	
30/11/2014	30/11/2013	30/11/2014	30/11/2013
16,530	45,599	41,472	85,563
(33,389)	(42,469)	(51,827)	(93,085)
8,565	3,704	31,165	11,380
(10,079)	(3,046)	(21,503)	(11,155)
4,479	5,016	4,465	6,182
(39)	(53)	(59)	(116)
29,457	-	29,457	-
-	-	(2)	-
7	-	7	62,100
-	-	-	(2,831)
2,016	-	2,049	-
(2,506)	(3,482)	(2,506)	(3,482)
(982)	(1,310)	(982)	(1,310)
14,059	3,959	31,736	53,246
3,140	(26,685)	(4,123)	4,606
24,044	64,785	31,373	33,243
1,554	(329)	1,488	(78)
28,738	37,771	28,738	37,771

## Note A: Cash and cash equivalents

Cash and cash equivalents	39,445	49,287	39,445	49,287
Pledged fixed deposits	(2,473)	(5,454)	(2,473)	(5,454)
Bank overdrafts	(8,234)	(6,062)	(8,234)	(6,062)
<b>Total cash and cash equivalents</b>	<b>28,738</b>	<b>37,771</b>	<b>28,738</b>	<b>37,771</b>

The Group S\$'000		The Group S\$'000	
Second Quarter Ended		Half Year Ended	
30/11/2014	30/11/2013	30/11/2014	30/11/2013
39,445	49,287	39,445	49,287
(2,473)	(5,454)	(2,473)	(5,454)
(8,234)	(6,062)	(8,234)	(6,062)
28,738	37,771	28,738	37,771

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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
<b>The Group</b>							
<b>Balance at 31/05/2014</b>	56,151	(1,072)	21,084	17,752	93,915	46,066	139,981
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	2,794	2,794	1,893	4,687
Other comprehensive income for the period	-	84	-	-	84	32	116
<i>Transactions with owners, recognised directly in equity:</i>							
Net capital contribution from non-controlling interest	-	-	-	-	-	7	7
Disposal of a subsidiary	-	-	-	-	-	(2,375)	(2,375)
Issue of shares arising from exercise of warrants	2,049	-	-	-	2,049	-	2,049
Expenses incurred on issue of bonus warrants	-	-	(2)	-	(2)	-	(2)
Dividend paid	-	-	-	(2,506)	(2,506)	(982)	(3,488)
<b>Balance at 30/11/2014</b>	<b>58,200</b>	<b>(988)</b>	<b>21,082</b>	<b>18,040</b>	<b>96,334</b>	<b>44,641</b>	<b>140,975</b>
<b>Previous Corresponding Period</b>							
<b>Balance at 31/05/2013</b>	47,978	51	(46)	45,205	93,188	7,136	100,324
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	2,533	2,533	659	3,192
Other comprehensive loss for the period	-	(383)	-	-	(383)	(22)	(405)
<i>Transactions with owners, recognised directly in equity:</i>							
Net capital contribution from non-controlling interests	-	-	21,170	-	21,170	38,099	59,269
Issue of shares under Scrip Dividend Scheme	8,173	-	-	(8,173)	-	-	-
Dividend paid	-	-	-	(3,482)	(3,482)	(1,310)	(4,792)
<b>Balance at 30/11/2013</b>	<b>56,151</b>	<b>(332)</b>	<b>21,124</b>	<b>36,083</b>	<b>113,026</b>	<b>44,562</b>	<b>157,588</b>

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## 1(d)(i) (Continued)

	Share capital	Capital reserve	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Company</b>				
<b>Balance at 31/05/2014</b>	56,151	(40)	2,880	58,991
Profit for the period, representing total comprehensive income for the period	-	-	346	346
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares arising from exercise of warrants	2,049	-	-	2,049
Expenses incurred on issue of bonus warrants	-	(2)	-	(2)
Dividend paid	-	-	(2,506)	(2,506)
<b>Balance at 30/11/2014</b>	<b>58,200</b>	<b>(42)</b>	<b>720</b>	<b>58,878</b>
<b>Previous Corresponding Period</b>				
<b>Balance at 31/05/2013</b>	47,978	-	14,239	62,217
Profit for the period, representing total comprehensive income for the period	-	-	6,585	6,585
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares under Scrip Dividend Scheme	8,173	-	(8,173)	-
Dividend paid	-	-	(3,482)	(3,482)
<b>Balance at 30/11/2013</b>	<b>56,151</b>	<b>-</b>	<b>9,169</b>	<b>65,320</b>



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

	The Company	
	No of shares	Amount S\$'000
Balance at 31/05/2014	493,025,721	56,151
Issue of shares arising from exercise of warrants	8,194,847	2,049
Balance at 30/11/2014	501,220,568	58,200

During the period ended 30/11/2014, there was an increase of share capital arising from the exercise of 8,194,847 warrants at S\$0.25 per warrant for TEEW170526. The number of outstanding warrants as at 30/11/2014 is 188,387,749 and can be exercised before 26/05/2017.

As at 30/11/2014 and 30/11/2013, 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	
	30/11/2014	31/05/2014
Total number of issued shares	501,220,568	493,025,721

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

There were no sales, transfers, disposals, cancellation and/or use of treasury shares during the period ended 30/11/2014.

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

The figures presented have not been audited or reviewed.

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

Not applicable.

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

Other than the adoption of certain revisions to various existing Financial Reporting Standards ("FRS"), the new FRS and Interpretations of FRS ("INT FRS") that are mandatory for the financial year beginning on 1 June 2014, the Group has adopted the same accounting policies and methods of computation for the current financial period as those adopted for the audited financial statements for the financial year ended 31/05/2014.

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

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

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

	The Group		The Group	
	Second Quarter Ended		Half Year Ended	
	30/11/2014	30/11/2013	30/11/2014	30/11/2013
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)	0.31	0.34	0.57	0.54
- Weighted average number of shares ('000)	495,856	475,161	494,491	470,695
(ii) On a fully diluted basis (cents)	0.30	0.34	0.55	0.54
- Adjusted weighted average number of shares ('000)	507,630	475,161	508,446	470,695

- 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 30/11/2014	As at 31/05/2014
The Group	19.2	19.0
The Company	11.7	12.0

Net asset value per share is calculated based on 501,220,568 (31/05/2014: 493,025,721) ordinary shares on issue at the end of the period under review and of the immediately preceding financial year.

## TEE International Limited

- 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\$7.1 million from S\$50.1 million in the corresponding three months ended 30/11/2013 ("2QFY2014") to S\$43.0 million in the three months ended 30/11/2014 ("2QFY2015") while revenue for the six months ended 30/11/2014 ("1HFY2015") decreased by S\$33.6 million from S\$118.9 million in the corresponding six months ended 30/11/2013 ("1HFY2014") to S\$85.3 million in 1HFY2015. These decreases were mainly due to lower revenue recognised during the period for on-going engineering projects.

Cost of sales decreased by S\$10.5 million from S\$45.8 million in 2QFY2014 to S\$35.3 million in 2QFY2015. Correspondingly, cost of sales decreased by S\$32.8 million from S\$106.9 million in 1HFY2014 to S\$74.1 million in 1HFY2015.

Gross profit increased by S\$3.4 million from S\$4.3 million in 2QFY2014 to S\$7.7 million in 2QFY2015, mainly due to higher margin. Overall, the gross profit reduced by S\$0.7 million from S\$12.0 million to S\$11.3 million in 1HFY2015, mainly due to lower profit recognised in first quarter 2015 from on-going projects.

Other operating income of S\$2.3 million in 1HFY2015 was mainly derived from interest income from associates, financial guarantee liabilities and gain on disposal of a subsidiary, Interlift Sales Pte Ltd ("Interlift").

Administrative expenses increased by S\$1.0 million from S\$4.2 million in 2QFY2014 to S\$5.2 million in the 2QFY2015. The increase was mainly due to higher staff cost, professional fees and marketing expenses incurred during the quarter in 2QFY2015.

Other operating expenses decreased from S\$1.8 million in 1HFY2014 to S\$0.2 million in 1HFY2015. The decrease was mainly due to reduction in unrealised foreign exchange losses in 1HFY2015.

Finance costs increased by S\$0.4 million from S\$0.8 million in 2QFY2014 to S\$1.2 million in 2QFY2015, mainly due to additional borrowings, higher cost of finance, and the issuance of Medium Term Notes by TEE Land. Similarly, finance costs increased by S\$0.7 million from S\$1.5 million in 1HFY2014 to S\$2.2 million in 1HFY2015.

Share of results of the associates increased by S\$1.6 million from S\$3.1 million in 1HFY2014 to S\$4.7 million in 1HFY2015, mainly due to increased contribution from real estate associates in Singapore.

Income tax expenses increased by S\$0.8 million from S\$0.1 million in 2QFY2014 to S\$0.9 million in 2QFY2015. The increase was mainly due to higher profit. For the same reason, income tax expenses increased from S\$0.6 million in 1HFY2014 to S\$1.0 million in 1HFY2015.

Overall, the Group recorded a higher profit after tax by S\$1.5 million from S\$3.2 million in 1HFY2014 to S\$4.7 million in 1HFY2015.

### **Statement of Financial Position**

Trade receivables increased by S\$13.7 million from S\$42.8 million as at 31/05/2014 to S\$56.5 million as at 30/11/2014, mainly due to prepayments for on-going and newly commenced projects.

Total other receivables increased by S\$2.3 million from S\$28.1 million as at 31/05/2014 to S\$30.4 million as at 30/11/2014 due mainly to deposit placed for investment properties in Bangkok.

Construction work-in-progress in excess of progress billings increased by S\$18.6 million from S\$32.6 million as at 31/05/2014 to S\$51.2 million as at 30/11/2014, mainly due to on-going and newly commenced projects.

## TEE International Limited

### 8 (Continued)

#### **Statement of Financial Position**

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

Investment in associates increased from S\$27.9 million as at 31/5/2014 to S\$33.0 million as at 30/11/2014 mainly due to share of retained profits from associated companies.

Property, plant and equipment increased from S\$12.0 million to S\$15.6 million as at 30/11/2014 mainly due to construction cost incurred for corporate building currently being built at Bukit Batok.

Investment properties increased from S\$33.1 million as at 31/05/2014 to S\$60.9 million as at 30/11/2014, mainly due to the acquisition of a hotel in Sydney by TEE Land.

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

Bank loans and overdrafts decreased from S\$59.7 million to S\$53.4 million as at 30/11/2014, mainly due to repayment of some bank loans.

Trade payables increased by S\$19.7 million from S\$47.2 million to S\$66.9 million as at 30/11/2014 mainly due to construction costs and prepayment received for on-going development projects and engineering projects.

Other payables increased from S\$22.6 million as at 31/05/2014 to S\$31.6 million as at 30/11/2014 mainly due to advances paid by TEE Land's joint venture partners for a project at Australia.

Income tax payable increased by S\$0.9 million from S\$1.6 million as at 31/05/2014 to S\$2.5 million as at 30/11/2014 mainly due to higher profit for 1HFY2015.

The term notes of S\$29.5 million as at 30/11/2014 was for Tranche 1 of the Medium Term Notes Program raised in October 2014 by TEE Land.

#### **Statement of Cash Flows**

##### **Operating activities**

Net cash used in operating activities was S\$2.8 million in 1HFY2015, mainly due to decrease in trade receivables, construction work-in-progress in excess of progress billing and increase in trade and other payables and interest paid.

##### **Investing activities**

Net cash used in investing activities was S\$33.1 million in 1HFY2015, mainly due to the acquisition of the hotel in Sydney by TEE Land and construction cost incurred for property at Bukit Batok.

##### **Financing activities**

Net cash generated from financing activities was S\$31.7 million in 1HFY2015, mainly due to net proceeds received from the issuance of medium term notes by 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\$4.1 million, thereby bringing the total cash and cash equivalents to S\$28.7 million as at 30/11/2014.

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

The actual results for 2QFY2015 are in line with the commentary in Paragraph 10 of the quarterly result announcement for 1QFY2015 made on 1 October 2014. Current total outstanding order book is about S\$415 million.

## TEE International Limited

- 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**

Overall, the Group expects the business environment to remain challenging, and will be selective in seeking growth opportunities in Singapore and the region. Meanwhile, the Group will continue to be focused on delivering its on-going projects on time. Additionally, the Group will leverage on its existing business network to secure new engineering projects locally and regionally.

- 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)	0.18 cents per ordinary share
Tax Rate	Tax exempt (One-Tier)

**Dividend In Specie**

The Directors are also pleased to propose a dividend in specie to its shareholders, whereby shareholders will receive one (1) TEE Land Limited share for every fifteen (15) TEE International Limited shares held ("Proposed Distribution").

The details of the Proposed Distribution will be announced later. Based on today's market price for TEE Land Limited's share, the Proposed Distribution is worth approximately 1.90 cents per share tax exempt one-tier. The Proposed Distribution is conditional upon certain approvals being obtained.

A circular to Shareholders in relation to the Proposed Distribution, together with a notice of Extraordinary General Meeting to be convened, will be dispatched to Shareholders in due course.

- (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)	0.45 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.

## TEE International Limited

**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**

As at 30/11/2014, the number of outstanding warrants was 188,387,749. So far, 8,194,847 warrants were converted to ordinary shares at the exercise price of S\$0.25 per warrant. Pending the deployment of the net proceeds, the proceeds of approximately S\$2,049,000 is currently deposited with a bank as the directors deemed appropriated in the interests of the Group.

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.

### **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 ended 30 November 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 13 January 2015