

TEE International Limited
and its subsidiaries
Registration Number: 200007107D

Condensed Interim Financial Statements
For the First Quarter ended 31 December 2022

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group 3 months ended 31 December 2022 Unaudited S$'000	3 months ended 31 December 2021 Re-presented S$'000	Change %
Continuing operations				
Revenue	**4**	6,998	7,998	(12.5)
Cost of sales		(6,355)	(6,332)	0.4
Gross profit		643	1,666	(61.4)
Other operating income		105	67	56.7
Gain on de-recognition of a subsidiary upon loss of control	**20**	5,685	-	100.0
Administrative expenses		(1,392)	(1,616)	(13.9)
Other operating expenses		(2,944)	(57)	N.M.
Share of results of associates and joint venture		178	116	53.4
Finance costs		(187)	(264)	(29.2)
Profit/(loss) before income tax	**6.1**	2,088	(88)	N.M.
Income tax credit/(expense)	**7**	30	(33)	(190.9)
Profit/(loss) for the period from continuing operations		**2,118**	**(121)**	N.M.
Profit/(loss) for the period from discontinued operations	**8**	**110**	**(381)**	(128.9)
Profit/(loss) for the period		**2,228**	**(502)**	N.M.
Profit/(loss) for the period attributable to:				
Owners of the Company		2,128	(692)	N.M.
Non-controlling interests		100	190	(47.4)
		2,228	**(502)**	N.M.

N.M.: Not Meaningful

See accompanying notes to condensed interim financial statements.

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

	Group		
	3 months ended 31 December 2022 Unaudited	3 months ended 31 December 2021 Re-presented	Change
	S$'000	S$'000	%
Profit/(loss) for the period			
Profit/(loss) from continuing operations, net of tax	**2,118**	**(121)**	N.M.
Profit/(loss) from discontinued operations, net of tax	**110**	**(381)**	(128.9)
	2,228	**(502)**	N.M.
Other comprehensive income, net of tax			
Item that may be reclassified to profit or loss in subsequent periods:			
Currency translation differences arising from consolidation			
Loss from continuing operations, net of tax	(60)	(58)	3.4
Profit from discontinued operations, net of tax	-	11	(100.0)
	(60)	(47)	27.7
Total comprehensive profit/(loss) for the period	**2,168**	**(549)**	N.M.
Profit/(Loss) attributable to:			
Profit/(loss) from continuing operations, net of tax	2,018	(369)	N.M.
Profit/(loss) from discontinued operations, net of tax (Note 8)	110	(323)	(134.1)
Owners of the Company	2,128	(692)	N.M.
Profit from continuing operations, net of tax	100	248	(59.7)
Loss from discontinued operations, net of tax	-	(58)	(100.0)
Non-controlling interests	100	190	(47.4)
	2,228	**(502)**	N.M.
Total comprehensive profit/(loss) attributable to:			
Owners of the Company	2,068	(733)	N.M.
Non-controlling interests	100	184	(45.7)
	2,168	**(549)**	N.M.
Profit/(loss) per share for the period attributable to the owners of the Company:			
From continuing and discontinued operations			
- Basic (SGD in cent)	0.33	(0.11)	N.M.
- Diluted (SGD in cent)	0.33	(0.11)	N.M.
Weighted average number of ordinary shares	646,882	646,882	
From continuing operations			
- Basic (SGD in cent)	0.31	(0.06)	N.M.
- Diluted (SGD in cent)	0.31	(0.06)	N.M.
Weighted average number of ordinary shares	646,882	646,882	

N.M.: Not Meaningful

See accompanying notes to condensed interim financial statements.

B. Condensed interim statements of financial position

	Note	Group		Company	
		31 December 2022 Unaudited	30 September 2022 Audited	31 December 2022 Unaudited	30 September 2022 Audited
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Current assets					
Cash and bank balances		4,953	5,967	156	280
Fixed deposits		7,038	6,038	-	-
Trade receivables	**11**	4,404	4,304	-	-
Other receivables		1,515	1,473	12,141	11,960
Inventories		71	45	-	-
Contract assets		301	267	-	-
		18,282	18,094	12,297	12,240
Non-current assets held for sale	**12**	13,113	14,212	18	18
Total current assets		31,395	32,306	12,315	12,258
Non-current assets					
Other receivables		154	157	-	-
Investment in associate	**13**	4,860	4,927	-	-
Investment in subsidiaries	**14**	-	-	3,957	3,957
Property, plant and equipment	**15**	23,793	24,278	66	82
Deferred tax assets		447	447	-	-
Total non-current assets		29,254	29,809	4,023	4,039
Total assets		60,649	62,115	16,338	16,297

See accompanying notes to condensed interim financial statements.

B. Condensed interim statements of financial position (cont'd)

	Note	Group		Company	
		31 December 2022 Unaudited	30 September 2022 Audited	31 December 2022 Unaudited	30 September 2022 Audited
		S$'000	S$'000	S$'000	S$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	**16**	1,618	1,717	28	79
Other payables	**17**	42,764	44,995	63,813	63,373
Contract liabilities		1	2	-	-
Provisions		493	489	-	-
Current portion of lease liabilities	**18**	495	510	49	65
Current portion of long-term borrowings	**18**	688	651	-	-
Financial guarantee liabilities	**19**	98,617	98,617	98,617	98,617
Income tax payable		627	704	449	559
		145,303	147,685	162,956	162,693
Liabilities associated with non-current assets held for sale	**12**	38,162	39,125	-	-
Total current liabilities		183,465	186,810	162,956	162,693
Non-current liabilities					
Lease liabilities	**18**	2,038	2,160	17	17
Long-term borrowings	**18**	9,893	10,087	-	-
Deferred tax liabilities		130	103	-	-
Total non-current liabilities		12,061	12,350	17	17
Capital, reserves and non-controlling interests					
Share capital	**21**	73,194	73,194	73,194	73,194
Treasury shares	**21**	(269)	(269)	(269)	(269)
Currency translation reserve		(904)	(844)	-	-
Capital reserve		-	-	(274)	(274)
Accumulated losses		(207,263)	(209,391)	(219,286)	(219,064)
Equity attributable to owners of the Company		(135,242)	(137,310)	(146,635)	(146,413)
Non-controlling interests		365	265	-	-
Net equity		(134,877)	(137,045)	(146,635)	(146,413)
Total liabilities and equity		60,649	62,115	16,338	16,297

See accompanying notes to condensed interim financial statements.

C. Condensed interim statements of changes in equity

Group	Attributable to equity owners of the Company						
	Share capital	Treasury shares	Currency translation reserve	Accumulated losses	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
Balance at 1 October 2021	73,194	(269)	395	(253,079)	(179,759)	(1,518)	(181,277)
Total comprehensive (loss)/ income for the period:							
(Loss)/profit for the period	-	-	-	(692)	(692)	190	(502)
Other comprehensive loss for the period	-	-	(41)	-	(41)	(6)	(47)
Total comprehensive (loss)/ income for the period	-	-	(41)	(692)	(733)	184	(549)
Balance at 31 December 2021	73,194	(269)	354	(253,771)	(180,492)	(1,334)	(181,826)

See accompanying notes to condensed interim financial statements.

C. Condensed statements of changes in equity (cont'd)

Group	Attributable to equity owners of the Company						
	Share capital	Treasury shares	Currency translation reserve	Accumulated profit/(losses)	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
Balance at 1 October 2022	73,194	(269)	(844)	(209,391)	(137,310)	265	(137,045)
Total comprehensive income/(loss) for the period:							
Profit for the period	-	-	-	2,128	2,128	100	2,228
Other comprehensive loss for the period	-	-	(60)	-	(60)	-	(60)
Total comprehensive (loss)/income for the period	-	-	(60)	2,128	2,068	100	2,168
Balance at 31 December 2022	73,194	(269)	(904)	(207,263)	(135,242)	365	(134,877)

See accompanying notes to condensed interim financial statements.

C. Condensed statements of changes in equity (cont'd)

Company	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 October 2022	73,194	(269)	(274)	(219,064)	(146,413)
Loss for the period, representing total comprehensive loss for the period	-	-	-	(222)	(222)
Balance at 31 December 2022	73,194	(269)	(274)	(219,286)	(146,635)
Balance at 1 October 2021	73,194	(269)	(274)	(181,815)	(109,164)
Loss for the period, representing total comprehensive loss for the period	-	-	-	(294)	(294)
Balance at 31 December 2021	73,194	(269)	(274)	(182,109)	(109,458)

See accompanying notes to condensed interim financial statements.

D. Condensed interim consolidated statement of cash flows

	Note	Group 3 months ended 31 December 2022 Unaudited	Group 3 months ended 31 December 2021 Re-presented
		S$'000	S$'000
Operating activities			
Profit/(Loss) before tax from continuing operations		2,088	(88)
Profit/(loss) before tax from discontinued operations		110	(384)
		2,198	(472)
Adjustments for:			
Share of results of associates and joint venture		(178)	(116)
Depreciation of property, plant and equipment	**6.1**	592	621
Gain on de-recognition of a subsidiary upon loss of control	**6.1 & 20**	(5,685)	-
Trade receivables written off	**6.1**	-	1
Due from a former subsidiary written off	**6.1**	2,984	-
Allowance for doubtful trade receivables	**6.1**	-	14
Allowance for doubtful trade receivables written back	**6.1**	(41)	-
Amortisation of deferred commission expenses	**6.1**	2	-
Changes in fair value of investment properties	**6.1**	-	578
Gain on disposal of property, plant and equipment		(9)	(16)
Provision for onerous contracts written back		-	(369)
Contract assets written back	**6.1**	-	(18)
Trade payables written back		-	(5)
Interest income		(2)	(2)
Interest expense		188	653
Operating cash flows before movements in working capital		49	869
Trade receivables		1,207	16
Other receivables		(311)	(11)
Inventories		(26)	21
Contract assets		1,069	4,088
Trade payables		(1,182)	3,001
Other payables		378	384
Contract liabilities		248	1,046
Utilisation of provision for maintenance costs		(9)	(463)
Utilisation of provision for onerous contracts		(61)	-
Cash generated from operations		1,362	8,951
Income tax paid		(20)	(32)
Net cash generated from operating activities		**1,342**	**8,919**

See accompanying notes to condensed interim financial statements.

D. Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	3 months ended 31 December 2022 Unaudited	3 months ended 31 December 2021 Re-presented
	S$'000	S$'000
Investing activities		
Proceeds on disposal of property, plant and equipment	17	1
Purchase of property, plant and equipment	(142)	(122)
Placement of fixed deposits	(1,000)	-
Expenses paid on behalf of a former subsidiary	(12)	-
Repayment of advances to directors of subsidiaries	8	118
Repayment of loan by associate	3	3
Interest received	2	2
Net cash (used in) generated from investing activities	**(1,124)**	**2**
Financing activities		
Repayment of bank loans	-	(2,272)
Repayment of long-term borrowings	(157)	(436)
Decrease in amount due from former immediate holding company of a subsidiary	288	-
Decrease/(increase) in bank balances pledged	-	(1,005)
Repayment to former immediate holding company of a subsidiary	-	(47)
Repayment of principal portion of lease liabilities	(122)	(397)
Loan from a controlling shareholder	200	-
Loan from third parties	-	100
Interest paid	(154)	(653)
Net cash generated from (used in) financing activities	**55**	**(4,710)**
Net increase in cash and cash equivalents	273	4,211
Cash and cash equivalents at beginning of period	7,060	7,053
Cash and cash equivalents at end of period (Note a)	**7,333**	**11,264**

	Group	
Note a	31 December 2022 Unaudited	31 December 2021 Unaudited
	$'000	$'000
Cash and cash equivalents	4,953	11,948
Cash and cash equivalents in disposal group held for sale	2,380	-
Bank overdrafts	-	(684)
	7,333	11,264

See accompanying notes to condensed interim financial statements.

E. Notes to the condensed interim consolidated financial Statements

1. Corporate information

TEE International Limited (the "Company") (Registration No. 200007107D) is incorporated in Singapore with its principal place of business and registered office at 25 Bukit Batok Street 22, TEE Building, Singapore 659591. The Company is listed on the Singapore Exchange Securities Trading Limited. The Company's immediate and ultimate holding company is Tramore Global Limited, a company incorporated in the British Virgin Islands.

These condensed interim consolidated financial statements as at and for the financial period ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are investment holding. The principal activities of its associate and subsidiaries are those of engineering and infrastructure business.

Proposed Restructuring Exercise

On 15 July 2021, the Company announced the appointment of RSM Corporate Advisory Pte. Ltd. ("RSM") as financial consultant in June 2021, to, inter alia, undertake a review of the Group's businesses and assist to formulate restructuring plans to improve the financial position and/or performance of the Group.

Following the completion of RSM's review and their proposed restructuring plan to the Company, on 7 August 2021, the Company announced that it intends to propose a scheme of arrangement between the Company and its creditors. The Company has accordingly filed an application in the General Division of the High Court of the Republic of Singapore for a moratorium under Section 64 of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) (the "IRDA") on 6 August 2021 (the "Application"). Please see the announcement on 7 August 2021 for more information. In addition, the Company's wholly-owned subsidiaries PBT Engineering Pte Ltd ("PBT Engineering"), Trans Equatorial Engineering Pte Ltd ("Trans Equatorial"), TEE Infrastructure Private Limited ("TEE Infra") and TEE E&C (Malaysia) Sdn Bhd ("TEE E&C (M)"), (together with the Company, PBT Engineering, Trans Equatorial and TEE Infra, the "Applicants") have also filed applications under Section 65 of the IRDA on 6 August 2021 respectively in support of the Company's proposed restructuring. The moratorium orders are being sought to preserve the assets of the Group pending the formulation of a holistic restructuring plan. Please also see further announcements on material developments in this regard made on 17 August 2021, 7 September 2021, 8 September 2021, 19 October 2021, 1 November 2021, 29 November 2021, 23 March 2022, 31 March 2022, 20 June 2022, 29 June 2022, 21 September 2022 and 27 September 2022 (the "Previous Announcements").

PBT Engineering will be undertaking a separate scheme of arrangement (the "Scheme") with its creditors for, *inter alia*, the restructuring of PBT Engineering's debts. On 22 November 2022, the Company announced that the Court has granted leave for a meeting of Creditors (the "Scheme Meeting") of PBT Engineering to be convened for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme. The Court has also extended the moratorium granted to PBT Engineering by a period of three months from 1 January 2023.

Proposed Disposal of PBT Engineering

On 3 August 2022, the Company had announced that it has entered into a sale and purchase agreement (the "SPA") with Chia Yoke Heng ("Mr Chia") and ADS Builders (1988) Pte. Ltd. ("ADS") (Mr Chia and ADS collectively, the "Purchasers"), to sell to the Purchasers 100% of the issued and paid-up share capital of PBT Engineering for a consideration of S$18,000 (the "Consideration") (the "Disposal").

The obligations of the Company and the Purchasers to complete the Disposal are subject to the condition precedents stated in the SPA and the target completion of the disposal shall take place on the 14th day following confirmation by the parties of the fulfilment (or waiver) of the conditions precedent and, in any event, no later than 31 December 2022 (the "Closing Date"), unless otherwise mutually agreed upon in writing between the parties. On 20 December 2022, the Company entered into a supplemental agreement in relation to the SPA to extend the Closing Date to 31 March 2023, unless otherwise mutually agreed upon in writing between the parties.

On 4 February 2023, the Company issued a notice of Extraordinary General Meeting (the "EGM") and the relevant circular in relation to the Proposed Disposal of PBT Engineering. The EGM will be held on 20 February 2023.

The Company will make further announcement should there be material development in relation to the Disposal.

E. Notes to the condensed interim consolidated financial statements (cont'd)

1. Corporate information (cont'd)

Creditors' Voluntary Liquidation of Trans Equatorial

On 26 November 2021, the Court has granted leave for Trans Equatorial to withdraw its application and the Court also ordered that RSM to be appointed as Monitoring Accountants. On 16 December 2021, the Company has announced that the Group has commenced the winding-up process of Trans Equatorial by way of creditors' voluntary liquidation (the "CVL").

On 13 January 2022, the Company further announced that Trans Equatorial has been officially placed in CVL pursuant to a special resolution passed at the Extraordinary General Meeting of Trans Equatorial and confirmation by the creditors of Trans Equatorial at a creditors meeting, both held on 12 January 2022.

As at the date of this announcement, the Company is not informed by the liquidator on any material development in relation to the CVL.

Winding Up Order in respect of TEE E&C (M)

On 24 June 2022, the Company had announced that the High Court of Penang has made the orders on 16 June 2022 to wind up TEE E&C (M) under the provisions of the Companies Act 2016 of Malaysia and the Receiving Officer/Director General of Insolvency to be appointed as the Liquidator for TEE E&C (M).

As at the date of this announcement, the Company is not informed by the liquidator on any material development in relation to the winding up process.

Entry into Conditional Subscription Agreement with Meta5 Pte. Ltd.

On 18 August 2022, the Company announced that it has entered into a conditional subscription agreement (the "Subscription Agreement") with Meta5 Pte. Ltd. (the "Subscriber") in relation to the following:

a) Subscription by the Subscriber of S$7.5 million in new ordinary shares in the Company; and
b) Subscription by the Subscriber of S$7.5 million in principal amount (the "Option Amount") of unlisted and non-transferable share options (the "Options"), with each Option carrying the right to subscribe for one (1) new ordinary share (the "Option Share") in the Company per Option.

Based on the terms and conditions of the Subscription Agreement (the "Proposed Subscriber Transactions"), the completion is subject to the fulfilment (or waiver) of the conditions precedent as defined in the Subscription Agreement.

Further on 20 January 2023, the Company entered into the following agreements with the Subscriber in relation of the following:

a) A loan agreement for a term loan of up to S$1.8 million (the "Loan") to mainly fund the costs and expenses incurred for the restructuring exercise of the Group as well as operating expenses of the Group; and
b) A supplemental agreement to the Subscription Agreement to extend the Longstop Date to 18 August 2023 (where both parties may mutually agree to extend by another two (2) months, pending on the progress of the restructuring exercise.

The Company will make further announcement should there be material development.

Creditors' Voluntary Liquidation of Arrow Waste Management Pte Ltd ("AWM")

On 5 December 2022, the Company has placed AWM under CVL. As at the date of this announcement, the Company is not informed by the liquidator on any material development in relation to the CVL

The Company will continue to work with RSM and its legal advisors on the restructuring plan.

As the proposed restructuring exercise and discussions with creditors are still in progress and the above Subscription Agreement is subject to the fulfilment (or waiver) of the conditions precedent therein, the final outcome is uncertain and the actual impact, whether financial or non-financial, is not determinable as at the date of this announcement. The condensed interim consolidated financial statements in this announcement, explanatory notes and other information in this announcement are prepared based on information available to the Company as at the date of this announcement. Accordingly, the condensed interim financial statements and information in this announcement have not been audited by the Company's auditors. As such, depending on the eventual outcome of the aforementioned, the Company and/or its subsidiaries may have to make material adjustments to its financial performance and financial position as contained herein, in this regard, the Company will make the appropriate announcements accordingly when more information is available.

Shareholders and potential investors of the Company are accordingly advised to read this announcement in full and any other prior and further announcements made by the Company carefully. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt.

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of preparation

The condensed interim consolidated financial statements for the financial period from 1 October 2022 to 31 December 2022 (1QFY2023) have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last audited financial statements for the year ended 30 September 2022 (FY2022).

The accounting policies adopted are consistent with those of the previous financial period which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore dollar which is the Company's functional currency and all values in the tables are rounded to the nearest thousand (S$'000), except when otherwise indicated.

Going concern assumption

As at 31 December 2022, the Group's and the Company's current liabilities exceeded their current assets by S$152,070,000 (30 September 2022 - S$154,504,000) and S$150,641,000 (30 September 2022 - S$150,435,000) respectively. At the Company level, the net current liabilities are due mainly to payables to certain subsidiaries and former subsidiaries, and provision for corporate guarantees issued to counterparties for performance bonds and claims made against certain former subsidiaries. These factors give rise to material uncertainties on the ability of the Group and the Company to continue as going concerns.

As disclosed in Note 1, the Company entered into a conditional subscription agreement on 18 August 2022 with Meta5 to raise an equity fund of $15,000,000 by issuance of new shares and share options in the Company. Furthermore, the Company is also proposing a rights issue to raise $3,500,000, bringing the total of equity fund to $18,500,000 to be raised. The Company will also be undertaking a scheme of arrangement (the "Scheme") with its creditors for, inter alia, the restructuring of the Company's debts as part of the proposed restructuring exercise.

Based on the aforementioned, the condensed interim financial statements of the Company and the Group for the period ended 31 December 2022 have been prepared on the assumption that the Company and its subsidiaries is able to continue as a going concern. As the completion of the Subscription Agreement and proposed restructuring exercise including discussions with creditors are still in progress, the final outcome is uncertain and accordingly, the actual impact, whether financial or non-financial, is not easily determinable as at the date of this announcement. It should therefore be noted that the going concern assumption is premised upon, *inter alia*, (i) the successful completion of the Subscription Agreement, (ii) the successful completion of the proposed restructuring exercise, (iii) the continuing availability of the existing facilities and financing to the Group for the next twelve months and (iv) the sufficiency of cash flows generated from the Group's operating activities.

The condensed interim financial statements in this announcement, explanatory notes and other information have not been audited or reviewed by the Company's auditors. Accordingly, depending on the eventual outcome of the aforementioned, the Company and/or its subsidiaries may have to make material adjustments to its financial performance and financial position of 1QFY2023 as contained herein. In this regard, the Company will make appropriate announcements accordingly when more information is available.

Basis of consolidation

The condensed interim consolidated financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of preparation (cont'd)

Basis of consolidation (cont'd)

Change in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Following the liquidation of Trans Equatorial[1] in 2QFY2022 and the winding up of TEE E&C (M)[2] in 3QFY2022, the consolidation of these entities ceased when the Company lost its control of these entities.

In 1QFY2023, AWM was placed under creditors' voluntary liquidation (the "CVL") on 5 December 2022. Mr. Abuthahir Abdul Gafoor and Ms. Yessica Budiman, care of AAG Corporate Advisory Pte Ltd have been appointed as joint and several liquidators of AWM. As a result, the Company no longer has control over AWM and the consolidation of AWM ceased accordingly. Detailed information is disclosed in Note 20.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held-for-sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held-for-sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

As disclosed in Note 1, these events were taken place in FY2022 within Engineering and Construction Segment:

- Trans Equatorial was placed into creditors' voluntary liquidation (the "CVL") on 12 January 2022
- Winding up of TEE E&C (M) on 24 June 2022
- Proposed disposal of PBT Engineering

Following the events described above and in compliance with SFRS (I) 5 *Non-current Assets Held-for-sale and Discontinued Operations*, the Group has classified Engineering and Construction Segment as discontinued operations.

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[1] Trans Equatorial and its subsidiaries i.e. PBT Engineering Sdn Bhd (Brunei), PBT Engineering Sdn Bhd (Malaysia), TEE Philippines, Inc., Trans Equatorial Indochina Co., Ltd, Oscar Estate Management Co., Ltd and Oscar Design & Decoration Co., Ltd (collectively, the "Trans Group") were de-recognised upon loss of control in 2QFY2022 when Trans Equatorial was placed under CVL as at 12 January 2022.

[2] TEE E&C (M) and its subsidiary i.e. TEE Project Solutions Sdn Bhd (collectively, the "TEE E&C (M) Group") were de-recognised upon loss of control in 3QFY2022 when TEE E&C (M) was wound up under provisions of the Companies Act 2016 of Malaysia.

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of preparation (cont'd)

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the financial year ended 30 September 2022 (FY2022).

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the condensed financial statements is included in the following notes:

(a) Going concern assumption

As at 31 December 2022, the Group's and the Company's current liabilities exceeded their current assets by S$152,070,000 (30 September 2022 - S$154,504,000) and S$150,641,000 (30 September 2022 - S$150,435,000) respectively. At the Company level, the net current liabilities are due mainly to payables to certain subsidiaries and former subsidiaries, and provision for corporate guarantees issued to counterparties for performance bonds and claims made against certain former subsidiaries. These factors give rise to material uncertainties on the ability of the Group and the Company to continue as going concerns.

As disclosed in Note 1, the Company entered into a conditional subscription agreement on 18 August 2022 with Meta5 to raise an equity fund of $15,000,000 by issuance of new shares and share options in the Company. Furthermore, the Company is also proposing a rights issue to raise $3,500,000, bringing the total of equity fund to $18,500,000 to be raised. The Company will also be undertaking a scheme of arrangement (the "Scheme") with its creditors for, inter alia, the restructuring of the Company's debts as part of the proposed restructuring exercise.

Based on the aforementioned, the condensed interim financial statements of the Company and the Group for the period ended 31 December 2022 have been prepared on the assumption that the Company and its subsidiaries is able to continue as a going concern. As the completion of the Subscription Agreement and proposed restructuring exercise including discussions with creditors are still in progress, the final outcome is uncertain and accordingly, the actual impact, whether financial or non-financial, is not easily determinable as at the date of this announcement. It should therefore be noted that the going concern assumption is premised upon, *inter alia*, (i) the successful completion of the Subscription Agreement, (ii) the successful completion of the proposed restructuring exercise, (iii) the continuing availability of the existing facilities and financing to the Group for the next twelve months and (iv) the sufficiency of cash flows generated from the Group's operating activities.

In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business ad adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, ad to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to the financial statements.

(b) Determination of lease terms

When estimating the lease term of the respective lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next period are included in the following notes:

(a) Revenue recognition

The Group recognises revenue from the following major sources:

- Construction engineering contracts
- Sale of goods
- Revenue from services rendered
- Interest income
- Rental income

As described in the FY2022 audited consolidated financial statements, the Group recognises revenue either at a point in time or over time, depending on the contractual terms. Revenue from construction engineering contracts are recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

Significant management judgements are required to estimate the total budgeted contract costs which include estimation for variation works and any other claims from contractors or sub-contractors. Any changes to the total budgeted contract costs will impact the percentage of completion, resulting in an impact to the revenue recognised.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

For projects that are liable to additional charges payable to the relevant authorities if the projects are not completed within the stipulated time, management takes into consideration the reasons for and the length of the time exceeded ,the past experience of applying for extension of time and the likely outcome of such application for extension of time. Such charges are accrued only if it is probable that it will result in a liability.

(b) Calculation of loss allowances

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes reference to historical data, assumptions and expectations of future conditions.

(c) Contract assets arising from construction engineering contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable and recognised over time on a cost-to-cost method i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Significant assumptions are required in determining the over-time revenue recognition on cost-to-cost method. The estimated total contract revenue and estimated total construction costs include estimation for variation works and any other claims from contractors. In making these estimates, the Group relies on past experience and the work of external specialists.

Management has performed the cost studies, taking into account the costs to date and costs to complete on each contract. Management has also reviewed the status of such contracts and is satisfied that the cost estimates to complete, the total contract costs and the expected profitability are realistic.

Additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

(d) Impairment of investment in associates and subsidiaries, and property, plant and equipment

Management exercises their judgement in estimating recoverable amounts of its investment in associates of the Group and Company and subsidiaries of the Company, and the Group's property, plant and equipment.

The recoverable amounts of these assets are reviewed at the end of each reporting period to determine whether there is any indication that those investments and assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

(e) Estimation of incremental borrowing rate

The Group and the Company cannot readily determine the interest rate implicit in the lease. Therefore, it uses the IBR to measure lease liabilities. The IBR is defined as the rate of the interest that the lessee would have to pay to borrow over a similar security the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment.

The Group and the Company estimates the IBR relevant to each lease by using observable inputs such as market interest rate and asset yield where available, and then making certain lessee specific adjustments such as Group entity's credit rating.

(f) Estimation of provisions made on various claims

In conjunction with the proposed restructuring exercises as disclosed in Note 1, the Group and the Company continue to assess the adequacy of the various provision for liabilities made from the claims received.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

For management purposes, the Group is organised into two major business segments/operating divisions based on their services as follows:

i. Segment 1: Infrastructure – infrastructure business offers infrastructure solutions in the areas of water and energy related projects and commercial and industrial real estate management. This includes comprehensive sustainable solutions to meet demands for integrated infrastructure, utilities and environmental services

ii. Segment 2: Corporate & Others – involves a range of activities from corporate exercises and include income and expenses not attributable to other operating segments such as rental income from industrial building

The Group Chief Executive and Managing Director monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included in the following table. Performance is measured based on segment profit/(loss) before taxation. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments

	Corporate & Others		Infrastructure		Discontinued Operations		Elimination / Adjustments		Group	
	3 months ended		3 months ended		3 months ended		3 months ended		3 months ended	
	31 December 2022 Unaudited S$'000	31 December 2021 Re-presented S$'000	31 December 2022 Unaudited S$'000	31 December 2021 Re-presented S$'000	31 December 2022 Unaudited S$'000	31 December 2021 Re-presented S$'000	31 December 2022 Unaudited S$'000	31 December 2021 Re-presented S$'000	31 December 2022 Unaudited S$'000	31 December 2021 Re-presented S$'000
Segment revenue										
External sales	54	562	6,944	7,436	7,451	18,445	-	-	14,449	26,443
Inter-segment sales	78	128	2	6	-	-	(80)	(134)	-	-
Total revenue	132	690	6,946	7,442	7,451	18,445	(80)	(134)	14,449	26,443
Segment results										
Segment results	(435)	(331)	2,809	490	(165)	(112)	-	(4)	2,209	43
Share of results of associates and joint venture	-	-	178	116	-	-	-	-	178	116
Finance costs	(176)	(245)	(11)	(19)	(2)	(371)	-	4	(189)	(631)
(Loss)/Profit before tax	(611)	(576)	2,976	587	(167)	(483)	-	-	2,198	(472)
Income tax credit/(expense)	56	52	(26)	(85)	-	3	-	-	30	(30)
(Loss)/Profit for the period	(555)	(524)	2,950	502	(167)	(480)	-	-	2,228	(502)

	Corporate & Others		Infrastructure		Discontinued Operations		Elimination / Adjustments		Group	
	31 December 2022 Unaudited S$'000	30 September 2022 Audited S$'000	31 December 2022 Unaudited S$'000	30 September 2022 Audited S$'000	31 December 2022 Unaudited S$'000	30 September 2022 Audited S$'000	31 December 2022 Unaudited S$'000	30 September 2022 Audited S$'000	31 December 2022 Unaudited S$'000	30 September 2022 Audited S$'000
Segment assets										
Segment assets	23,324	23,930	18,905	18,599	13,113	14,212	-	-	55,342	56,741
Investment in associate and joint venture	-	-	4,860	4,927	-	-	-	-	4,860	4,927
Deferred tax assets	-	-	447	447	-	-	-	-	447	447
Total assets	23,324	23,930	24,212	23,973	13,113	14,212			60,649	62,115
Segment liabilities										
Segment liabilities	131,885	131,600	11,608	14,220	38,162	39,125	-	-	181,655	184,945
Loans, borrowings and lease liabilities	12,370	12,536	744	872	-	-	-	-	13,114	13,408
Income tax payable	482	559	145	145	-	-	-	-	627	704
Deferred tax liabilities	-	-	130	103	-	-	-	-	130	103
Total liabilities	144,737	144,695	12,627	15,340	38,162	39,125	-	-	195,526	199,160

E. Notes to the condensed interim consolidated financial statements (cont'd)

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 30 September 2022:

	Group		Company	
	31 December 2022 Unaudited	30 September 2022 Audited	31 December 2022 Unaudited	30 September 2022 Audited
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Financial assets at amortised cost	17,538	17,464	12,288	12,210
Financial liabilities				
Financial guarantee liabilities	98,617	98,617	98,617	98,617
Financial liabilities at amortised cost	57,722	59,797	63,879	63,455
	156,339	158,414	162,496	162,072

Financial assets at amortised cost consist of cash and bank balances, fixed deposits, trade receivables and other receivables excluding prepayments, deferred commission expenses, grant receivables, accrued rental income and GST receivable.

Financial liabilities at amortised cost consist of trade payables excluding GST payables, other payables, lease liabilities, long-term borrowings, long-term deposit and financial guarantee liabilities.

6. Profit/(Loss) before income tax

6.1 Significant items

	Continuing operations		Discontinued operations		Total	
	3 months ended		3 months ended		3 months ended	
	31 December 2022 Unaudited	31 December 2021 Re-presented	31 December 2022 Unaudited	31 December 2021 Re-presented	31 December 2022 Unaudited	31 December 2021 Re-presented
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Change in fair value of investment properties	-	39	-	539	-	578
Amortisation of deferred commission expenses	2	-	-	-	2	-
Net foreign currency adjustment (gain)/loss	1	4	-	(68)	1	(64)
Professional fees	191	155	103	169	294	324
Depreciation of property, plant and equipment, including ROU assets	592	607	-	14	592	621
Gain on de-recognition of a subsidiary upon loss of control (Note 23)	(5,685)	-	-	-	(5,685)	-
Trade receivables written off	-	1	-	-	-	1
Due from former subsidiaries written off	2,984		-		2,984	-
Contract assets written back	-	-	-	(18)	-	(18)
Impairment loss on financial assets and contract assets						
- Trade receivables	-	14	-	14	-	14
Impairment loss on financial assets written back						
- Trade receivables	(41)	-	-	-	(41)	-

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere (see Note 5 under Section F Other Information Required by Listing Rule Appendix 7.2) in the condensed financial statements.

E. Notes to the condensed interim consolidated financial statements (cont'd)

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss are:

Group	Continuing operations		Discontinue operations		Total	
	3 months ended 31 December 2022 Unaudited	3 months ended 31 December 2021 Re-presented	3 months ended 31 December 2022 Unaudited	3 months ended 31 December 2021 Re-presented	3 months ended 31 December 2022 Unaudited	3 months ended 31 December 2021 Re-presented
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current:						
- Profit/(loss) for the period	-	92	-	-	-	92
- Adjustment in respect of prior years	(56)	(51)	-	(15)	(56)	(66)
Deferred:						
- Charge/(credit) for the period	26	(8)	-	12	26	4
	(30)	**33**	**-**	**(3)**	**(30)**	**30**

8. Discontinued operations

As disclosed in Note 1, the Company entered into a sale and purchase agreement (the "SPA") to sell its entire issued and paid-up share capital of PBT Engineering on 3 August 2022 (the "Proposed Disposal").

The results of the discontinued operations and re-measurement of the disposal group is as follows:

	Discontinued operations	
	3 months ended 31 December 2022 Unaudited	3 months ended 31 December 2021 Re-presented
	S$'000	S$'000
Revenue	7,451	18,445
Cost of sales	(7,010)	(18,027)
Gross profit	441	418
Other operating income	12	164
Administrative expenses	(341)	(145)
Other operating expenses	-	(472)
Finance costs	(2)	(367)
Contract assets written back	-	18
Profit/(Loss) before tax	110	(384)
Income tax credit	-	3
Profit/(Loss) after tax	110	(381)

Discontinued operations for the 3 months ended 31 December 2021 related to the entire Engineering and Construction Segment as a result of the following activities taken place in FY2022:

- Trans Equatorial was placed into creditors' voluntary liquidation (the "CVL")
- Winding up of TEE E&C (M)
- Proposed disposal of PBT Engineering

9. Dividend

No dividend has been declared or recommended by the board of directors of the Company ("Board" or "Directors") for the current financial period as the Company is in an accumulated loss-making position and the Group's priority is to manage its cash flow prudently and responsibly to meet its financial commitments in the current highly volatile and uncertain global operating environment.

E. Notes to the condensed interim consolidated financial statements (cont'd)

10. Net asset value

Group	31 December 2022 Unaudited	30 September 2022 Audited
Net assets value per ordinary share based on issued share capital at end of financial period/year (in cents)	(20.9)	(21.3)
Number of ordinary shares issued at the end of the period/year	646,882,476	646,882,476

Company	31 December 2022 Unaudited	30 September 2022 Audited
Net assets value per ordinary share based on issued share capital at end of financial period/year (in cents)	(22.7)	(22.6)
Number of ordinary shares issued at the end of the period/year	646,882,476	646,882,476

11. Trade receivables

Group	31 December 2022 Unaudited S$'000	30 September 2022 Audited S$'000
Third parties	4,539	4,631
Less: Allowance for impairment		
- At beginning of period/year	(327)	(7,275)
- Allowance for the period/year	-	(74)
- Written back during the period/year	41	-
- Amount utilised during the period/year	151	-
- De-recognition of subsidiaries	-	7,010
- Reclassification to disposal group	-	12
- At end of period/year	(135)	(327)
Trade receivables – net	**4,404**	**4,304**

12. Non-current assets held for sale and liabilities associated with non-current assets held for sale

Following the approval of the Company's Board for the Proposed Disposal of PBT Engineering, the assets and liabilities related to PBT Engineering have been presented separately in the consolidated statement of financial position as a disposal group held for sale.

The assets and liabilities of the disposal group classified as held for sale are as follows:

PBT Engineering	31 December 2022 Unaudited $'000	30 September 2022 Audited $'000
Assets		
Cash and cash equivalents	2,380	1,093
Trade receivables	2,350	3,619
Other receivables	1,064	1,093
Contract assets	7,301	8,403
Property, plant and equipment	18	4
Assets of the disposal group	**13,113**	**14,212**
Liabilities		
Trade payables	35,214	36,366
Other payables	1,124	1,113
Loan from director and investor	300	300
Contract liabilities	1,488	1,238
Provisions	36	108
Liabilities of the disposal group	**38,162**	**39,125**

E. Notes to the condensed interim consolidated financial statements (cont'd)

12. Non-current assets held for sale and liabilities associated with non-current assets held for sale (cont'd)

Company	31 December 2022 Unaudited $'000	30 September 2022 Audited $'000
Details of assets in non-current assets classified as held-for-sale were as follows:		
Investment on subsidiary (Note 14)	18	18

13. Investment in associate

Group	31 December 2022 Unaudited S$'000	30 September 2022 Audited S$'000
Unquoted equity shares, at cost	4,332	4,332
Share of post-acquisition reserves, net of dividend received	528	595
Net	**4,860**	**4,927**

Details of the Group's significant associate are as follows:

Name of associate/ Country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held	
		30 September 2022 %	30 September 2021 %
PowerSource Philippines Distributed Power Holdings, Inc. ("PWS") Philippines	Construction, operation and maintenance of power plants	21.05	21.05

14. Investment in subsidiaries

Company	31 December 2022 Unaudited S$'000	30 September 2022 Audited S$'000
Unquoted equity shares, at cost	12,094	27,137
Reclassified to non-current assets held for sale (Note 12)	-	(15,043)
	12,094	12,094
Less: Allowance for Impairment loss		
- At beginning of period/year	(8,137)	(37,653)
- Allowance for the period/year	-	(7,480)
- Allowance utilised	-	21,971
- Reclassified to non-current assets held for sale (Note 12)	-	15,025
- At end of period/year	(8,137)	(8,137)
Net	**3,957**	**3,957**

Details of the Company's significant subsidiaries are as follows:

Name of subsidiary/ Country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held	
		30 September 2022 %	30 September 2021 %
TEE Industrial Pte. Ltd. Singapore	Operating an Industrial building for rental	100.00	100.00
PBT Engineering Pte. Ltd. Singapore[(1)]	Provision of addition, alteration and upgrading of existing buildings, mechanical and electrical engineering services	100.00	100.00
G3 Environmental Private Limited Singapore	Commercial and industrial real estate Management	50.10	50.10

[(1)] Reclassified to disposal group classified as held-for-sale

E. Notes to the condensed interim consolidated financial statements (cont'd)

15. Property, plant and equipment

Right-of-use assets ("ROU") acquired under leasing arrangements are part of property, plant and equipment.

During the 3 months ended 31 December 2022, the Group acquired assets amounting to S$0.1 million (31 December 2021: S$0.8 million) and disposed of assets with net book value amounting to S$9,000 (31 December 2021: S$0.3 million).

16. Trade Payables

	Group		Company	
	31 December 2022 Unaudited	30 September 2022 Audited	31 December 2022 Unaudited	30 September 2022 Audited
	S$'000	S$'000	S$'000	S$'000
Third parties	1,428	1,424	-	-
GST payable	190	293	28	79
Total	**1,618**	**1,717**	**28**	**79**

17. Other Payables

	Group		Company	
	31 December 2022 Unaudited	30 September 2022 Audited	31 December 2022 Unaudited	30 September 2022 Audited
	S$'000	S$'000	S$'000	S$'000
Amounts due to:				
- Subsidiaries	-	-	32,300	32,204
- Former immediate holding company of a subsidiary	1,387	1,363	40	16
- Former subsidiary	24,839	24,839	24,802	24,802
Shareholder loans	3,168	2,968	2,968	2,768
Loan from non-controlling interest	6,188	6,188	-	-
Accrued expenses	3,549	3,647	547	578
Accrued interest expense	4	89	4	-
Rental and security deposits	1,316	918	1,085	785
Loans from third parties	305	305	305	305
Other payables	2,008	4,678	1,762	1,915
Amounts shown under current liabilities	**42,764**	**44,995**	**63,813**	**63,373**

The amounts due to former immediate holding company of a subsidiary carry a fixed interest rate of 7% per annum and are secured by assignment of sales proceed from the property of the subsidiary; investment property under the Company and certain shares of the subsidiaries under the Group.

18. Borrowings

Amount repayable in one year or less, or on demand

	As at 31 December 2022			As at 30 September 2022		
Group	S$'000 Secured	S$'000 Unsecured	S$'000 Total	S$'000 Secured	S$'000 Unsecured	S$'000 Total
Lease liabilities	495	-	495	510	-	510
Long-term borrowings	688	-	688	651	-	651
	1,183	**-**	**1,183**	**1,161**	**-**	**1,161**

Amount repayable after one year

	As at 31 December 2022			As at 30 September 2022		
Group	S$'000 Secured	S$'000 Unsecured	S$'000 Total	S$'000 Secured	S$'000 Unsecured	S$'000 Total
Lease liabilities	2,038	-	2,038	2,160	-	2,160
Long-term borrowings	9,893	-	9,893	10,087	-	10,087
	11,931	**-**	**11,931**	**12,247**	**-**	**12,247**

E. Notes to the condensed interim consolidated financial statements (cont'd)

18. Borrowings (Cont'd)

Company	31 December 2022 Unaudited S$'000	30 September 2022 Audited S$'000
Lease liabilities		
Amount shown under current liabilities	49	65
Amount shown under non-current liabilities	17	17
	66	82

Loan from financial institutions and other borrowings are secured by (i) fixed deposits; (ii) corporate guarantees by the Company and former immediate holding company of a subsidiary; and (iii) certain property, plant and equipment.

The Group's bank facility agreements include financial covenants. As at 31 December 2022 and 30 September 2022, the Group is in compliance with the relevant covenants.

19. Financial Guarantee Liabilities

Group and Company	31 December 2022 Unaudited S$'000	30 September 2022 Audited S$'000
Financial guarantee liabilities	98,617	98,617
Amounts shown under current liabilities	**98,617**	**98,617**

Financial guarantee liabilities pertain to corporate guarantee issued to counterparties for performance bonds and claims made against certain former subsidiaries.

20. De-recognition of subsidiary upon loss of control

As disclosed in Note 1 and Note 2, the Company had placed Arrow Waste Management Pte Ltd ("AWM") under CVL. Accordingly, consolidation of AWM ceased when the Company ceased to control AWM.

The fair value of identifiable assets and liabilities were as follows:

Effects on de-recognition	As at 5 December 2022 S$'000
Cash and bank balances	-*
Other receivables	-*
Trade payables and other payables	(5,685)
Net identifiable liabilities de-recognised	(5,685)
Gain on de-recognition	5,685
	-
Cash and bank balances disposed of	-*
Net cash outflow from the de-recognition upon loss of control	-*

**immaterial, not meaningful*

21. Share capital

There were no changes in the Company's share capital since 15 February 2019.

There are 1,270,400 treasury shares 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 total number of issued shares as at 31 December 2022 is 648,152,876 (30 September 2022: 648,152,876).

The Company's subsidiaries do not hold any shares in the Company 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.

E. Notes to the condensed interim consolidated financial statements (cont'd)

22. Contingent liabilities

Various claims have been made against the Company and the Group in the Engineering and Construction segment (discontinued operation) for liquidated damages, defects, and/or under guarantees for the performance of the contracts. The Company released the latest announcement on 17 January 2023 to provide an update in relation to claims against the Company and the Group.

As at the date of this announcement, there are 3 claims against the Company amounting to about S$13.7 million, a sum amounting to approximately S$13.6 million has been repaid in full to the relevant creditor in prior financial year and the Company has entered into settlement agreements with the other creditors in respect of the balance of S$0.1 million. Furthermore, there are 67 claims against PBT Engineering (discontinued operations) amounting to about S$17.0 million.

Trans Equatorial, TEE E&C (M) and AWM are under liquidation process and liquidators have been appointed for these entities. The liquidators have control over these entities and the Company has not received any updates from the liquidators in relation to any further claims made against these entities since the last update regarding claims received by these entities announced by the Company on 25 July 2022 and 18 October 2022. In total, there were 135 claims, 13 claims and 1 claim against Trans Equatorial, TEE E&C (M) and AWM to the date of the said announcements, amounted to an aggregate of about S$143.4 million, RM5.9 million or S$1.9 million and S$2.5 million, respectively.

In view of the restructuring process, the management is still assessing and estimating the potential exposure on liabilities (see Note 19) and contingent liabilities. Accordingly, the Group has made adequate provision for liabilities in connection with the claims in these condensed interim financial statements based on current best estimates and available information. The outcome of certain claims, and counterclaims, cannot be determined with reasonable certainty as of the date of this announcement. Together with the financial consultant, the management is in discussions with various parties to reach amicable conclusions.

23. Subsequent events

Subsequent to the end of financial period, the following events have taken place:

i) Entry into non-binding Term Sheet ("Term Sheet"), Loan Agreement and Supplemental Agreement to the Subscription Agreement with Meta5 Pte. Ltd. ("Subscriber")

On 6 January 2023, the Company entered into a Term Sheet with the Subscriber in view of obtaining the funding required to complete the Subscription Agreement ad expediting the progress of the restructuring exercise. The key terms are as follows:

a) Longstop date – the longstop date for the Subscription Agreement shall be extended by a period mutually agreed by both parties; and

b) Proposed financing – the Subscriber agreed to grant an interest free and unsecured bridging loan of S$1.8 million to the Company for supporting the payments of restructuring costs, mortgage loan instalments and operating expenses of the Company.

Subsequently on 20 January 2023, the Company announced its entry into a Loan Agreement and a Supplemental agreement to the Subscription Agreement to formalise the terms set out in the Term Sheet.

ii) Notice of Extraordinary General Meeting ("EGM") in relation to the Proposed Disposal of PBT Engineering

The Company has on 4 February issued a notice informing the shareholders that an EGM will be held by the Company on 20 February for the purpose of passing the ordinary resolution on the Proposed Disposal of 100% of the issued and paid-up share capital of PBT Engineering to Mr. Chia Yoke Heng and ADS Builders (1998) Pte. Ltd. for S$18,000.

The Company will make a separate announcement on the outcome of the EGM.

iii) Update on proposed scheme of arrangement by PBT Engineering

Refer to the Company's announcement on the 22 November 2022, the Court has granted PBT Engineering leave to convene a meeting (the "Scheme Meeting") of its creditors for the purpose of considering and approving the scheme of arrangement.

The meeting was held on 10 February 2023 and the said scheme was approved by a majority in number representing at least three-fourths in value of the creditors present and voting at the Scheme Meeting. PBT Engineering will be making an application to the Court under section 210 of the Companies Act 1967 for the Court's approval of the said scheme.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed interim consolidated statement of financial position of TEE International Limited and its subsidiaries as at 31 December 2022 and the related condensed consolidated statement of comprehensive income for the financial period from 1 October 2022 to 31 December 2022, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial period from 1 October 2022 to 31 December 2022 and certain explanatory notes have not been audited or reviewed.

Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Please refer to the Company's Annual Report released on 13 January 2023 and announcement made on 13 January 2023 for the follow-up actions taken by the Company.

(i) On-going CAD investigations on Unauthorised Remittances – Unauthorised Remittances totally S$6.55 million were made in FY2019 and these Unauthorised Remittances have been repaid to the Group in prior years. The CAD was investigating and had requested further information from the Company in prior years. As at the date of this announcement, the Company is not aware of or informed of any developments.

(ii) Opening balance of FY2022 – this refers to the audit of the Group's financial statements for financial period from 1 June 2020 to 30 September 2021 ("FP2021"). A significant subsidiary, Trans Equatorial was not audited as Trans Equatorial was insolvent and has been placed in liquidation. As the opening balance as at 1 October 2021 form the basis for determining the financial performance, changes in equity and cash flows of the Group for FY2022, the auditor was unable to determine whether adjustments are required to FY2022 financial statements. Save as disclosed in this announcement, there are no further material development with regards to the liquidation of Trans Equatorial.

(iii) Contingent liabilities - please refer to Note 22 to the condensed interim financial statements of this announcement.

(iv) Appropriateness of going concern assumption – please refer to Note 1 and Note 2.2(a) to the condensed interim financial statements for going concern assumption and relevant updates of the announcement.

(v) Insufficient information to complete the audit of the consolidated financial statements of Group – this refers to subsidiaries, Trans Equatorial and PBT Engineering. Please refer to Note (ii) above for information with regards to the audit of Trans Equatorial.

PBT Engineering's company level was issued with a Disclaimer of Opinion for FY2021 audit in view of the insufficiency of supporting documents which are required to ascertain the completeness and accuracy and/or to reconcile various evidence mainly for project related items in PBT Engineering. This point continued to be raised as an audit issue for FY2022 audit and as of the date of this announcement, PBT Engineering's company level audit is still in progress.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

To its best knowledge, the Board of Directors confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

E. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (CONT'D)

2. Review of performance of the Group

Financial performance review

Since June 2021, the Group has commenced a strategic review of the Group's business with the appointment of RSM as financial consultant to assist to formulate restructuring plans to improve the financial position and/or performance of the Group. As of the date of this announcement, the restructuring exercise is still in progress.

Revenue is lower as compared to prior financial period by S$1.0 million mainly due to lower rental income as a result of the completion of the sale of an investment property located at 33 Changi North Crescent, Singapore (the "33CNC Property") on 18 July 2022. The decrease also caused by lower revenue from Infrastructure segment in view of lower demand for disinfection services. The detailed breakdown of the revenue by segments are shown in Note 4.1 to the condensed interim financial statements. The gross profit of S$0.6 million is mainly contributed by the Group's environmental business.

Administrative expenses decreased by S$0.2 million mainly due to lower salaries and wages resulted from reduction in headcounts.

Other operating expenses is higher by S$2.8 million mainly due to other receivables written off in current financial period, arising from the amount due from former subsidiary i.e. Arrow Waste Management Pte Ltd ("AWM") due to liquidation.

Finance cost lower by S$0.1 million mainly contributed by lower bank loans and borrowings due to repayment.

Overall, the Group reported profit after tax of S$2.2 million in 1QFY2023, in which, profit after tax of S$2.1 million from continuing operations and a profit from discontinued operations of S$0.1 million. Attributable to the owners of the Company was profit of S$2.1 million in 1QFY2023 as compared to a loss of S$0.7 million in 1QFY2022.

Financial position review

Total cash and bank balances, and fixed deposits remain stable at approximately S$12.0 million.

PBT Engineering's assets and liabilities are reclassified as held for sale as a result of the Proposed Disposal. There was a decrease in non-current assets held for sale by S$1.1 million mainly due to reduction in contract assets. On the other hand, there was also a reduction in liabilities associated with non-current asset held for sale by S$1.0 million due mainly to decrease in trade payables.

Property, plant and equipment decreased by S$0.5 million mainly due to depreciation charge and amortisation of right-of-use assets.

Trade and other payables decreased by S$2.3 million mainly due to the loss of control of subsidiary upon liquidation.

Provision of financial guarantee liabilities is explained in Note 19 in the interim condensed financial statements.

Long-term borrowings and lease liabilities decreased by S$0.3 million due to repayment during the financial period.

Cash Flow Statement

Net cash generated from operating activities of S$1.3 million mainly contributed by improved working capital management.

Net cash used for investing activities was approximately S$1.1 million mainly due to placement of fixed deposits of S$1.0 million and purchase of property, plant and equipment of $0.1 million.

Net cash generated from financing activities was very minimal.

As a result, the Group recorded a net increase in cash and cash equivalents of S$0.3 million.

Net Current Liabilities and Negative Net Equity

As at 31 December 2022, the Group and the Company's current liabilities exceeded its current assets by S$152.1 million and S$150.6 million respectively. At the Company level, the net current liabilities are due mainly to payables to certain subsidiaries and provision for corporate guarantees issued to counterparties for performance bonds and claims made against former subsidiaries.

As at 31 December 2022, the Group and the Company's accumulated losses exceeded its share capital, resulting in negative net equity by S$134.9 million and S$137.0 million respectively.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (CONT'D)

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

There is no forecast or prospect statement which has been previously disclosed.

4. 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 operating period and the next 12 months

Group

The details of the restructuring exercise are explained in Note 1 under Section E above in this announcement. Based on the aforementioned, as of 18 August 2022, the Company entered into a conditional subscription agreement with Meta5 Pte. Ltd. (the "Meta5" or "Subscriber") to issue new shares in the Company worth S$7.5 million. Meta5 will also subscribe S$7.5 million of share options in the Company. Furthermore, the Company is also proposing a rights issue to raise S$3.5 million, bringing the total of equity fund to S$18.5 million to be raised. The completion of the Subscription Agreement is subject to the fulfilment (or waiver) of the conditions precedent therein. As part of the completion of the Subscription Agreement, the Company will work with RSM and its legal advisors to apply for lifting of the trading suspension of the Company's shares under Chapter 13 of the listing manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Company will also be undertaking a scheme of arrangement (the "Scheme") with its creditors for, *inter alia*, the restructuring of the Company's debts as part of the proposed restructuring exercise. The Company intends to make an application under Section 71 of IRDA for Court sanction of the proposed Scheme.

Infrastructure Business

With the easing of the COVID-19 pandemic, the Group is seeing higher business transactions among some of its key customers thus leading to a busier operation for the waste management service. However, the environmental business also continues to face inflationary cost pressures and rising costs of operations, particularly labour cost and diesel cost will continue to affect the profit margin. There is also a reduction in the demand for disinfection services for COVID-19 as companies in Singapore start to live with the COVID-19 virus.

The Group will continue its efforts to divest its investment in overseas infrastructure assets.

Overall, the Group will continue to work on the operations of its remaining operating segments and any potential opportunities on new businesses will be reviewed from time-to-time post-restructuring. The Group will also continue to work with RSM and legal advisors on the restructuring plan.

5. Interested person transactions

No IPT mandate has been obtained for the period under review. However, the Company wishes to disclose the following aggregate value of interested person transactions conducted during the financial period ended 31 December 2022.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Tramore Global Limited [1]	Nil [2]	Nil

[1] Tramore Global Limited ("TGL") is a controlling shareholder of the Company, holding direct interest of 53.4% of the issued share capital of the Company. As at 30 September 2021, TGL granted unsecured interest-free loans of S$2.9 million in total to the Company and a subsidiary of the Company. The repayment date of the loan is on 31 December 2023, or any dates as may be agreed by TGL and the Company.

[2] Under Rule 909(3) of the Listing Rule, in the case of borrowing of funds from an interested person, the value of transaction is interest payable on the borrowing. The loan granted by TGL to the Company is an unsecured interest-free loan, hence the aggregate value of the transactions is Nil.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (CONT'D)

6. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

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.

7. Additional information required pursuant to Rule 706A

Save as disclosed on SGXNET, there were no acquisitions or realisations of shares resulting in a company becoming or ceasing to be a subsidiary or associated company of the Company, or resulting in the Company increasing or reducing its shareholding percentage in a subsidiary or associated company.

8. Negative assurance confirmation on the interim financial results pursuant to Rule 705(5)

We, Phua Cher Chuan and Yeo Kian Wee Andy, 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 results for the period from 1 October 2022 to 31 December 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

_____	_____
Phua Cher Chuan	**Yeo Kian Wee Andy**
Group Chief Executive	**Independent Non-Executive**
and Managing Director	**Chairman**

Dated: 14 February 2022

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*