



TEE International Limited

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

Unaudited Second Quarter Financial Statements and Dividend Announcement for the Period Ended 30 November 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group S\$'000		Increase/ (Decrease) %	The Group S\$'000		Increase/ (Decrease) %
	Second Quarter Ended			Half Year Ended		
	30/11/2015	30/11/2014		30/11/2015	30/11/2014	
Revenue	60,721	42,969	41.3	121,776	85,311	42.7
Cost of sales	(53,065)	(35,296)	50.3	(107,832)	(74,055)	45.6
Gross profit	7,656	7,673	(0.2)	13,944	11,256	23.9
Other operating income	3,208	920	NM	5,535	2,279	NM
Selling & distribution expenses	(592)	(521)	13.6	(921)	(734)	25.5
Administrative expenses	(6,358)	(5,029)	26.4	(11,672)	(9,638)	21.1
Other operating expenses	(398)	(50)	NM	(1,418)	239	NM
Share of results of associates and joint venture	2,501	1,791	39.6	5,224	4,749	10.0
Finance costs	(2,184)	(1,235)	76.8	(4,158)	(2,200)	89.0
Profit before tax	3,833	3,549	8.0	6,534	5,951	9.8
Income tax expense	(476)	(870)	(45.3)	(423)	(1,043)	(59.4)
Profit for the period	3,357	2,679	25.3	6,111	4,908	24.5

Profit attributable to:

Owners of the Company
Non-controlling interests

2,744	1,565	75.3	5,208	2,950	76.5
613	1,114	(45.0)	903	1,958	(53.9)
3,357	2,679	25.3	6,111	4,908	24.5

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		
	30/11/2015	30/11/2014		30/11/2015	30/11/2014	
Profit for the period	3,357	2,679	25.3	6,111	4,908	24.5
Other comprehensive income (loss):						
Currency translation differences	896	206	NM	(607)	116	NM
Other comprehensive income (loss) for the period	896	206	NM	(607)	116	NM
Total comprehensive income for the period	4,253	2,885	47.4	5,504	5,024	9.6

TEE International Limited

1(a)(ii) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)

	The Group S\$'000		Increase/ (Decrease) %	The Group S\$'000		Increase/ (Decrease) %
	Second Quarter Ended			Half Year Ended		
	30/11/2015	30/11/2014		30/11/2015	30/11/2014	
Total comprehensive income attributable to:						
Owners of the Company	3,281	1,725	90.2	4,952	3,034	63.2
Non-controlling interests	972	1,160	(16.2)	552	1,990	(72.3)
	4,253	2,885	47.4	5,504	5,024	9.6

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		
	30/11/2015	30/11/2014		30/11/2015	30/11/2014	
A Other operating income:						
Interest income	361	638	(43.4)	704	1,305	(46.1)
Amortisation of financial guarantee liabilities	173	243	(28.8)	352	459	(23.3)
Gain on disposal of property, plant and equipment	486	-	NM	2,207	-	NM
Gain on disposal of subsidiary	-	-	-	-	299	NM
Gain from dilution of equity interest in associate	1,814	-	NM	1,814	-	NM
Others	374	39	NM	458	216	NM
	3,208	920	NM	5,535	2,279	NM
B Finance costs:						
Loan interests	1,691	1,042	62.3	3,168	2,001	58.3
Term notes interest	486	187	NM	978	187	NM
Finance leases	7	6	16.7	12	12	0.0
	2,184	1,235	76.8	4,158	2,200	89.0
C Other operating expenses:						
Net foreign currency exchange adjustment loss	403	512	(21.3)	1,417	223	NM
Allowance for doubtful trade receivables	-	8	NM	-	8	NM
Write back of allowance for doubtful other receivables	-	(481)	NM	-	(481)	NM
Trade receivables (written back) written off	(2)	1	NM	1	1	0.0
Property, plant and equipment written off	(3)	10	NM	-	10	NM
	398	50	NM	1,418	(239)	NM
D Depreciation of property, plant and equipment	911	447	NM	1,729	1,010	71.2
E Amortisation of issuance costs on term notes	46	30	53.3	91	30	NM
F Amortisation of deferred sales commission expenses	220	284	(22.5)	223	353	(36.8)
G Amortisation of deferred show flat expenses	179	15	NM	284	31	NM
H Adjustment for (under) over provision of income tax in respect of prior year	(5)	67	NM	15	67	(77.6)

NM – not meaningful

TEE International Limited

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

Note:

Restatements have been made to the prior corresponding period (second quarter and half year ended 30/11/2014) due to the change in accounting policy on sales commissions by the Group and its associates, which was adopted by the Group in the fourth quarter of financial year 2015.

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	
	30/11/2015	31/05/2015	30/11/2015	31/05/2015
ASSETS				
Current assets				
Cash and cash equivalents	17,487	24,012	640	677
Bank balances pledged	1,975	1,975	1,360	1,360
Trade receivables	75,597	85,273	1	3,661
Other receivables	22,456	20,298	17,053	17,633
Current portion of loans receivable from associates	18,852	19,664	994	3,906
Inventories	20	18	-	-
Construction work-in-progress in excess of progress billings	81,342	77,809	-	-
Development properties	139,105	122,613	-	-
Completed property and land held for sale	14,973	14,973	-	-
Total current assets	371,807	366,635	20,048	27,237
Non-current assets				
Bank balances pledged	422	429	-	-
Available-for-sale investment	*	*	-	-
Investment in associates	54,620	43,241	5,264	781
Investment in joint venture	1,464	808	-	-
Investment in subsidiaries	-	-	106,076	100,949
Club membership	46	46	46	46
Property, plant and equipment	90,067	79,248	429	463
Investment properties	36,024	36,036	24,000	24,000
Deferred tax assets	1,334	1,382	-	-
Other receivables	10,490	10,534	-	-
Loans receivable from associates	17,015	19,216	929	-
Total non-current assets	211,482	190,940	136,744	126,239
Total assets	583,289	557,575	156,792	153,476

* Denotes amount less than \$1,000

TEE International Limited

1(b)(i) (Continued)

	The Group S\$'000		The Company S\$'000	
	30/11/2015	31/05/2015	30/11/2015	31/05/2015
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and overdrafts	51,208	52,612	7,500	8,900
Trade payables	117,694	98,547	-	3,673
Other payables	30,375	26,101	52,730	42,528
Progress billings in excess of construction work-in-progress	105	41	-	-
Provision for maintenance costs	431	1,692	-	-
Current portion of finance leases	76	80	-	-
Current portion of long-term borrowings	37,351	50,679	5,838	5,425
Current portion of financial guarantee liabilities	600	667	496	667
Income tax payable	5,272	3,348	-	-
Total current liabilities	243,112	233,767	66,564	61,193
Non-current liabilities				
Finance leases	330	385	-	-
Long-term loan	4,050	4,050	-	-
Long-term borrowings	137,491	123,344	28,368	29,039
Term notes	29,668	29,577	-	-
Financial guarantee liabilities	1,161	1,452	402	1,047
Long-term deposit	730	730	730	730
Deferred tax liabilities	142	2,066	-	-
Other payables	18	18	-	-
Total non-current liabilities	173,590	161,622	29,500	30,816
Capital, reserves and non-controlling interests				
Share capital	58,701	58,701	58,701	58,701
Currency translation reserve	(838)	(582)	-	-
Capital reserve	18,765	18,737	(42)	(42)
Accumulated profits	21,904	18,709	2,069	2,808
Equity attributable to owners of the Company	98,532	95,565	60,728	61,467
Non-controlling interests	68,055	66,621	-	-
Net equity	166,587	162,186	60,728	61,467
Total liabilities and equity	583,289	557,575	156,792	153,476

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

Amount repayable in one year or less, or on demand

The Group S\$'000		The Group S\$'000	
<u>As at 30/11/2015</u>		<u>As at 31/05/2015</u>	
Secured	Unsecured	Secured	Unsecured
54,844	33,791	67,700	35,671

Amount repayable after one year

The Group S\$'000		The Group S\$'000	
<u>As at 30/11/2015</u>		<u>As at 31/05/2015</u>	
Secured	Unsecured	Secured	Unsecured
123,781	43,708	109,666	43,640

TEE International Limited

1(b)(ii) (Continued)

Details of any collateral

The total secured borrowings are represented by:

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

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

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

	The Group S\$'000		The Group S\$'000	
	Second Quarter Ended		Half Year Ended	
	30/11/2015	30/11/2014	30/11/2015	30/11/2014
Operating activities				
Profit before tax	3,833	3,549	6,534	5,951
Adjustments for:				
Share of results of associates and joint venture	(2,501)	(1,791)	(5,224)	(4,749)
Depreciation of property, plant and equipment	911	447	1,729	1,010
Gain on disposal of subsidiary	-	-	-	(299)
Gain from dilution of equity interest in associate	(1,814)	-	(1,814)	-
Amortisation of deferred sales commission expenses	220	284	223	353
Amortisation of deferred show flat costs	179	15	284	31
Amortisation of financial guarantee liabilities	(173)	(243)	(352)	(459)
Amortisation of issuance costs on term notes	46	30	91	30
Allowance for doubtful trade receivables	-	8	-	8
Write back of doubtful other receivables	-	(481)	-	(481)
Trade receivables (written back) written off	(2)	1	1	1
Property, plant and equipment written off	(3)	10	-	10
Gain on disposal of property, plant and equipment	(486)	-	(2,207)	-
(Write back of) provision for maintenance costs	(1)	542	4	707
Interest income	(361)	(638)	(704)	(1,305)
Interest expense	2,184	1,235	4,158	2,200
Operating cash flows before movements in working capital	2,032	2,968	2,723	3,008
Trade receivables	1,172	(25,013)	8,029	(13,727)
Other receivables	(3,752)	(2,238)	(5,338)	(1,064)
Inventories	(2)	-	(2)	-
Construction work-in-progress in excess of progress billings	19,290	(5,822)	(3,533)	(18,592)
Development properties	(14,049)	2,624	(16,806)	(878)
Completed property and land held for sale	-	-	-	1,216
Trade payables	1,392	19,215	19,147	19,715
Other payables	5,315	2,261	6,737	11,628
Progress billings in excess of construction work-in-progress	34	716	64	226
Utilisation of provision for maintenance costs	(987)	(72)	(1,246)	(72)
Cash from (used in) operations	10,445	(5,361)	9,775	1,460
Interest paid	(2,757)	(1,822)	(5,356)	(3,669)
Income tax paid	(644)	(463)	(674)	(555)
Net cash from (used in) operating activities	7,044	(7,646)	3,745	(2,764)

TEE International Limited

1(c) (Continued)

	The Group S\$'000		The Group S\$'000	
	Second Quarter Ended		Half Year Ended	
	30/11/2015	30/11/2014	30/11/2015	30/11/2014
Investing activities				
Proceeds on disposal of property, plant and equipment	489	-	2,232	-
Purchase of property, plant and equipment	(13,259)	(3,283)	(13,426)	(4,629)
Purchase of investment properties	(346)	(803)	(346)	(29,387)
Investment in associates	(2,722)	-	(2,722)	-
Acquisition of non-controlling interests in a subsidiary	(4)	-	(54)	-
Disposal of a subsidiary	-	2,000	-	(631)
Loans receivable from associates	88	5,456	5,354	10,029
Repayment of loan receivables from associates	(84)	(6,653)	(3,639)	(8,500)
Interest received	502	10	2,565	23
Net cash used in investing activities	(15,336)	(3,273)	(10,036)	(33,095)
Financing activities				
Drawdown of bank loans	35,028	16,530	61,647	41,472
Repayment of bank loans	(39,167)	(33,389)	(60,165)	(51,827)
Drawdown of long-term bank loans	10,042	8,565	14,370	31,165
Repayment of long-term bank loans	(3,267)	(10,079)	(11,943)	(21,503)
Increase of bank balances pledged	1	4,479	7	4,465
Repayment of obligations under finance leases	(20)	(39)	(46)	(59)
Proceeds from issuance of term notes	-	29,457	-	29,457
Payment of warrant issuance expenses	-	-	-	(2)
Capital contribution from non-controlling interest	1,966	7	1,966	7
Net proceeds from exercise of warrants	-	2,016	-	2,049
Dividends paid to shareholders	(2,013)	(2,506)	(2,013)	(2,506)
Dividends paid to non-controlling interests	(1,002)	(982)	(1,002)	(982)
Net cash from financing activities	1,568	14,059	2,821	31,736
Net (decrease) increase in cash and cash equivalents	(6,724)	3,140	(3,470)	(4,123)
Cash and cash equivalents at beginning of period	23,785	24,044	21,126	31,373
Effect of foreign exchange rate changes	426	1,554	(169)	1,488
Cash and cash equivalents at end of year (Note A)	17,487	28,738	17,487	28,738

Note A: Cash and cash equivalents

	The Group S\$'000		The Group S\$'000	
	Second Quarter Ended		Half Year Ended	
	30/11/2015	30/11/2014	30/11/2015	30/11/2014
Cash at banks	10,098	21,166	10,098	21,166
Cash on hand	47	75	47	75
Fixed deposits	2,397	2,475	2,397	2,475
Project accounts (see Note below):				
Cash at banks	7,342	7,708	7,342	7,708
Fixed deposits	-	8,021	-	8,021
Pledged fixed deposits	19,884	39,445	19,884	39,445
Bank overdrafts	(2,397)	(2,473)	(2,397)	(2,473)
Total cash and cash equivalents	17,487	28,738	17,487	28,738

Note:

Project accounts are subject to restrictions under the Housing Developers (Project Account) Rules (1997 Ed). Withdrawals from these projects accounts are restricted to payments for project expenditure incurred until the completion of the project.

TEE International Limited

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

	Share capital	Currency Translation reserve	Capital reserve	Accumulated profits	Equity attributable to owners of the company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group							
Balance at 31/05/2015	58,701	(582)	18,737	18,709	95,565	66,621	162,186
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	5,208	5,208	903	6,111
Other comprehensive loss for the period	-	(256)	-	-	(256)	(351)	(607)
<i>Transactions with owners, recognised directly in equity</i>							
Acquisition of non-controlling interests in a subsidiary	-	-	28	-	28	(82)	(54)
Net capital contribution from non-controlling interests	-	-	-	-	-	1,966	1,966
Dividend paid	-	-	-	(2,013)	(2,013)	(1,002)	(3,015)
Balance at 30/11/2015	58,701	(838)	18,765	21,904	98,532	68,055	166,587
Previous Corresponding Period							
Balance at 31/05/2014, as restated	56,151	(1,072)	21,084	19,875	96,038	46,291	142,329
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	2,950	2,950	1,958	4,908
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 interests	-	-	-	-	-	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)
Balance at 30/11/2014, as restated	58,200	(988)	21,082	20,319	98,613	44,931	143,544

TEE International Limited

1(d)(i) (Continued)

	Share capital	Capital reserve	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company				
Balance at 31/05/2015	58,701	(42)	2,808	61,467
Profit for the period, representing total comprehensive income for the period	-	-	1,274	1,274
Dividend paid	-	-	(2,013)	(2,013)
Balance at 30/11/2015	58,701	(42)	2,069	60,728
Previous Corresponding Period				
Balance at 31/05/2014	56,151	(40)	2,880	58,991
Profit for the period, representing total comprehensive income for the period	-	-	346	346
<u>Transactions with owners, recognised directly in equity</u>				
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)
Balance at 30/11/2014	58,200	(42)	720	58,878

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

	The Company	
	No of shares	Amount S\$'000
Balance at 31/05/2015 and 30/11/2015	503,222,297	58,701

During the period ended 30/11/2015, there were no changes in the share capital of the Company. The number of outstanding warrants as at 30/11/2015 is 186,386,020 and can be exercised before 26/05/2017.

As at 30/11/2015 and 30/11/2014, there were no shares held as treasury shares and other outstanding convertibles.

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

	The Company	
	30/11/2015	31/05/2015
Total number of issued shares	503,222,297	503,222,297

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

There were no sales, transfers, disposals, cancellation and/or use of treasury shares during the period ended 30/11/2015.

TEE International Limited

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

The figures presented have not been audited or reviewed.

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

Not applicable.

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

Other than the adoption of certain revisions to various existing Financial Reporting Standards ("FRS"), the new FRS and Interpretations of FRS ("INT FRS") that are mandatory for the financial year beginning on 1 June 2015, the Group has adopted the same accounting policies and methods of computation for the current financial period as those adopted for the audited financial statements for the financial year ended 31/05/2015.

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

The adoption of the various revised FRS, new FRS and INT FRS effective for the financial year commencing on 01/06/2015 does not have a material financial effect on the Group and the Company.

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

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:

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

The Group		The Group	
Second Quarter Ended		Half Year Ended	
30/11/2015	30/11/2014	30/11/2015	30/11/2014
0.55	0.32	1.03	0.60
503,222	495,856	503,222	494,491
0.55	0.31	1.03	0.58
503,222	507,630	503,222	508,446

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 30/11/2015	As at 31/05/2015
The Group		19.6	19.0
The Company		12.1	12.2

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

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

Second Quarter Ended 30/11/2015 ("2QFY2016") against Second Quarter Ended 30/11/2014 ("2QFY2015")

Revenue increased by S\$17.8 million due mainly to higher revenue from on-going engineering projects, although revenue from real estate projects is lower. Cost of sales increased by S\$17.8 million correspondingly.

Other operating income increased by S\$2.3 million due to gain from the dilution of equity interest in an associate from 50% to 42.11% following its IPO and gain on disposal of property, plant and equipment.

Administrative expenses increased by S\$1.3 million due mainly to higher depreciation expense and staff costs.

Share of results of associates and joint venture increased by S\$0.7 million due mainly to increased contribution from TEE Land's associated companies.

Finance costs increased by S\$0.9 million due mainly to increased borrowings.

Overall, profit after tax increased by S\$0.7 million from S\$2.7 million to \$3.4 million.

Profit attributable to owners of the Company increased from S\$1.6 million to S\$2.7 million due to higher contribution from engineering segment and lower share of profit by non-controlling interest in the real estate subsidiaries.

Half Year Ended 30/11/2015 ("1HFY2016") against Half Year Ended 30/11/2014 ("1HFY2015")

Revenue increased by S\$36.5 million due mainly to higher revenue from on-going engineering projects, although revenue from real estate projects is lower. Cost of sales increased by S\$33.8 million correspondingly.

Other operating income increased by S\$3.3 million due to gain from the dilution of equity interest in an associate from 50% to 42.11% following its IPO and gain on disposal of property, plant and equipment.

Administrative expenses increased by S\$2.0 million due mainly to higher depreciation expense and staff costs.

Other operating expenses increased by S\$1.7 million due mainly to foreign exchange losses on the Malaysian Ringgit in 1QFY2016.

Share of results of associates and joint venture increased by S\$0.5 million due mainly to increased contribution from TEE Land's associated companies.

Finance costs increased by S\$2.0 million due mainly to increased borrowings.

Income tax expense decreased by S\$0.6 million due mainly to deferred tax benefits recognised by certain loss making subsidiaries.

Overall, profit after tax increased by S\$1.2 million from S\$4.9 million to S\$6.1 million.

Profit attributable to owners of the Company increased from S\$3.0 million to S\$5.2 million due to higher contribution from engineering segment and lower share of profit by non-controlling interest in the real estate subsidiaries.

TEE International Limited

8. (Continued)

Statement of Financial Position

Financial Position As At 30/11/2015 against Financial Position As At 31/05/2015

Cash and cash equivalents decreased by S\$6.5 million and Property, Plant and Equipment increased by S\$10.8 million due mainly to the acquisition of properties in Australia by TEE Land.

Trade receivables decreased by S\$9.7 million due mainly to higher collections.

Development properties increased by S\$16.5 million due mainly to construction and development costs incurred for on-going development projects.

Investment in associates increased by S\$11.4 million due mainly to additional cost of investment and higher share of profits from associated companies.

Trade payables increased by S\$19.1 million due mainly to construction costs incurred for on-going engineering projects.

Other payables increased by S\$4.3 million due mainly to accrual of development costs for on-going development projects.

Provision for maintenance cost decreased by S\$1.3 million due mainly to utilization of maintenance cost for engineering projects.

Income tax payable increased by S\$1.9 million due mainly to TOP of a development property as revenue from sales of development property is only taxable upon completion of the project. As such, deferred tax liabilities decreased by S\$1.9 million accordingly.

Statement of Cash Flows

Half Year Ended 30/11/2015 ("1HFY2016") Against Half Year Ended 30/11/2014 ("1HFY2015")

Operating activities

Net cash from operating activities was S\$3.7 million, due mainly to profit before tax, offset by interest paid and changes in working capital.

Investing activities

Net cash used in investing activities was S\$10.0 million, due mainly to the acquisition of properties in Australia by TEE Land.

Financing activities

Net cash from financing activities was S\$2.8 million, due mainly to additional drawdown of bank loans.

As a result, the Group recorded a net decrease in cash and cash equivalents of S\$3.5 million.

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

No forecast was made.

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

The Group remains cautious amid the prevailing economic uncertainties and geopolitical tensions and will be selective in pursuing projects and investment opportunities in Singapore and in the region.

Currently, the Group has a total outstanding Engineering order book of approximately S\$383 million.

TEE International Limited

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

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

Name of Dividend	Special
Dividend Type	Dividend in Specie
Details of Distribution	One TEE Land Limited Share for every fifteen TEE International Limited Shares held by entitled shareholders.
Dividend Amount per Share (in cents)	Cash equivalent per Share for the Distribution is 1.77 cents. (Based on TEE Land Share's closing price of S\$0.265)
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

The Company intends to utilise the net proceeds from issue of shares arising from exercise of warrants for general corporate purposes, including refinancing of existing borrowings and financing of working capital, acquisition, investment and capital expenditure requirements of the Group as the directors may deem fit. The percentage allocation for each intended use cannot be determined at this moment. The Company will make periodic announcements on the utilisation of proceeds.

As at 30/11/2015, the number of outstanding warrants was 186,386,020. To-date, 10,196,576 warrants were converted to ordinary shares at the exercise price of S\$0.25 per warrant. The proceeds of approximately S\$2,549,000 was used for share capital increase of its Engineering subsidiary, Trans Equatorial Engineering Pte Ltd in August 2015.

NEGATIVE ASSURANCE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Phua Chian Kin and Saw Chin Choo, being two Directors of TEE International Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the second quarter and half year ended 30 November 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Phua Chian Kin
Group Chief Executive

Saw Chin Choo
Executive Director

Dated 12 January 2016