



TEE International Limited Annual Report 2009

A SHARED VISION



RATIONALE

A Shared Vision

In our unwavering pursuit of engineering excellence, we are very clear about our growth strategies ahead.

TEE International Limited will continue to seek opportunities in its core engineering business, particularly mega iconic projects and rebuilding works in Singapore and other regions such as Brunei and Indonesia, whilst expanding our integrated real estate and facilities management business such as property development.

This vision is shared by our people who, apart from their individual capabilities and goals, carry with them a passion to see this vision fulfilled in the years to come.

It is this passion for quality that makes TEE International Limited truly unique.

FINANCIAL CALENDAR 2009

13 January 2009
Announcement of FY2009 Half-Year Results

31 May 2009
Financial Year End

28 July 2009
Announcement of FY2009 Full-Year Results

9 September 2009
Despatch of Annual Reports to Shareholders

24 September 2009
Ninth Annual General Meeting

Book Closure Date on 27 October 2009, 5 p.m.
Payable on 18 November 2009
2009 Proposed first and final
tax exempt one-tier Dividend

FINANCIAL CALENDAR 2010

January 2010
Announcement of FY2010 Half-Year Results

31 May 2010
Financial Year End

July 2010
Announcement of FY2010 Full-Year Results

September 2010
Despatch of Annual Reports to Shareholders

September 2010
Tenth Annual General Meeting

Staff on the cover

Front row - (left to right)
Loh Chooi Leng, Yvonne Lee, Tan Swee Huat, Fanny Cheng, Edric Wong, Jaslyn Leong

Second row - (left to right)
Chew Lay Ling, Husin Bin Abdul Rahim, Norlaili Bte Roslan, Goh Wei Liong, Dephenie Sim, Charlie Kyaw

Third row - (left to right)
Tan Yee Sun, Michael Xu, Sam Cai, Joe Soo, Roy Tan, Pan Lip Hin

Last row - (left to right)
Lim Chang Byon, Wanida Wongsalarp, Chutiphat Rungpinyo, Karanati Chandra Obul Reddy, Steven Ng, Chu Chin Ping, Gerard Chng

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TEE has built a strong reputation for quality, efficiency and dedication as a recognised Engineering and Integrated Real Estate and Facilities Management group over the last few years. Our landmark projects in Singapore and Thailand are testament to our growing presence.

We have streamlined our businesses to 2 main arms so as to consolidate our efforts, boost our efficiency and add value to our customers. Our core business arms now comprise Engineering and Integrated Real Estate and Facilities Management.



In our industry, it is important to have a young, motivated team who are adept at meeting the challenges of the future. We believe in developing our intellectual assets and grooming potential future leaders who will bring us to the next lap of growth.

Our commitment to work safety, health and environmental awareness continues to be an important part of our business. We strive to provide a safe and healthy working environment that incorporates environmental factors in our planning, operational decisions and processes.





OUR VISION

We aim to be among the best and the preferred choice in the industry.



OUR MISSION

We strive to be a leading Engineering and Integrated Real Estate Group recognised for our quality and value-added services, cost competitiveness; and backed by people with a devotion to quality service delivery and the tenacity to face challenges.

OUR CORPORATE PROFILE

TEE International Limited (“TEE” or “the Group”) was established in the 1980s, and grew from a general Electrical Contractor to a recognised Engineering and Integrated Real Estate and Facilities Management group that it is today. Listed on the SGX Catalist (formerly known as Stock Exchange of Singapore Dealing and Automated Quotation System “SESDAQ”) in 2001, TEE was upgraded to the SGX Mainboard in 2008. With its operations spanning Singapore, Thailand and Malaysia, TEE continues to focus on its core Engineering specialisation, complemented by its Integrated Real Estate and Facilities Management business.

Engineering

TEE provides specialised Engineering Services mainly in Infrastructure, Construction and Rebuilding, Redevelopment and System Integration. Under this core Engineering sector, TEE had proven its capabilities by continually securing prestigious projects through its track records and the delivery of advanced quality engineering services.

From the experiences and expertise accumulated from its past Infrastructure projects in buildings, waste and water treatment facilities, land transport and aviation sectors, TEE also enjoys a strong brand position in the Building Infrastructure segment, evidenced by several prominent projects it has secured, such as the Marina Bay Sands™ Integrated Resort Development. TEE has continuously raised the bar for quality and speed of delivery, and has shown that it has the capabilities to manage and execute sizable projects.

The Group also constructs new buildings and converts existing buildings and facilities for new uses. With a strong team specialising in Mechanical and Electrical engineering, TEE is well positioned to provide an integrated suite of building services. TEE's outstanding work in this area has won them an award by the Agency for Science, Technology and Research (A*STAR), for the fitting-out package for their research institutes and office in The Fusionopolis, and the latest Citi Campus in Changi Business Park. Coupled with a proven track record in general building works, as well as support from their experienced professional project personnel, TEE has the capability to create and customise unique turnkey design and build solutions to suit customers' operations requirements.

Notable projects are the turnkey design and build solutions for the NORDAM Group facilities in Singapore and INNOValues Precision (Thailand) Limited in Thailand.

TEE also provides full turnkey approaches to large-scale System Definition, System Development and System Deployment as part of its System Integration services. By focusing on security surveillance and public address systems for building management, TEE offers clients a one-stop solution for all their systems and commissioning requirements.

Integrated Real Estate and Facilities Management

As part of its Property Development mantra, TEE aims to provide well-designed, quality homes to cater to the lifestyles of city dwellers in Singapore and Thailand. Leveraging on its engineering expertise, the Group is able to establish a more effective project management system in executing construction projects in both residential and commercial developments. TEE's notable property projects include The Thomson Duplex, Cantiz @ Rambai, Chewathai Ratchaprarop, The Surawong and 33 Changi North Crescent.

The Group manages facilities in both Singapore and Thailand. In Singapore, the newly built Marina Bay Sands™ Workers' Accommodation in Marina South is designed, built and managed by TEE's wholly-owned subsidiary, PBT Engineering Pte Ltd. The communal blocks comprise recreational facilities and house up to 4,000 workers.

Further ashore, TEE has been managing residential estates for the National Housing Authority (NHA) of Thailand since 2001, where it oversees the Rom Klao Estate with 2,431 units of flats. In 2007, TEE was appointed the managing agent for the King Power Estates.

As a result of its excellent track record, NHA once again commissioned TEE in 2004 to jointly develop and build another public housing initiative in Thailand's Northeastern provinces of Maha Sarakharm, Nakorn Phanon, Sakon Nakorn and Yasothorn, where the Group designed and built nearly 2,000 units of 2-storey low-cost houses.



Our Achievements



evements



OUR ACHIEVEMENTS



< Marina Bay Sands™ Integrated Resort Development

TEE was awarded an approximately S\$109 million contract for the electrical installation to the North and South Podiums. It is to date one of the biggest electrical installation contracts ever awarded to a single contractor in Singapore.

Dhoby Ghaut and Tanjong Pagar Xchange >

TEE was awarded an approximately S\$8 million contract of additions and alterations for Dhoby Ghaut MRT station in 2006. The works included installation of fire rated glass panels, media and signage works, and integration of a new Air Conditioning and Mechanical Ventilation (ACMV) system with the existing one. TEE delivered the project on time under Singapore Mass Rapid Transit's (SMRT) high safety and security standards. In 2007, TEE was awarded with another additions and alterations contract worth S\$11 million for Tanjong Pagar MRT station by SMRT.



v NORDAM

In 2007, TEE was awarded its first design, build and lease industrial engineering project for the NORDAM Group, one of the largest independently held aerospace companies in the world. Located at 33 Changi North Crescent, this 4-storey building boasts a production area of 8,803 sqm, in addition to 3,655 sqm of office space and a basement car park.



^ The Fusionopolis

TEE was awarded a fitting-out contract worth S\$33 million by A*STAR at The Fusionopolis. The fitting-out works included construction of 23 LAN rooms and 2 DATA centres, and the supply and installation of 20,000 sqm carpet flooring and furniture systems that were environmental friendly. Working under a tight 4-month contract period, TEE delivered this project on time even with an extensive changes in design by the client.

20,000 sqm

supply and installation of 20,000 sqm carpet flooring and furniture systems that were environmental friendly.

The Thomson Duplex >

Located at 323B Thomson Road, Novena Planning Area, The Thomson Duplex is a 6 units boutique residential apartment created for city living with a touch of space. It is only minutes away from the Orchard shopping belt. TOP in 2010.



Cantiz @ Rambai >

Cantiz @ Rambai is a 12 units boutique residential apartment inspired by the cantilever concept. It is located at 21 Rambai Road where the CBD, reputable schools, recreational and shopping hubs are just mere minutes' drive away. TOP in 2011.



4 residential
property
developments

completing in 2010 and 2011.



< Chewathai Ratchaprarop

Launched in July 2008, Chewathai Ratchaprarop is a 26-storey, 329 units high-rise condominium located at downtown Bangkok. The project will be completed by 2010.

The Surawong >

A joint development by Chewathai Ltd and United Motor Works (Siam) Public Company Limited (UMWS), an associate of Hup Soon Global Corporation Limited, The Surawong is a 8-storey, 52 units residential condominium located at Surawongse Road, Bangkok. It is conveniently located with quick access to the CBD, education institutions and shopping hot spots via the BTS Sky train. The project will be completed by 2010.





Asia Tov



wer One

Asia Tower One

Standing at 43 storeys upon completion, Asia Tower One is amongst the mega projects that TEE has worked on.

The mechanical systems are one of the largest of its type that we have undertaken to date and it's signified by the fact that Asia Tower One is one of the tallest high-rise commercial use projects in Singapore that uses chilled water from the Marina Bay District Cooling system with a total cooling load of more than 7,000 Refrigeratory Temperature (RT).

In addition, this building features a Gas and Pneumatic refuse Convey system works which is also the first such system undertaken by TEE.



In January 2009, TEE's wholly-owned subsidiary, Trans Equatorial Engineering Pte Ltd, secured the contract for the Mechanical, Electrical, Plumbing, Sanitary and Fire Protection (MEPF) Systems Works at Asia Tower One, with shops and restaurants at 1st and 2nd storey.

In addition, the team at TEE also designed an Integrated Building Management System (IBMS), which serves as a single platform for monitoring and controlling various building systems from a single operator workstation, integrating these functions seamlessly.

The contract is worth approximately S\$121 million with a contract period of 30 months.

Our scope of works include the design, supply, installation, testing and commissioning of the full MEPF Systems. These systems are fully integrated and managed by a highly engineered IBMS.

When completed, the building will be 'Grade A' commercial building as per Singapore's Building Construction Authority (BCA) standards. In addition, we also have to ensure that the MEPF Systems Works provided meet the criteria for BCA Green Mark Certification of Platinum rating as well as the standard required for the US Green Building Council Certification of Leadership in Engineering and Environmental Design (LEED) Green Building.



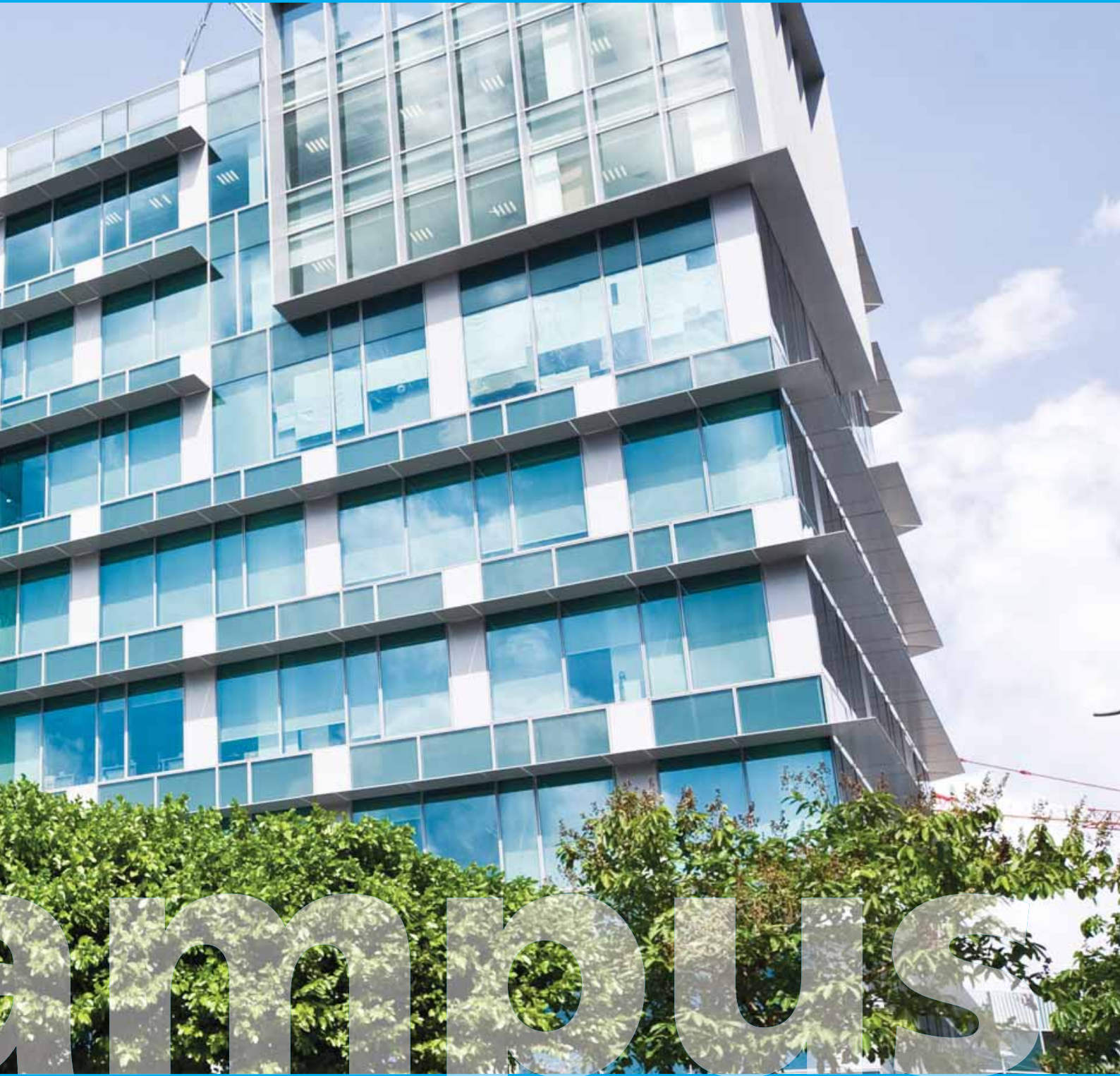
40%
energy savings

Among many of the building's unique characteristics will be its Green Features for electrical services, providing up to 40% energy savings for the building's air conditioning – a culmination of many months of study, research and also the consideration of other issues such as environmental protection, renewable energy and recyclable material.



cityca





amplous

Citi Campus

TEE was awarded the Citi Campus project in March 2009 at Changi Business Park, and was tasked to co-ordinate and facilitate all activities that contributed to the success of the project deliverables under an extremely tight timeline. During the course of the project, TEE also had to work closely with the project managers, clients and consultants to ensure their requirements were met whilst keeping closely to the project timeline, as well as liaising with various specialist sub-contractors and vendors appointed by the client to successfully see the project to completion.



Citi Campus is designed and constructed to incorporate high-tech, intelligent and environmental features. It comes with high energy efficient, fully automated air conditioning, lift and lighting systems through the intelligent use of photocells and motion sensors so as to minimise the building's energy usage and will reduce energy consumption by up to 33%. The entire building's critical operations and services are backed up with Dynamic Uninterrupted Power System (UPS), whereby a changeover of power supply will be seamlessly achieved in the event of any power outage.

Reduce energy consumption by

33%



A Unique Building

Awarded the highest BCA Green Mark Award (Platinum)



3 months to complete entire 8-storey building

TEE team had to work within a tight project schedule of 3 months to complete the entire 8-storey building with retrofitting works and to adapt to the client's changes while still keeping to the project schedule.

Within this short period, we had to put together all the Interior Designer's finishes with the Mechanical and Electrical (M&E) systems as well as specialist systems such as Dynamic UPS, IBMS and high end Security systems.

At the final stages of the project, Combine Services Testing was performed under the guidelines of acceptable international standards to verify the entire M&E systems set up is fully backed up and supported during emergencies.

Concurrently, the team has to ensure that all materials used comply with BCA Green Mark standard.



Marina Bay Sands™ Workers' Acc



MARINA BAY

Sands[®]
SINGAPORE

WORKERS'
ACCOMMODATION

accommodation

Marina Bay Sands™ Workers' Accommodation

TEE's wholly-owned subsidiary, PBT Engineering Pte Ltd, was commissioned to design, build and manage a Workers' Accommodation for Marina Bay Sands Pte Ltd in September 2008. Valued at approximately S\$12 million, the team at TEE faced yet another challenging timeline: to design, build and complete within 75 days.



Working endless hours in the next 2 months, the team had to contend with new challenges such as constructing from base forest conditions, the reinforced concrete raft foundation, and using unique steel columns and beams for structural works.

Approximately 4,000 tonnes of steel were used, and insulated wall and roof panels were imported from Korea. The dormitory can accommodate up to 4,000 workers.

4,000

tonnes of steel used

Up to 4,000 workers



The Marina Bay Sands™ Workers' Accommodation site today represents one of the new dormitory concepts in Singapore. Awarded with a "Singapore's OK" accreditation by the National Environment Agency (NEA), the dormitory provides not only basic services such as security, conservancy, food, and laundry which are undertaken by specialist agencies and vendors, but also recreational activities such as table tennis, hard court games, darts, carrom, screening of movies, and 24-hour television programmes.

Health and general well-being is a focus of the dormitory, featuring standard gym

equipment in a custom-made gymnasium for residents. In addition, the dormitory also includes sick bays and isolation rooms. Transportation is provided for workers travelling to and from the work site on a 24/7 basis. Other amenities include religious spaces, a mini-mart and a barber shop. The dormitory is managed by a team of professionals including a facilities manager, housekeeping executives, and accounts executives.

Communal events are organised to celebrate special festivals and also to serve as a platform for the workers to foster communal bonding and friendships.



"Singapore's OK"

accreditation by NEA



OUR CORPORATE MILESTONES

- Established in 1980s as a general Electrical contractor.
- Slowly established themselves as one of the leading M&E Engineering service providers in Singapore.
- Ventured into Rebuilding Engineering in 1996.
- Listed on the SESDAQ (now renamed as SGX Catalist) in March 2001.
- Our listing from SGX Catalist to the SGX Mainboard in September 2008.

2005



- Awarded 4 turnkey projects valued at S\$33 million by the NHA for residential housing design and build. A landmark project that gave TEE a strong foothold in the Indochina region
- An increase of 37.87% in revenue to S\$51.23 million from S\$37.16 million
- An increase of 238.96% in net profit growth to S\$0.76 million from S\$0.22 million



2006



- Awarded a high content contract for installation of airfield lighting systems, aircraft blast fence for Civil Aviation Authority of Singapore
- Completed Dhoby Ghaut Xchange for SMRT. Successful completion of this project led to Tanjong Pagar Xchange contract



- Renounceable non-underwritten rights issue of shares with warrants were listed and quoted officially

2007



- Ventured into residential and industrial property development in Singapore and Thailand
- Designed, built and leased a new aerospace facility for NORDAM Group
- Designed and built factory in Ayuthaya, Thailand for INNOValues Precision (Thailand) Limited
- Commenced design and construction of residential projects namely The Thomson Duplex, Cantiz @ Rambai and 558 Sixth Avenue
- Proposed placement of 16.3 million new ordinary shares



2008



- Our listing from SGX Catalist to the SGX Mainboard with effect from 3 September 2008
- Awarded a landmark contract worth approximately S\$109 million for the electrical installation for the North and South Podiums of Marina Bay Sands™ Integrated Resort Development
- Secured first fitting-out works contract for A*STAR worth approximately S\$33 million at The Fusionopolis
- Registered a record order book which amounted to S\$150 million
- Launch of first property development in Thailand, Chewathai Ratchaparop
- 16,863,250 new ordinary shares arising from the bonus issue on the basis of three bonus shares for every twenty existing ordinary shares were listed and quoted officially
- 22,484,506 bonus warrants each carrying the right to subscribe for 1 new ordinary share at an exercise price of S\$0.40 for each new ordinary share, to be issued on the basis of 1 Bonus warrant for every 5 existing ordinary shares were listed and quoted officially
- Proposed placement of 11 million new ordinary shares



2009



- A record 83.01% increase in total revenue, at S\$96.46 million
- Secured an approximately S\$121 million of MEPF Systems Works contract for a 43-storey office building at Marina View
- Completed fitting-out works, an approximately S\$16 million project for Citi Campus, within three months
- Secured the design, build and management of the Marina Bay Sands™ Workers' Accommodation at Marina South and was garnered a "Singapore's OK" rating from NEA
- Launch of The Surawong by Chewthai Hup Soon Ltd in Thailand, 30% sold during the first launch in Singapore



A record

83.01%

increase in total revenue, at S\$96.46 million.

OUR BUSINESS MODEL



Engineering

- Infrastructure
- Construction and Redevelopment
- Design and Build
- System Integration

Engineering

Infrastructure

We provide specialised infrastructure engineering services, such as Mechanical & Electrical (M&E) for buildings, waste and water treatment facilities, land transport and aviation sectors.

Notable projects: Electrical installation to the North and South Podiums of Marina Bay Sands™ Integrated Resort Development, and the MEPF Systems Works for the Asia Tower One.

Construction and Redevelopment

We supply construction services for new buildings and conversion of existing buildings and facilities for new uses. Leveraging on our strong M&E capabilities, we are well positioned to provide an integrated suite of building services.

Notable projects: Fitting-out works project for Agency for Science, Technology and Research (A*STAR) for their research institutes and office in The Fusionopolis, and the latest Citi Campus at Changi Business Park.

Design and Build

We offer turnkey Design and Build engineering solutions.

Notable projects: Design and Build of a 4-storey aerospace facility for NORDAM Group, and Marina Bay Sands™ Workers' Accommodation.

System Integration

We provide customised, total solutions to a building's system integration, including design, implementation and installation of systems engineering for security, surveillance and public address system. We also provide design and testing for electronics and semiconductor engineering services.

Integrated Real Estate and Facilities Management

Property Development

We design and build residential and industrial developments in Singapore and Thailand.

Notable projects: The Thomson Duplex, Cantiz @ Rambai and Dunsfold Drive Bungalows in Singapore; and Chewathai Ratchaparop and The Surawong in Thailand.

Estate and Facilities Management

We design, build, and manage estates and facilities in Singapore and Thailand.

Notable projects: Marina Bay Sands™ Workers' Accommodation in Singapore, and Rom Klao and King Power Estates in Thailand.



Integrated Real Estate and Facilities Management

- Property Development
- Estate and Facilities Management

GROUP STRUCTURE



TEE International Limited

SINGAPORE

Trans Equatorial Engineering Pte Ltd	100%
PBT Engineering Pte Ltd	100%
TEE Aerospace Industries Pte Ltd	100%*
Security Pro-Telco Pte Ltd	100%
NexFrontier Solutions Pte Ltd	100%
TEE Development Pte Ltd	100%
TEE Realty Pte Ltd	100%

THAILAND

Trans Equatorial Indochina Co., Ltd	49%*
Oscar Estate Management Co., Ltd	73.99%**
Oscar Property Management Co., Ltd	73.99%**
Oscar Design & Decoration Co., Ltd	69.09%**
Chewathai Ltd	49%*
Chewathai Hup Soon Ltd	24.50%*

MALAYSIA

Multi Amp Engineering Sdn Bhd	100%*
Foremost Prestige Sdn Bhd	25%
PBT Engineering Sdn Bhd	100%*

PHILIPPINES

Trans Equatorial Philippines Inc	40%*
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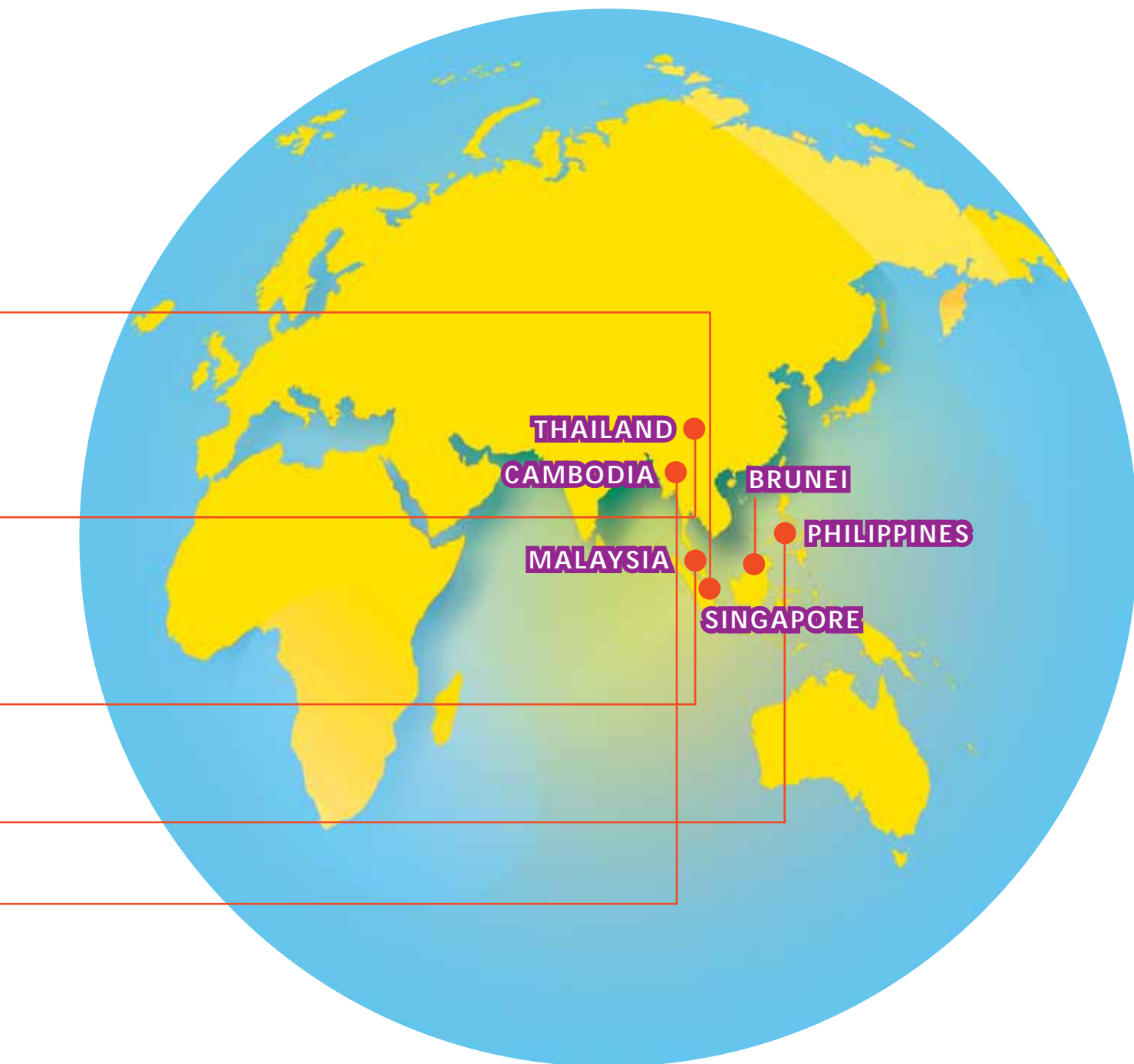
CAMBODIA

TEE Chem Pte Ltd	70%
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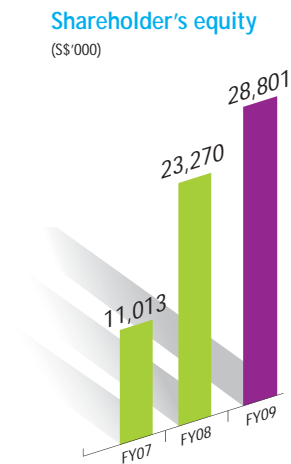
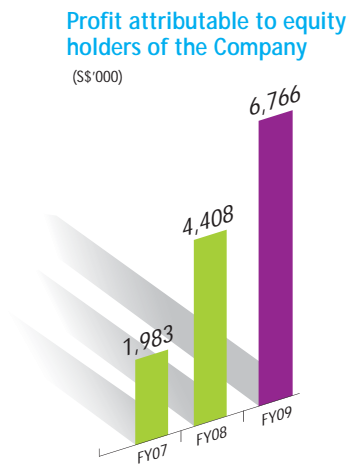
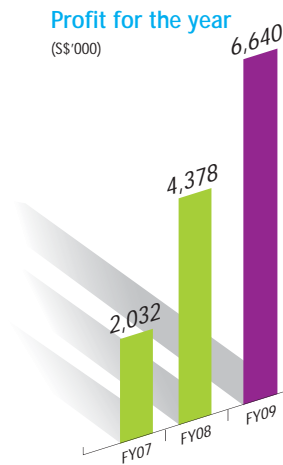
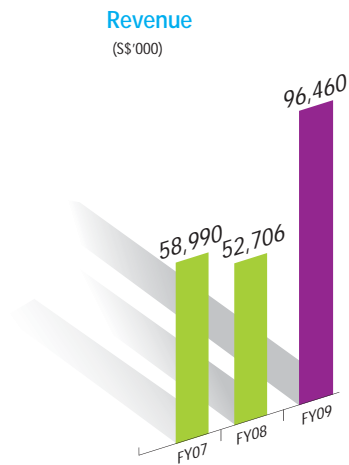
* Total effective interest held by TEE International Limited

* Although effective ownership is more than 50%, as the Group does not have legal control over the company, it is deemed as an associate of the Group.

GEOGRAPHICAL PRESENCE



GROUP FINANCIAL HIGHLIGHTS



Return on shareholders' equity
(%)

2009	23.49
2008	18.94
2007	18.01

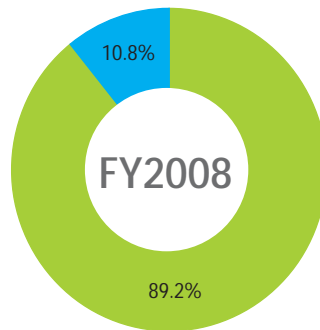
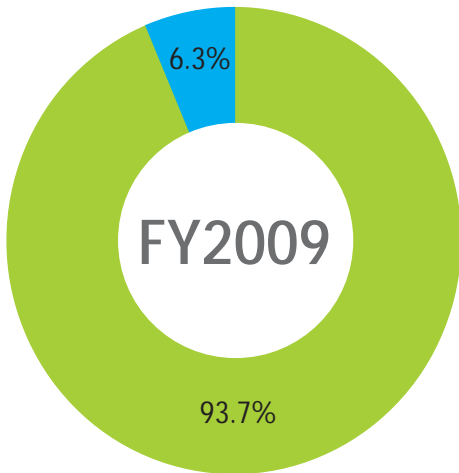
Net asset value per share
(cents)

2009	20.45
2008	16.59
2007	13.22

Earnings per share
(cents)

2009	4.82
2008	3.60
2007	2.09

Turnover by business segment



2009		(\$'000)	(%)
■	Integrated Real Estate and Facilities Management	6,100	6.3
■	Engineering	90,360	93.7

2008		(\$'000)	(%)
■	Integrated Real Estate and Facilities Management	5,696	10.8
■	Engineering	47,010	89.2

TEE share price vs trading volume FY2009



Source: sg.finance.yahoo.com

Gross dividend per share
(cents)

2009	1.20
2008	0.95
2007	1.07

Dividend cover
(times)

2009	4.02
2008	3.79
2007	1.95

Interest cover
(times)

2009	5.87
2008	3.98
2007	3.90

GROUP FINANCIAL HIGHLIGHTS

	2009	2008	2007
For the Year			
Revenue (\$S'000)	96,460	52,706	58,990
Revenue growth (%)	83.01	(10.65)	27.42
Gross profit (\$S'000)	18,489	11,659	7,795
Gross profit margin (%)	19.17	22.12	13.21
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$S'000)	11,019	7,096	4,029
EBITDA margin (%)	11.42	13.46	6.83
Finance costs (\$S'000)	1,829	1,722	964
Profit before income tax (\$S'000)	8,902	5,126	2,798
Pre-tax profit margin (%)	9.23	9.73	4.74
Profit for the year (\$S'000)	6,640	4,378	2,032
After-tax profit margin (%)	6.88	8.31	3.44
Profit attributable to equity holders of the Company (\$S'000)	6,766	4,408	1,983
Operating profit (EBIT) (\$S'000)	10,731	6,849	3,762
At Year End (\$S'000)			
Current assets	109,661	103,173	48,805
Total assets	134,662	127,311	65,228
Current liabilities	64,106	51,520	41,703
Total liabilities	105,866	103,641	53,732
Total debt (including finance leases)	69,566	74,065	38,747
Shareholders' equity	28,801	23,270	11,013
Number of shares ('000)	140,821	140,286	83,329

	2009	2008	2007
Profitability ratios			
Return on shareholders' equity (%)	23.49	18.94	18.01
Return on total assets (%)	5.02	3.46	3.04
Leverage ratios			
Long-term debt to equity ratio (times)	1.44	2.24	1.09
Total debt to equity ratio (times)	2.42	3.18	3.52
Interest cover (times)	5.87	3.98	3.90
Liquidity analysis ratios			
Current ratio (times)	1.71	2.00	1.17
Net asset value per share (cents)	20.45	16.59	13.22
Shareholders' investment ratios			
Earnings per share (cents)	4.82	3.60	2.09
Gross dividend per share (cents)	1.20	0.95	1.07
Dividend cover (times)	4.02	3.79	1.95
Productivity			
Number of employees	293	260	290
Revenue/employee (\$'000)	329.21	202.72	203.41

CHAIRMAN'S MESSAGE



For the year ended 31 May 2009, the Group chalked up a net profit of S\$6.64 million on the back of an 83.01% jump in revenue to the tune of S\$96.46 million.

Dear Shareholders,

TEE International Limited did well in FY 2008/09 and continued to be profitable, buoyed by the burgeoning construction activities in Singapore and overseas. For the year ended 31 May 2009, the Group chalked up a net profit of S\$6.64 million on the back of an 83.01% jump in revenue to the tune of S\$96.46 million.

Though there is much uncertainty in the global business environment, however, the Group was able to deliver on our promises and present a laudable performance for our shareholders.

During the year in review, TEE was upgraded to the SGX Mainboard – no mean feat for our Group, and there was a sense of achievement and encouragement to the management, staff and shareholders of TEE.

Industry Outlook

With our strong order book of S\$255.50 million and a pipeline of construction projects in Singapore and Thailand, I am confident that we can ride through the uncertain times and create even greater shareholder value.

A Shared Vision

Moving forward, with a strong staff strength of over 200 dedicated staff of management team, engineers and executives, TEE hopes to achieve even greater success and deliver

constant and value-added services to our clients and stakeholders, thereby elevating the Group to greater heights. The group's working mantra is to differentiate ourselves from the rest and I am delighted to say that with the right people and expertise, we have progressed in the right direction and are ready to take on bigger projects in Asia and beyond.

A Note of Thanks


In view of our FY2009 performance and to reward shareholders for their unstinting support, the Board of Directors is pleased to recommend the payment of a first and final tax exempt one-tier dividend of 1.20 cents per ordinary share, at the upcoming Ninth Annual General Meeting.

I would like to take this opportunity to express my sincere gratitude to my fellow directors, management and staff for their hard work and dedication in bringing the Group to where it is today.

In closing, I would also like to thank our shareholders, investors, business partners and customers for their support and vote of confidence in TEE. With proper business strategies in place and under the guidance of our capable management team, I have full confidence that the Group will continue to remain profitable and look forward to your continued support.

Bertie Cheng
Non-Executive Chairman

GROUP CHIEF EXECUTIVE & MANAGING DIRECTOR'S MESSAGE



It is this passion for quality that makes TEE unique, and it is crucial that our people are our partners in sharing this culture and vision.

Dear Shareholders,

In spite of the volatility in the global economic environment, the Group continued to thrive in the rush to complete the Marina Bay Sands™ Integrated Resort Development amidst the host of the Group's engineering and construction activities in Singapore and Thailand. We are continuing with the focus on our core engineering capabilities as well as our expanded portfolio of property investment and development which helps to make for a more integrated business model.

Financial Highlights

We had a buoyant year, in the twelve months just ended 31 May 2009, chalking up a robust 83.01% jump in revenue to S\$96.46 million, thanks to the strong contributions from the projects such as the Marina Bay Sands™ Integrated Resort Development and Workers' Accommodation, Citi Campus and The Fusionopolis.

Profit before income tax surged by 73.65% to S\$8.90 million, helping to maintain our pre-tax margin at around 9.23% (FY2008: 9.73%). This was made possible by increasing construction activities and improving operational efficiency across the Group's division. During the year in review, we managed to shave off S\$200,000 from our administrative expenses – the concerted effort of all of our divisional managers and staff for whom I am most grateful.

In line with revenue growth, the Group's gross profit rose by 58.59% to S\$18.49 million whilst profit attributable to equity holders of the Company surged 53.50% to S\$6.77 million.

Based on the Group's latest full-year results, earnings per share increased from

3.60 cents to 4.82 cents, while the Group's net assets value per share rose from 16.59 cents as at 31 May 2008 to 20.45 cents as at 31 May 2009.

A Shared Vision

We are very clear about our growth strategies ahead, and it is very important that we continue to engage our staff, business partners and our stakeholders in sharing our vision for the future up ahead.

Leveraging on our expertise and competitive strengths, the Group will continue to seek new opportunities in its core engineering business, particularly mega iconic projects and rebuilding works. These require extensive engineering expertise and experience, and we have carved a solid reputation in the region for our ability to deliver beyond the expectations of building owners, builders and consultants. Apart from Singapore, we are casting our eyes on cities in the regional arena.

At the same time, we will continue to expand our Integrated Real Estate and Facilities Management business such as Property Development. For a leading building engineering services provider such as TEE, these complementary businesses provide synergies to the Group, thereby reinforcing our integrated business model. Moving ahead, our ideal revenue mix is expected to be 70% engineering-related projects while the remaining 30% would come from non-engineering works such as Property Development.

Our people are our most important asset that will carry the vision and fulfil it. Our corporate strategy is to recruit, develop and retain talented human capital. In our business, apart from our technical

capabilities, the ability to deliver on time and in the highest level of quality is a critical differentiating factor that assures business sustainability and future growth.

It is this passion for quality that makes TEE unique, and it is crucial that our people are our partners in sharing this culture and vision.

Rewarding Shareholders

Over the years, we have tried our best to be consistent in our commitment to reward our shareholders. In line with the Group's continued strong performance and healthy cash flow, the Board of Directors has recommended a first and final tax exempt one tier dividend of 1.20 cents per ordinary share, which if approved by shareholders at our Annual General Meeting to be held on 24 September 2009 will be paid out on 18 November 2009.

Appreciation

I have so many people to thank – our board of directors, our staff, our business associates, as well as you, our beloved shareholders for believing in us and in sharing our confidence about the growth opportunities that lie ahead for TEE.

Have a wonderful year ahead!

C K Phua
Group Chief Executive &
Managing Director

OPERATING AND FINANCIAL REVIEW

Revenue jumped 83.01% due to the higher revenue generated from larger scale of construction projects such as the Citi Campus, The Fusionopolis and Marina Bay Sands™ Workers' Accommodation and Integrated Resort Development.

Singapore continues to be a key contributor to revenue growth, chalking up S\$96.02 million (99.55%), with Malaysia's contribution coming in at S\$0.44 million (0.45%) in FY2009.

In line with the higher revenue, the Group's gross profit increased by 58.59% to S\$18.49 million this year. Our gross profit margins dipped slightly but still remain within the healthy range of 20%.

Our other operating expenses were higher in FY2009 due to a fair value loss of S\$1.00 million incurred on the Group's investment property.

Due to the startup expenses of our 49%-owned Thai property developer associate, Chewathai Ltd (CWT), we incurred a startup loss of S\$0.66 million. Nevertheless, we have already started to see positive revenue coming in from CWT and the Group will recognize its share of net profit when the ownership of the sold units is transferred and payments are received from the respective buyers.

Profit before income tax rose 73.65% to S\$8.90 million this year as a result of an increase in construction activities and improved operational efficiency.

In line with our expansionary growth, the Group has been taking on bigger and iconic projects and this has contributed to our bottomline growth. Net profit for the year increased by 51.69% to S\$6.64 million.

Income Statement

	2009	2008	Change
	S\$'000	S\$'000	%
Revenue			
Engineering	90,360	47,010	92.21
Integrated Real Estate and Facilities Management	6,100	5,696	7.09
Total revenue	96,460	52,706	83.01
Less: Cost of sales	(77,971)	(41,048)	89.95
Gross profit	18,489	11,658	58.59
Add: Other operating income	724	1,716	(57.81)
Less: Administrative expenses	(5,472)	(5,664)	(3.39)
Other operating expenses	(2,352)	(159)	(1,383.06)
Share of loss of associates	(658)	(703)	(6.31)
Finance costs	(1,829)	(1,722)	6.18
Profit before income tax	8,902	5,126	73.65
Less: Income tax expense	(2,262)	(748)	202.09
Profit for the year	6,640	4,378	51.69
Attributable to:			
Equity holders of the Company	6,765	4,408	53.50
Minority interests	(125)	(30)	319.00
	6,640	4,378	51.69

The Group's current ratio has dropped from 2.00 to 1.71 times. This is due to a reclassification of the non-current portion of long-term bank loans within 12 months to the current portion.

The Group's balance sheet remained strong with cash and bank balances standing at S\$9.47 million, and our current ratio at a healthy 1.71 times.

This year, we clinched and started work on a number of large scale projects. As such, our trade receivables increased by 56.61% to S\$32.39 million during the year in tandem with the growth in our revenue.

A loan of S\$4.20 million had been extended to CWT to facilitate the land acquisitions.

As we are actively pursuing new orders to bulk up our order book and due to an increase in construction-related activities, we recorded a rise of S\$0.72 million for higher inventory levels.

The construction work-in-progress in excess of progress billings declined by S\$9.15 million or 71.36%, due to more projects completed during the year. However, our order book remains strong, with S\$255.50 million of outstanding orders from our Engineering sector, the bulk of which is expected to be fulfilled in the coming years.

The S\$1.74 million increase in investment in associates was for the additional investment in CWT.

Our trade payables also increased by S\$7.77 million, mainly due to large scale projects which required more resources.

Our funds attributable to equity holders of the Company stood at S\$28.80 million for the year.

Financial Position

	2009	2008	Change
	S\$'000	S\$'000	%
▶ Current assets	109,662	103,173	6.29
Total assets	134,662	127,311	5.77
▶ Cash and bank balances	9,465	11,987	(21.04)
▶ Trade receivables	32,394	20,684	56.61
▶ Loans receivable from associates	4,441	258	1,621.04
▶ Inventories	1,707	990	72.41
▶ Construction work-in-progress in excess of progress billings	3,672	12,819	(71.36)
▶ Investment in associates	3,322	1,584	109.73
Current liabilities	64,106	51,520	24.43
Total liabilities	105,866	103,641	2.15
▶ Trade payables	22,431	14,665	52.96
▶ Equity attributable to equity holders of the Company	28,801	23,270	23.77

Cash Flow

	2009	2008	Change
	S\$'000	S\$'000	%
▶ Net cash from (used in) operating activities	9,952	(29,235)	(134.04)
▶ Net cash (used in) from financing activities	(4,919)	42,971	(111.45)

Compared to cash utilization of S\$29.24 million for the previous financial year, the Group generated cash of S\$9.95 million from its operating activities in FY2009.

The Group's total debt decreased from S\$74.07 million in FY2008 to S\$69.57 million in FY2009. As a result, the Group's total debt to equity ratio dropped from 3.18 times to 2.42 times.

With rental income contributions from the investment property, and progressive payments from the sales of residential properties, the Group is also progressively working to reduce its long-term bank loans.

BOARD OF DIRECTORS



Mr. Bertie Cheng Shao Shiong



Mr. Phua Chian Kin



Mr. Tan Boen Eng



Er. Lee Bee Wah



Ms. Saw Chin Choo



Mr. Phua Boon Kin

MR. BERTIE CHENG SHAO SHIONG, 72 Non-Executive Chairman

Mr. Cheng was appointed as an Independent and Non-Executive Director of the Company on 5 March 2001 and was last re-elected as a Director of the Company on 25 September 2008. Mr. Cheng is the Chairman of the Nominating and Remuneration Committee and Executive Committee and a member of the Audit Committee. He is also a Company Director in one of the Thai associates, Chewathai Ltd.

Mr. Cheng retired as a Chief Executive Officer of POSBank in July 1997. He holds and has held directorships, in both listed and unlisted companies. Currently, he is the Chairman of TeleChoice International Limited. He is also a Director of CFM Holdings Limited, Hong Leong Finance Limited, Pacific Andes (Holdings) Limited, Singapore Petroleum Company Limited, Thomson Medical Centre Limited, Special Needs Trust Company Limited and Baiduri Bank Berhad. Other appointments include being the Chairman of the Medifund Committee, Singapore General Hospital and a Board Member of the Consumers' Association of Singapore (CASE) Endowment Fund.

Mr. Cheng holds a Bachelor of Arts Degree in Economics (Honours) from the University of Malaya in Singapore. He received the Public Administration Medal (Silver) in 1984 and the Public Service Medal in 2001. In addition, he also received the Friend of Labour Award from the National Trade Union Congress (NTUC) in 2008.

MR. PHUA CHIAN KIN, 50 Group Chief Executive & Managing Director

Mr. Phua has been the Group Chief Executive and Managing Director of TEE International Limited since 2000. He is instrumental in spearheading the expansion and growth of the Group and is also responsible for the Group's overall management, investment decisions, direction and policy decision-making. Mr. Phua is a Member of the Executive Committee. He is appointed as a Member of the Nominating and Remuneration Committee with effect from July 2009.

Mr. Phua has over 27 years of experience in the M&E engineering industry, starting his career with Danish multi-national LK-NES (SEA) Pte Ltd where he was later promoted to General Manager and

Director, responsible for 3 of LK-NES' subsidiaries. He joined Trans Equatorial Enterprises (SEA) Pte Ltd in 1990 as director which renamed to Trans Equatorial Engineering (SEA) Pte Ltd in 1991 and subsequently Trans Equatorial Engineering Pte Ltd in 1994, and took over the Group during a management buyout in 1993.

Mr. Phua graduated in 1979 from the Singapore Polytechnic with a Diploma in Electrical Engineering. He received the Public Service Medal in 2007.

MR. TAN BOEN ENG, 76
Non-Executive Director

Mr. Tan was appointed as an Independent and Non-Executive Director of the Company on 5 March 2001 and was last re-elected as a Director of the Company on 25 September 2008. Currently he serves as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committee.

Mr. Tan has extensive experience in both the public and private sectors. He is currently holding directorships in several listed and non-listed companies from various industries, ranging from business consultancy and training to management consultancy.

Mr. Tan is an Independent Director of OKP Holdings Limited. He is also a Board Member of the Tax Academy of Singapore. Not only is he the Chairman of Association of Taxation Technicians (Singapore) Limited, he is also the Director of Certified Accounting Technicians (Singapore) Limited. Mr. Tan has been the President of the Institute of Certified Public Accountants of Singapore from April 1995 to April 2009 and is now a Council Member.

Mr. Tan had previously held the position of the Director of Asiamedic Limited and AsiaPrime Pte Ltd. He also held the position of Senior Deputy Commissioner of Inland Revenue Authority of Singapore and was a Director of Singapore Pools Pte Ltd, and was a Member of the Nanyang Business School Advisory Committee, Nanyang Technological University. He was a Board Member of the Accounting and Corporate Regulatory Authority and a Member of the Singapore Sports Council. He also served as Chairman of the Securities Industries Council.

Mr. Tan holds a Bachelor of Arts Degree in Economics (Honours) from the University of Malaya in Singapore. He is also a Fellow of the Institute of Certified Public Accountant and CPA Australia. He received the Public Administration Medal (Silver) in 1975.

ER. LEE BEE WAH, 48
Non-Executive Director

Er. Lee was appointed as an Independent and Non-Executive Director of the Company on 26 September 2008. Besides being a member of the Nominating and Remuneration Committee, she is also a member of the Audit Committee and the Executive Committee.

Er. Lee has immense experience in many industries, especially in the engineering and the construction sectors. She has previously worked in ST Construction Pte Ltd and in Wing Tai Property Management Pte Ltd. In addition, she is a Registered Professional Engineer in Singapore. Er. Lee is currently the Principal Partner of LBW Consultants LLP and a Director of LBW Engineering Pte Ltd. She is also the current President and fellow member of the Institution of Engineers Singapore and a Board member of the Professional Engineers Board, Singapore. Er. Lee is also the Director of Merseyside International Pte Ltd, Nayang Learning House Pte Ltd and Trailblazer Foundation Ltd.

Er. Lee holds a Master of Science (Engineering) from the University of Liverpool, United Kingdom and a Bachelor of Civil Engineering from Nanyang Technological University. She is a Member of Parliament for the Ang Mo Kio GRC and Adviser to Nee Soon South Grassroots Organization. She is also the Honorary Fellow member of the Institution of Structural Engineers (IStructE) in the United Kingdom.

MS. SAW CHIN CHOO, 47
Executive Director

Ms. Saw was appointed to the Board of Directors on 10 September 2004 and was last re-elected as a Director of the Company on 25 September 2008. As an Executive Director, she is responsible for the management and administration of the Rebuilding projects within the Group.

Ms. Saw has over 26 years of engineering projects experience, starting her career with Neo Corporation Pte Ltd as Quantity Surveyor. She has held various positions in companies such as Specon Builders Pte Ltd as Project Co-ordinator and Vantage Construction Pte Ltd as Manager and Company Director. She currently holds a position as a Company Director in PBT Engineering Pte Ltd, TEE Development Pte Ltd, and TEE Realty Pte Ltd and in one of the Thai associates, Oscar Design & Decoration Co., Ltd. She is also a Member in the Executive Committee of Chewathai Ltd, one of the Thai associates.

Ms. Saw holds a Technician Diploma Certificate in Building and Advance Diploma in Building Surveying and Inspection from Ngee Ann Polytechnic.

MR. PHUA BOON KIN, 47
Executive Director

Mr. Phua was appointed to the Board of Directors on 1 September 2008 and was last re-elected as a Director of the Company on 25 September 2008. As an Executive Director, he is responsible for the management and administration of the Rebuilding Engineering projects as well as M&E Engineering projects within the Group.

Mr. Phua has more than 24 years of experience in project execution and project management. Mr. Phua was instrumental in the setting up of the two main subsidiaries of the Group, namely Trans Equatorial Engineering Pte Ltd in 1991 and PBT Engineering Pte Ltd in 1996. He has since been with the Group for the past 18 years and has held various appointments in both of these subsidiaries. He is currently a Company Director in PBT Engineering Pte Ltd, TEE Development Pte Ltd, TEE Realty Pte Ltd, and Security Pro-Telco Pte Ltd and in one of the Thai associates, Oscar Estate Management Co., Ltd.

Mr. Phua holds a Technician Diploma Certificate in Mechanical Engineering from Singapore Polytechnic.

KEY EXECUTIVES

SIM GEOK SOON

Executive Director, Infrastructure Engineering

Mr. Sim joined the Group in 1996. He oversees the management and operations of Infrastructure and Special projects team in Singapore. He is involved in various aspects of Business Development of M&E Infrastructure and Special projects in Singapore and overseas. Mr. Sim leads and drives the team to secure the Marina Bay Sands projects, competing against other established players in the market.

Moving ahead, Mr. Sim's biggest challenge is to lead the Infrastructure team to secure

overseas projects and to groom the second generation leaders for the Infrastructure team.

He is currently the Director of Trans Equatorial Engineering Pte Ltd.

PHUA CHER CHUAN

Executive Director, System Engineering

Mr. Phua joined the Group in 2005. He is primarily responsible for the System Integration functions at TEE, providing one-stop system integration solutions that feature the most advanced technology available today, such as high-end Public Address systems, Security Surveillance and Card Access equipment and systems.

Under his supervision, the team works tirelessly to provide customised turnkey installations and software that meet the specific requirements of TEE's clients. Such state-of-art products with a niche differentiation will set TEE apart from the competition.

He is currently the Director of Nexfrontier Solutions Pte Ltd and Security Pro-Telco Pte Ltd.

MR. SIM GEOK SOON
Executive Director,
Infrastructure Engineering



MR. PHUA CHER CHUAN
Executive Director,
System Engineering

PHUA CHER CHEW

General Manager, Business & Property Development

Mr. Phua joined the Group in 1997. He oversees the Business and Property Development arms of TEE. His key responsibilities include identifying new projects for the Group and maintaining existing clients. In addition, Mr. Phua looks into all potential joint ventures, acquisitions and new business opportunities.

Under the Property Development arm, he manages the acquisition of land, land development, sale of the properties, as well as securing opportunities for joint development with other developers in the residential and hotel sectors. In the face of constant challenges such as producing

innovative and new concepts and ideas for property development, rising land cost and demand fluctuation of properties, as well as clients who are looking for a complete, one-stop solution for their project; the team endeavors to be a total service provider.

He is currently the Director of Trans Equatorial Engineering Pte Ltd, TEE Aerospace Industries Pte Ltd, Trans Equatorial Philippines Inc and Oscar Estate Management Co., Ltd.

YEAO AI MEI, CPA

Group Finance Controller

Ms. Yeo joined TEE in 1996, and has held various appointments in the Group. She is instrumental in the setting up of various functions throughout the years and oversees the Group's finance, corporate, human resources and administration functions. She serves as Company Secretary for the subsidiaries in Singapore and is a Member of the Executive Committee.

MS. YEAO AI MEI, CPA
Group Finance Controller

MR. POH SING TONG
Senior Logistic & Purchasing Manager



MR. PHUA CHER CHEW
General Manager
Business & Property Development

POH SING TONG

Senior Logistic & Purchasing Manager

As the Senior Logistics & Purchasing Manager at TEE, Mr. Poh is in charge of the Group's procurement and logistics activities, overseeing procurements, negotiation, budget control functions and logistics operations.

With 8 years of experience at TEE, and 12 years of accumulated experience in the third-party logistics industry, Mr. Poh has a wealth of experience in this area. He strives to maximise the Group's efficiency amidst rising costs, and also looks into cost savings measures, their effectiveness, as well as streamlining the purchasing process and transparency in cost management.

KEY EXECUTIVES

CHIA YOKE HENG

Project Director, Rebuilding Engineering

Mr. Chia is responsible for the construction and management of rebuilding projects. His job is one which requires impeccable execution of fast track projects, a result of effective organisation, high commitment levels and strong decision making.

His team's priority is to deliver the project in a timely manner and to the client's satisfaction. The main criteria that the team has to meet is to maintain high

levels of safety and environmental health standards according to the requirements laid down by the Ministry of Manpower, as well as conforming to stringent safety and security requirements advocated by SMRT while working on such projects.

The team is well equipped to respond quickly to emergency situations and handle unforeseen circumstances, as well as late design changes and other additional requirements so as to complete the project.

TOH CHIEN JUIN

Project Director, Electrical Engineering

Mr. Toh leads and drives Asia Tower One, TEE's first and biggest MEPF Systems Works. With 11 years of experience in the Engineering field, Mr. Toh is well-equipped to handle the massive scale of the Asia Tower One and bring the project to fruition.

His role includes managing and delivering the Asia Tower One project amidst increasing material prices, and to manage and lead his group of Project Managers and Engineers to meet the client's stringent design requirements, as well as ensuring that the project complies with the necessary authorities' requirements. Mr. Toh is also tasked with achieving a good CONQUAS (Construction Quality Assessment System) rating, which serves as a standard assessment system on the quality of building projects and has been a defacto national yardstick for the industry since 1989.

WONG YUN SENG, EDRIC

Project Director, Mechanical Engineering

In his role as Project Director, Mr. Wong oversees and supervises the daily operations of the ACMV and Water Tank business units. He handles all communications with team members, suppliers, sub-contractors and personally keeps a tight rein on urgent project schedules.

His focus is on timely project delivery with works of superior quality and value-added services to clients, whilst bearing in mind prudent cost measures for the benefit of both parties. He is also dedicated to developing his staff to equip them with the right mindset, culture and skills to plan and execute projects in an effective and efficient manner.

MR. CHIA YOKE HENG
Project Director,
Rebuilding Engineering



MR. WONG YUN SENG, EDRIC
Project Director, Mechanical
Engineering

MR. TOH CHIEN JUIN
Project Director,
Electrical Engineering

**MR. SORAKRIT
PUNTHUMONTREE**
General Manager
Chewathai Ltd



BOON CHOON KIAT, CFA, CPA

Executive Director, Thailand's Operations

Mr. Boon is the Executive and Country Director for the Group's operations in Thailand. In his current capacity, he is responsible for operations and business development in Thailand.

He is the Authorised Director of Trans Equatorial Indochina Co., Ltd, Oscar Estate Management Co., Ltd, Oscar Property Management Co., Ltd, Oscar Design & Decoration Co., Ltd, Chewathai Ltd and Chewathai Hup Soon Ltd.

Mr. Boon was an Export Manager with United Union Parts Co., Ltd for 2 years prior to joining the Group in 2000.

MR. BOON CHOON KIAT, CFA, CPA
Executive Director, Thailand's Operations

TAN PENG BOON

Executive Director, Malaysia's Operations

With close to 23 years of engineering experience, Mr. Tan is responsible for the management and administration of the Group's Operations in Malaysia.

Prior to joining the Group in 1997, Mr. Tan was an Engineer with the Republic of Singapore Navy. He has also held positions as Project Manager in Multi-Aire Engineering Pte Ltd and Koyo Engineering Pte Ltd. He is currently a Director of TEE Aerospace Industries Pte Ltd and a Director in one of the related parties, PBT Technologies Pte Ltd.

SORAKRIT PUNTHUMONTREE

General Manager, Chewathai Ltd

Mr. Sorakrit is the General Manager of Chewathai Ltd, one of the Thai associates. In his role, he manages and develops properties for sales which currently are Chewathai Ratchaparop and The Surawong.

Previously, he served as the Chief Executive Officer in one of the subsidiaries in real estate business of Advance Agro Public Co., Ltd in Thailand.

One of his biggest challenges to date is to implement and execute sales and marketing strategies to promote condominiums and houses in Thailand, amidst the current economic crisis.

CORPORATE NEWS IN 2009

Date	Event
MARCH - MAY 2009	<p>Projects awarded:</p> <p>Trans Equatorial Engineering Pte Ltd: air conditioning and mechanical ventilation installation works to proposed erection of block MD6 consisting of 15 storeys with one basement for Yong Loo Lin School of Medicine within National University of Singapore.</p> <p>Contract value: approximately S\$29 million with a contract period from 18 February to 17 May 2011.</p> <p>PBT Engineering Pte Ltd: proposed additions and alterations to National University of Singapore at Heng Mui Keng Terrace for the existing Institute of Infocomm Research "I2R".</p> <p>Contract value: approximately S\$10 million with a contract period from 5 February to 20 July 2009.</p> <p>PBT Engineering Pte Ltd: fitting-out works to Citi Campus at Changi Business Park.</p> <p>Contract value: approximately S\$16 million with a contract period from 2 March to 1 June 2009.</p> <p>Increase in issued and paid up capital of:-</p> <p>Security Pro-Telco Pte Ltd, a wholly-owned subsidiary of the Company, from S\$500,000 to S\$1 million with an additional share allotment of 500,000 shares of S\$1.00 each to the Company. The allotment is satisfied by cash consideration.</p> <p>Nexfrontier Solutions Pte Ltd, a wholly-owned subsidiary of the Company, from S\$30,000 to S\$500,000 with an additional share allotment of 470,000 shares of S\$1.00 each to the Company. The allotment is satisfied by cash consideration.</p> <p>TEE Development Pte Ltd, a wholly-owned subsidiary of the Company, from S\$1 million to S\$3 million with an additional share allotment of 2,000,000 shares of S\$1.00 each to the Company. The allotment is satisfied by cash consideration.</p> <p>Increase of investment in PBT Engineering Sdn Bhd, from RM100 to RM500,000.</p>
DECEMBER 2008 - FEBRUARY 2009	<p>Project awarded:</p> <p>Trans Equatorial Engineering Pte Ltd: secured a contract for the MEPF Systems Works at the new 43-storey office building at Marina View by Hyundai Engineering & Construction Co., Ltd.</p> <p>Contract value: approximately S\$121 million for a period of 30 months.</p> <p>FY2009 Half-Year Financial Statement and Dividend Announcement.</p> <p>Increase of investment in Chewathai Ltd to THB61.25 million.</p> <p>Completion of purchase of 280,000 ordinary shares at RM1.00 each in Multi Amp Engineering Sdn Bhd by PBT Engineering Sdn Bhd, a wholly-owned subsidiary of Trans Equatorial Engineering Pte Ltd.</p> <p>Changes in the composition of members of Nominating Committee and Executive Committee.</p> <p>Chinese New Year celebration at Villa Francis Home for the Aged.</p>

**SEPTEMBER -
NOVEMBER 2008**

Project awarded:

PBT Engineering Pte Ltd: awarded the contract to design and build a Workers' Accommodation for Marina Bay Sands Pte Ltd.

Contract value: approximately S\$12 million, to be completed within 75 days.

TEE International Limited upgraded to SGX Mainboard.

Eighth Annual General Meeting.

Joint Venture agreement between Chewathai Ltd and Hup Soon Global Corporation Limited's associated Company in Thailand, United Motor Works (Siam) Public Company Limited (UMWS), to develop UMWS' property at Surawongse Road, Bangkok, into a residential condominium.

Mid-Autumn festival celebration at Villa Francis Home for the Aged.

**JUNE - AUGUST
2008**

Projects awarded:

Trans Equatorial Engineering Pte Ltd: renovation works for Certis CISCO Centre 1.

Contract Value: S\$0.54 million with a contract period from 1 April to 15 August 2008.

PBT Engineering Pte Ltd: proposed additions and alterations to existing Tanjong Pagar MRT station.

Contract value: approximately S\$5.45 million with a contract period from 2 January to 30 November 2008.

NexFrontier Solutions Pte Ltd: build testers, software programme development, test development services and load rack system development.

Contract value: S\$0.92 million with a contract period from 18 February to 30 September 2008.

PBT Engineering Sdn Bhd: proposed fitting-out of Marks & Spencer Department Store, One Utama Shopping Centre.

Contract value: S\$0.27 million with a contract period from 17 January to 16 February 2008.

FY2008 Full-Year Financial Statement and Dividend Announcement.

Notice of book closure date for proposed first and final dividend.

Donation to victims of Sichuan earthquake.

OUR PEOPLE

People are vital assets at TEE, where engineering, design and the work process require both a sound mind and a healthy body. We believe that developing the intellectual assets of our employees is key to a successful business. Therefore at TEE, we are committed to empowering our employees with technical, leadership, management and interpersonal skill sets to develop their full potential in the work place.

People Development

For the year under review, we dedicated a total of 2,500 training hours to improve and develop the skill sets mental well-being of our staff. For staff working on-site, apart from attending compulsory training programmes, those at supervisory levels are also able to sign up for basic English lessons to improve their language skills. For executive and management staff, we have a series of customised in-house training programmes aimed at equipping them with the necessary technical skills required to advance further in their career. Seminars are also conducted in order to educate the staff on common legal issues in the workplace and gain further knowledge of the Singapore legal system.

Emotional Intelligence (EQ) is quickly emerging to become an important aspect of a core business competency that is a requirement in the modern work environment. Executive staff were encouraged to attend a Time Mastery and Emotional Intelligence course, where each employee learnt the concept and application of EQ in the workplace environment. Participants learnt to manage their time better in order to improve work efficiency and productivity. They also gained insights into how EQ can help co-workers understand each other better and prevent conflicts in the work place.

To build a more cohesive team at TEE, we also brought training to the outdoors.

Telematches were organised where teams had to compete with each other in a series of fun and games such as paint ball skirmish and relay runs. In December 2008, Team TEE 5000 – made up of on-site staff, executive and management staff – was formed. Physical training sessions were held weekly and conducted by staff to help new as well as experienced runners build up their stamina and body strength in order to participate in a grueling 5,000km run across Singapore, Malaysia, Thailand and Hong Kong. This company-wide activity was a first for many at TEE and taught them the meaning of team spirit, team work and boosted staff morale.

Succession Planning

No matter how successful the Company has become, no matter how secure the future holds, succession planning is an essential part of management. Few embrace it because it is particularly difficult for company leaders, especially those who have toiled through sweat and tears to build up their Companies, to let go. However, having a succession plan is crucial to building companies that last.

We recognise that no one is indispensable, but the absence or loss of key management can be detrimental and result in a loss of shareholder confidence. At TEE, we feel that it makes good business sense for top management to develop potential successors for the future.

We have a programme in place where key personnel are chosen to mentor the next generation of managers. In our industry, where precise engineering prowess and keen management discernment are mission critical, it is important to have a young, motivated team who are adept at meeting the challenges of the future. Without a succession plan, the Company will find itself out of the race if it does not progress and evolve with the times. TEE must adapt; it must be agile, in order to make it to the next lap of growth.



Outdoor activity and telematch

TEE 2008 Appreciation Gala



In-house training



OUR PEOPLE

Training

	Year 2009 (Jan – Jul)	Year 2008	Year 2007
No. of Executive and Management staff assigned for training	75	64	43
No. of on-site staff assigned for training	27	31	22

- Courses and training attended by the staff include workplace safety, supervisory, problem solving, creativity, language enhancement, etc

Employee Statistics

Level	No. of Staff
Key Management	11
Middle and Junior Management	15
Administration and Clerical	45
Site Operations	73
NTS/Skilled Workers	149
Total	293

Statistics on Length of Service

Year of Service	No. of Staff
< 5 Years	235
5 to 10 Years	39
Over 10 Years	19

Statistics on Education Qualification

Qualification	No. of Staff
Degree and above	65
Diploma and Equivalent	33
Secondary and Below	60
Skill Certificate	135

Succession Planning

	Current Team	New Team
Average Age	43	40
Number of team members	10	15
Highest Education Level	Master Degree	Master Degree
Lowest Education Level	NTC	Diploma

CORPORATE SOCIAL RESPONSIBILITY



TEE takes pride in its corporate social responsibilities, and has always been actively involved in corporate citizenry and community activities.

This year, the team at TEE organised and participated in various activities at the Villa Francis Home for the Aged. We also planned donation drives for victims of the Sichuan earthquake tragedy which claimed many lives in China.



Movie Screening

May 2008

TEE's initial plan was to charter a cinema and bring the old folks out for a movie, but due to mobility issues, TEE brought the cinema to the old folks instead. TEE set-up a home movie theatre so the old folks could watch the movie comfortably. Snacks and drinks were also provided to go with the movie.

Sichuan Earthquake Donation

June 2008

TEE and its staff donated to victims of the Sichuan earthquake which struck the Sichuan province of China and killed at least 68,000 people in May 2008.



Mid-Autumn Festival Celebration

September 2008

TEE decorated the Villa Francis Home for the Aged with lanterns, and gave out moon cakes and goodie bags to the elderly. Volunteers took old folks out for a walk around the compound, and songs and music related to the occasion were sung and played.



Chinese New Year Celebration

January 2009

TEE organised a series of activities for the old folks during Chinese New Year, such as song and dance, drama sketch, lion dance and even a magic show performed by our Group Chief Executive, Mr. C K Phua. We also gave out goodie bags and "ang-baos" (red packets) to the elderly as part of the Chinese New Year tradition. A buffet lunch was also provided during the celebration.



SAFETY, HEALTH AND ENVIRONMENTAL AWARENESS



TEE's initiatives on Safety, Health and Environmental Awareness are driven by the following policies: -

Safety and Health Policy

TEE is committed to the development and maintenance of culture and the processes that ensure the safety and health of all employees, subcontractors, visitors, customers and public. This policy is an integral part of our continuous improvement process.

The Group's management, supervisors and subcontractors are also responsible for strengthening the implementation of the safety and health systems through proactive communication, continuous improvement of health and safety systems and procedures, and developing and implementing detailed safety and health auditing at all work locations through a series of internal practices.

Fitness for Work Policy

TEE strongly believes that being "Fit for Work" is a fundamental part of our Safety Systems. The Group strives to provide a safe and healthy working environment which minimises the risk of injury or illness through any act or omission.

Management, supervisors and subcontractors are responsible for the safety and health of all their employees. At the same time, employees are also responsible for ensuring that they are in a fit state to carry out their duties without causing risk to themselves or others.

Rehabilitation Policy

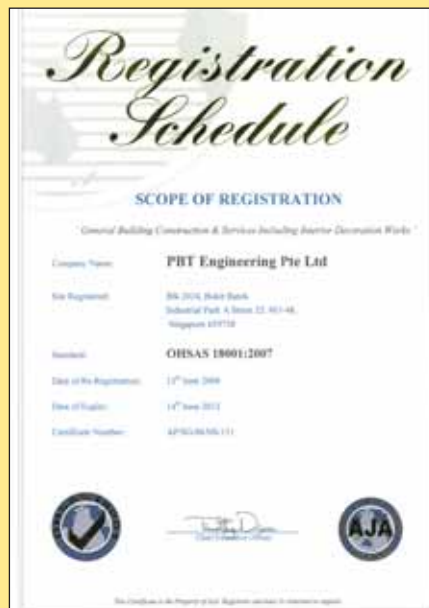
If an injury or illness occurs at the workplace, TEE will provide rehabilitation services to support the injured personnel until a full return to work is possible. TEE will also do its best to minimise the impact of the rehabilitation process on its operations.

To achieve this, TEE will educate all its personnel on the requirements of rehabilitation and heighten awareness of the process throughout the Company.

Environmental Policy

TEE is committed to protecting and enhancing the quality of the environment by conducting all aspects of our business in a manner that ensures continual compliance with all environmental laws. TEE aspires to ensure that its installation processes and products are safe for its customers, the public and the environment.

With the gradual integration of environmental factors into planning, operational decisions and processes, we will strive to continuously use resources as efficiently as possible and reduce the effects of our work activities on the environment.



CORPORATE GOVERNANCE REPORT

The Board of Directors continues to be committed to upholding the highest standards of corporate governance, and believes those sound corporate governance principles and practices will sustain and improve corporate performance, accountability, transparency, building trust and confidence in the Group, safeguarding the interests of all shareholders and promoting investors' confidence in the Group.

The Company has complied with the Code of Corporate Governance 2005 (the Code) except where otherwise explained. In areas where we have not complied with the Code, the Group will continue to assess its needs and implement appropriate measures accordingly.

This Report describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the success of the Company. The Board works with the Management to achieve this and the Management remains accountable to the Board.

The Board assumes responsibility for setting strategic direction, establishing pertinent policies, corporate governance and overseeing proper management of the Group. Their responsibilities apart from statutory responsibility also extend to the following functions:

- Providing entrepreneurial leadership;
- Approving the Group's policies, strategies and financial plans;
- Reviewing the Group's financial and management performance;
- Approval of half-year and full-year results announcements;
- Approval of annual report and accounts;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Overseeing the business of the Group and monitoring the performance of the Management;
- Declaration of interim dividends and proposals of final dividends;
- Convening of shareholders' meetings;
- Approval of annual budget, material acquisitions and disposal of assets, major investments and divestment proposals;
- Approval of nominations for the Board by the Nominating and Remuneration Committee and endorsing the appointments of the Key Executives and/or external auditors; and
- Reviewing recommendations made by the Nominating and Remuneration Committee and approving the remuneration packages for the Board and Key Executives.

All Directors are required to use reasonable diligence in discharging their duties and act in good faith in the best interests of the Group.

In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various Committees. The Board Committees consist of the Audit Committee, Nominating and Remuneration Committee and Executive Committee. The Chairman of the respective Committees will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

The Board meets regularly at least two times within each financial year and at other times as appropriate, to approve the release for the Group's financial results as well as to consider and resolve major financial and business matters of the Group. To facilitate effective management, the day-to-day management of the Group's businesses and affairs are entrusted to the Directors and Key Executives.

The Company's Articles of Association provide for the Board to convene meetings via conference telephone, video conferencing or other audio or audio-visual communications equipment.

CORPORATE GOVERNANCE REPORT

The details of the frequency of Board and Board Committees meetings held during the financial year ended 31 May 2009 and the attendance of every Board member at the meetings are set out below:-

Name of Director	Board Committee Meetings							
	Board of Directors Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr. Bertie Cheng Shao Shiong	2	2	2	2	1	1	2	2
Mr. Tan Boen Eng	2	2	2	2	1	1	2	2
Er. Lee Bee Wah ⁽¹⁾	2	1	2	1	1	–	2	1
Mr. Phua Chian Kin	2	2	–	–	–	–	2	2
Ms. Saw Chin Choo	2	2	–	–	–	–	–	–
Mr. Phua Boon Kin ⁽²⁾	2	1	–	–	–	–	–	–

(1) Appointed on 26 September 2008.

(2) Appointed on 1 September 2008.

The Group has adopted a set of internal guidelines setting forth matters that require the approval of the Board. Under these guidelines, all investments, material acquisitions and disposals of assets, corporate restructuring and all commitments to term loans and lines of credit from banks and financial institutions require the Board's approval.

Directors' Training

Orientation courses and educational programmes will be organised for new Directors to ensure that the incoming Directors are familiar with the Company's key business and governance practices.

Prior to their appointment, new Directors are also provided with the relevant information on their duties and responsibilities as Directors, the Company's corporate governance processes as well as relevant statutory and regulatory compliance issues. Directors may request for further explanations, briefings and informal discussions on any aspects of the Company's operations or business issues.

The Management monitors changes to regulations and financial reporting standards closely. Directors will also receive regular updates on changes in the relevant laws and regulations, changing commercial risks and business conditions to enable them to make well-informed decisions.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from the Management. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board comprises six Directors, of whom three are Independent and Non-Executive Directors. This composition is in compliance with the Code's requirement that at least one-third of the Board should be made up of Independent Directors.

CORPORATE GOVERNANCE REPORT

The composition of the Board is as follows:-

Executive Directors

Mr. Phua Chian Kin (Group Chief Executive and Managing Director)

Ms. Saw Chin Choo

Mr. Phua Boon Kin

Independent and Non-Executive Directors

Mr. Bertie Cheng Shao Shiong (Non-Executive Chairman)

Mr. Tan Boen Eng

Er. Lee Bee Wah

Er. Lee Bee Wah was appointed as an Independent Director of the Company with effect from 26 September 2008. The appointment is in line with the Company's practice to enhance the diversity of experience and expertise within the Board.

The Nominating and Remuneration Committee (NRC) reviews the independence of each Director on an annual basis by taking into consideration the Code's definition of an Independent Director as well as the relationships which would deem a Director not to be independent. The NRC is of the view that the Board is of the appropriate size and with the right mix of skills and experience given the nature and scope of the Group's operations.

The Board is made up of a team of high calibre leaders whose extensive experience, knowledge and expertise combine to contribute to effective decision-making and direction for the Group. As a group, they possess the core competencies such as finance knowledge, business and management experience, industry knowledge and strategic planning experience which are required for the Board to be effective. The profile of the Directors is set out on pages 36 to 37.

Directors are free to hold open discussions on important matters such as the Group's financial performance and the Group's strategy and make decisions collectively during the Board meetings.

Role of Chairman and Managing Director

Principle 3: There should be a clear division of responsibilities at the top of the Company – the working of the Board and the Executive responsibility of the Company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

There was a clear division of responsibilities of the Chairman and Managing Director to ensure an appropriate balance of power and authority to increase accountability and greater capacity of the board for independent decision-making. The Chairman and the Managing Director are not related to each other.

Mr. Bertie Cheng Shao Shiong, Non-Executive Chairman, is responsible for, among others, approving the agendas for the Board and the various Board Committees. He is also responsible for exercising control over the quantity, quality and timeliness of the flow of information between the Management of the Company and the Board and ensuring compliance with the Group's guidelines on corporate governance. The Chairman also provides close oversight, advice and guidance to the Managing Director and the Management.

Mr. Phua Chian Kin who assumes the role of Group Chief Executive and Managing Director plays an instrumental role in the expansion and growth of the business of the Group and leads the Group with strong vision. He is responsible for the day-to-day running of the Group's business affairs. He also leads the Management and executes plans in the implementation of the Board's decisions.

In order to assist the Group Chief Executive and Managing Director, an Executive Committee (EXCO) is appointed. Mr. Cheng is the Chairman of the EXCO. More details on the EXCO can be found on page 61.

CORPORATE GOVERNANCE REPORT

For good practice, the Key Executives who have prepared the Board meeting papers, or who can provide additional insight into the matters to be discussed, are invited to present the Board meeting papers or attend at the relevant time during the Board meeting.

BOARD COMMITTEES & REMUNERATION MATTERS

NOMINATING AND REMUNERATION COMMITTEE

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new Directors to the Board.

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on Executive remuneration and for fixing the remuneration packages of individual Directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the Company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Disclosure on Remuneration

Principle 9: Each Company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

On 29 July 2009, it was announced that both the Nominating and Remuneration Committees had been merged into one committee called the Nominating and Remuneration Committee (NRC). The NRC will still carry out the functions of Nominating and Remuneration Committees.

The NRC comprises a majority of independent and non-executive directors:-

Independent and Non-Executive Directors

Mr. Bertie Cheng Shao Shiong (Chairman)

Mr. Tan Boen Eng

Er. Lee Bee Wah

Executive Director

Mr. Phua Chian Kin

The majority of the NRC members are independent from business and management relationships. All three Independent Directors, including Mr. Cheng, the Chairman of the NRC, are not associated with the substantial shareholder.

CORPORATE GOVERNANCE REPORT

One of the NRC's primary functions is to provide assistance to the Board in selecting suitable Directors and making recommendations on all appointment of Directors to the Board.

In addition, the NRC also performs the following functions:

- Nominate Directors to fill up any vacancies in the Board or the various Committees;
- Re-nominate existing Directors, having regard to the Director's contribution and performance including, if applicable, as an Independent Director;
- Review annually whether a Director is independent;
- Ensure that, where the Director has multiple directorships, he is able to devote sufficient time and attention to the affairs of the Group so as to carry out his duties;
- Take into account the scope and nature of the operations of the Group to review and determine the appropriate size and structure of the Board;
- Recommend Directors who are retiring by rotation to be put forward for re-election;
- Recommend a framework for remunerating the Board, both Executive and Non-Executive Directors and Key Executives; and
- Review all matters relating to remuneration of the Board and Key Executives.

Election and Re-election

All Directors (excluding the Group Chief Executive and Managing Director) submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to Article 89 of the Company's Articles of Association, one-third of the Board of Directors (apart from the Managing Director) are subject to retirement from office by rotation and be subject to the re-election at the Company's Annual General Meeting.

It was also provided in the Article 88 of the Company's Articles of Association that additional Directors appointed during the year shall only hold office until the next Annual General Meeting and are subject to re-election by the shareholders.

The NRC has recommended the nomination of Directors retiring by rotation under Article 88 and Article 89 of the Company's Articles of Association, namely Er. Lee and Ms. Saw, for re-election at the forthcoming Annual General Meeting respectively.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Tan and Mr. Cheng are subjected to re-appointment as Directors of the Company to hold office until the next Annual General Meeting as they are over 70 years of age.

Upon the re-appointment as Directors of the Company, Mr. Tan will remain as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committee. Mr. Cheng will remain as Non-Executive Chairman of the Company, Chairman of the Nominating and Remuneration Committee and Executive Committee and a member of the Audit Committee respectively.

Review of Directors' Independence

The NRC conducts an annual review of the independence of Directors. After taking into consideration the Code's definition of independence, the NRC is of the view that the Non-Executive Directors, Mr. Cheng, Er. Lee and Mr. Tan are independent.

Review of Directors with Multiple Board Representations

The NRC also determines on an annual basis if directors, who serve on many boards, are able to and have been discharging their duties. The NRC has reviewed and is satisfied that all the directors have been adequately carrying out their duties.

CORPORATE GOVERNANCE REPORT

Process for Selection and Appointment of New Directors

- The NRC reviews the needs of the Board by taking into account the scope and nature of the operations of the Group.
- Based on the results of the Board Performance Evaluation which are completed by the Board annually, the NRC is able to evaluate whether the composition of the Board is adequate. It also assesses whether additional competencies are required in the area where the appointment of new Directors is concerned.
- In selecting new Directors, suggestions made by Directors were considered.
- After assessing their suitability, potential candidates are then short-listed by the NRC.
- The most suitable candidate is subsequently appointed to the Board.

Policy on External Appointments

The Group recognises that its Executive Directors may be invited to become Non-Executive Directors of other Companies and that exposure to such non-executive duties can broaden the experience and knowledge of its Executive Directors which will benefit the Group. Executive Directors are therefore allowed, with the Board's consent, to accept non-executive appointments, as long as these are non-competing companies and are not likely to lead to conflicts of interest.

The dates of initial appointment and last re-election of each director are set out below:-

Name of Director	Age	Position	Date of Initial Appointment	Date of last re-appointment/re-election
Mr. Bertie Cheng Shao Shiong	72	Independent/Non-Executive	5 March 2001	25 September 2008
Mr. Tan Boen Eng	76	Independent/Non-Executive	5 March 2001	25 September 2008
Er. Lee Bee Wah	48	Independent/Non-Executive	26 September 2008	–
Mr. Phua Chian Kin	50	Non-independent/Executive	15 August 2000	Not applicable
Ms. Saw Chin Choo	47	Non-independent/Executive	10 September 2004	25 September 2008
Mr. Phua Boon Kin	47	Non-independent/Executive	1 September 2008	25 September 2008

Remuneration Matters

The remuneration policy adopted by the Group comprises of a fixed component and a performance-related variable component. The variable component depends on the performance of each Company within the Group.

The Company does not have any long-term incentive schemes. In setting remuneration packages, the Company takes into account the remuneration and employment conditions within the same industry and in comparable companies.

The Board also recommended a fixed fee for the effort, time spent and responsibilities of each Independent and Non-Executive Director. The Chairman of the Board is paid a higher amount of Director's fee as his level of responsibility is higher. Executive Directors do not receive Directors' fees. The Independent Directors' fees will be subject to shareholders' approval at the Annual General Meeting. They do not have any service contracts with the Company. The Board also receives attendance fees for attending meetings.

The Company's Articles of Association and the requirements of the SGX-ST Listing Manual govern their terms of appointment. There are safeguards in place to ensure that no one individual represents a considerable concentration of power. The NRC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. No Director is involved in the determination of his own remuneration.

The Group Chief Executive and Managing Director has a 3 years renewal service contract with the Company which has been renewed in July 2007. There are no onerous removal clauses or early termination clauses.

CORPORATE GOVERNANCE REPORT

A breakdown showing the level and mix of remuneration paid or payable to each Director of the Company (in percentage terms) for the financial year ended 31 May 2009 is as follows:-

Directors' Remuneration

Remuneration bands & Name of Director of the Company	Directors' Fees % (1)	Attendance Fees %	Base/Fixed Salary % (2)	Variable or Performance Related Income/ Bonuses (inclusive of allowances) % (2)
S\$500,000 and above				
Mr. Phua Chian Kin	–	1	47	52
S\$250,000 to below S\$500,000				
Mr. Phua Boon Kin	–	1	63	36
Ms. Saw Chin Choo	–	1	62	37
Below S\$100,000				
Mr. Bertie Cheng Shao Shiong	96	4	–	–
Mr. Tan Boen Eng	95	5	–	–
Er. Lee Bee Wah	77	23	–	–
Dr. Ong Chit Chung ⁽³⁾	–	–	35	65
Mr. Lee Yeow Seng ⁽⁴⁾	–	2	98	–

(1) The amount of S\$110,000 Directors' fees is approved in the Eighth Annual General Meeting on 25 September 2008. Mr. Cheng was paid S\$65,000; Mr. Tan was paid S\$40,000 and Er. Lee was paid S\$5,000.

(2) The salaries and bonuses shown are inclusive of Central Provident Fund Contributions.

(3) Demised on 14 July 2008. A gratuity is given to Dr. Ong for his contribution.

(4) Resigned on 1 September 2008.

Key Executives' Remuneration

The remuneration of each Key Executive is not disclosed as the Company believes that disclosure may be prejudicial to its business interests given that it is operating in highly competitive environments. The profiles of the Key Executives is set out on pages 38 to 41. The Company is disclosing the remuneration of the top 11 Key Executives who are not the Directors of the Company in bands as shown below for the financial year ended 31 May 2009:-

Remuneration bands	FY2009	FY2008
S\$250,000 to below S\$500,000	1	–
S\$100,000 to S\$250,000	8	7
Below S\$100,000	2	3

Out of the 11 Key Executives, Mr. Phua Cher Chuan and Mr. Phua Cher Chew are nephews of Mr. Phua Chian Kin, the Group Chief Executive and Managing Director, whose remuneration did not exceed S\$150,000.

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

In the process of assessing the effectiveness of the Board, the contribution of individual Directors plays an important role. In reviewing the re-appointment of any Director, a formal process is established by performing an evaluation on the performance of the Directors annually. Assessment on each Director's contribution to the Board includes his attendance and participation, time and effort devoted to the Company's business and affairs. The NRC has conducted a Board Performance Evaluation to assess the effectiveness of the Board for the financial year ended 31 May 2009.

In addition, through the NRC, the Board ensures that the appointed Directors possess core competencies like business experience, knowledge of accounting and finance and background understanding of the industry. This in turn allows the Board to benefit from the different viewpoints which the Directors provide.

New directors will be appointed by way of a board resolution after the NRC approves their appointment. Such new Directors must submit themselves for re-election at the next Annual General Meeting as provided under Article 88 of the Company's Articles of Association.

Access to Information

Principle 6: Board members should be provided with complete, adequate and timely information prior to Board meetings and on an ongoing basis.

Prior to each meeting, the members of the Board are provided with timely management accounts and other relevant information on material events and transactions with background and explanations to enable them to have a comprehensive understanding of the issues so as to make informed decisions. In view of the Group's size and nature of operations, half-yearly reports are considered adequate. In between Board meetings, other important matters concerning the Group are also submitted to the Board for approval by way of circulating resolutions in writing and electronic communications. However, sensitive matters may be tabled at the Board meetings or discussed without distributing papers.

The Company Secretaries or her representatives would attend all the Board meetings and provide assistance to the Chairman by ensuring that board procedures are followed. They also help to ensure that the relevant regulations, as well as requirements of the Companies Act and the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) have been duly complied with.

The Directors have also been provided with the telephone numbers and electronic communication particulars of the Company's Key Executives and Company Secretaries to facilitate access. Moreover, each Director is free to seek independent professional advice, at the Company's expense, concerning all aspects of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

Upon approval and authorization given by the Board, half-yearly and annual financial statements are presented to the shareholders promptly via Singapore Exchange Limited (SGX) and the Company's website. The Company's Annual Report is also available at the Company's website.

CORPORATE GOVERNANCE REPORT

The Directors aim to present a balanced and transparent assessment of the Group's position and prospects. During the preparation of financial statements, the Directors have ensured that all applicable financial reporting standards have been followed; judgments and estimates made are reasonable and prudent; and adopted appropriate accounting policies and applied them consistently. The Management currently provides the Board with a continual flow of relevant information on a timely basis so that it may effectively discharge its duties.

Audit Committee

Principle 11: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Currently, the Audit Committee consists of three Independent and Non-Executive Directors:-

Independent and Non-Executive Directors

Mr. Tan Boen Eng (Chairman)
Mr. Bertie Cheng Shao Shiong
Er. Lee Bee Wah

The role of the Audit Committee is to assist the Board in the execution of its corporate governance responsibilities within the established Board references and requirements to monitor and appraise whether the Management has created and maintained an effective control environment in the Group, as well as providing a channel of communication between the Board, the Management, the internal auditors and the external auditors, on matters arising out of the internal and external audits. Each member of the Audit Committee shall abstain from voting any resolution in respect of matters of which he is interested in.

The duties of Audit Committee include the following:

- Review findings, audit plan, including nature and scope of audit before the commencement of each audit, evaluation of the system of internal accounting controls, auditors' report and management letters with the internal and external auditors;
- Review half-year and full-year financial statements and announcements before submission to the Board for approval;
- Review the co-operation given by the management to the internal auditors and external auditors;
- Review the adequacy of internal audit function;
- Review and discuss with external auditors any suspected fraud, irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and the Management's response;
- Make recommendations to the Board on the appointment/re-appointment of the external and internal auditors, audit fees and matters relating to the resignation and dismissal of the auditors;
- Review any interested person transactions and ensure that each transaction has been conducted on an arm's length basis;
- Review any potential conflicts of interest; and
- Consider other matters as defined by the Board.

The members of the Audit Committee have sufficient accounting and related financial management expertise and are suitably qualified to discharge the Audit Committee's experience.

The Audit Committee has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation of the Management. It also has full discretion to invite any Director or Key Executive to attend its meetings. The Audit Committee has access to sufficient resources to enable it to discharge its functions properly.

CORPORATE GOVERNANCE REPORT

In addition, the Audit Committee holds a half-yearly meeting to review the half-year and full-year financial statements and related disclosures before submitting them for recommendation to the Board for approval.

The Audit Committee also has separate and independent access to the internal auditors and external auditors. During the year, the Audit Committee has held a separate meeting with the internal auditors and external auditors without the presence of the Management to discuss the reasonableness of the financial reporting process, to review the adequacy of audit arrangements with particular emphasis on the observation and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors.

The Audit Committee also conducts regular reviews of the nature, extent and costs of all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence of the external auditors. This is to strike a balance of the maintenance of their objectivity and their ability to provide value-for-money services.

It is noted that different auditors have been appointed for some of the overseas subsidiaries and associates. The name of the auditing firm is disclosed in Notes 13 and 14 of the financial statements. This matter has been reviewed by the Audit Committee and the Board and both are satisfied that the appointment does not compromise the standard and effectiveness of the audit of the Company.

Having reviewed the amount of non-audit related work which comprised tax services rendered to the Group by the external auditors, Messrs Deloitte & Touche LLP, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the Audit Committee has recommended their re-nomination to the Board.

The Audit Committee is in the process of setting up a whistle-blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters. The details of the whistle-blowing policy will be made available to all employees, once implemented.

Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Audit Committee is aware that the Group's system of internal controls plays a crucial part in the identification and assessment of risks that may have an impact on the Group's operations. With the assistance of the Group's internal and external auditors, regular reviews of the system of internal controls are carried out. The results of the reviews are then reported to the Audit Committee. The Audit Committee will then take action on the material internal control weaknesses as well as on the recommendations for improvement which are proposed.

The Board believes that the system of internal controls maintained by the Company's Management which was in place throughout the financial year, provides reasonable, but not absolute, assurance against material financial misstatements or loss. Reviewing the system of internal controls includes ensuring the adequate safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation and the identification and containment of business risk. The Board acknowledges that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Company has appointed PKF-CAP LLP (PKF) to provide internal audit services within the Group.

PKF has met the standards set out by internationally recognized professional bodies such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Audit Committee is satisfied that PKF has sufficient resources in the performance of its functions and has appropriate standing within the Company.

PKF will review key internal controls in selected areas in consultation with, but independent of the Management. In the review, PKF usually reports their findings to the Audit Committee during the Audit Committee Meeting, where it recommends a set of guidelines for areas of improvement to the Audit Committee for approval, so as to have better and more effective internal controls. The activities of PKF are monitored on a regular basis and the implementation of recommendations are reviewed annually.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at Annual General Meetings, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company acknowledges the importance of open and fair communication with stakeholders and has also taken efforts to maintain a high level of transparency by issuing announcements of important transactions through SGXNet, notwithstanding that some of these transactions may not require disclosure.

Disclosure of the information by the Company is made on a timely basis through communication channels such as corporate announcements via the SGX-ST's SGXNet broadcast network, the publication of the Annual Report and the holding of the Annual General Meeting. All material information is also updated on the Company's website at <http://www.tee.com.sg> which serves as a one-stop source for shareholders and stakeholders alike.

The Company does not practise selective disclosure of material information. All materials on the half-year and full-year financial statements, corporate announcements and shareholder reports are issued promptly and within the prescribed periods. In addition to the issue of the Notice of Annual General Meeting and Notice of Books Closure and Dividend Payment Dates together with the Annual Report, the Notice of Annual General Meeting is also advertised in a major local newspaper.

Shareholders can vote for Resolutions or appoint not more than two proxies to attend the meeting on their behalf in the event that they are unable to attend the meeting. Separate resolutions on each distinct issue are proposed at Annual General Meetings for approval.

The Chairman presides yearly over the Annual General Meeting and is accompanied by fellow Board members, the Chairman of the Audit, Nominating and Remuneration and Executive Committee respectively, the Company Secretaries as well as other Key Executives. The Company's external auditors, Messrs Deloitte & Touche LLP, are also present to address any relevant queries from the shareholders.

The minutes of Annual General Meetings are prepared by the Company Secretaries, which include substantial comments or queries from shareholders and responses from the Board Members and the Management. These minutes are available to shareholders upon their request.

CORPORATE GOVERNANCE REPORT

DEALING IN SECURITIES

The Company has adopted the SGX-ST's best practices guide with regard to dealings in the securities of the Company.

In line with the SGX-ST's best practices guide, directors and employees of the Group are advised through circulars not to deal in the Company's securities during the periods commencing one month prior to the announcement of the Group's half-year and full-year results and ending on the date of the announcement of the results. They are also advised to observe insider-trading laws at all times even when dealing in securities within the permitted trading period. In addition, they are discouraged from dealing in the Company's securities on short-term considerations.

Furthermore when the Company is involved in major corporate activities such as investment or divestment that could be price-sensitive in relation to the Company's securities, officers involved are advised not to deal in the Company's securities.

MATERIAL CONTRACTS

Other than as disclosed under Interested Person Transactions, pursuant to Rule 1207 (8) of the Listing Manual of the SGX-ST, no material contract involving the interests of the Group Chief Executive, any Director or controlling shareholder has been entered into by the Company or its subsidiaries since the end of the previous financial year and no such contract subsisted at the end of the financial period under review.

INTERESTED PERSON TRANSACTIONS

The Group has adopted a policy in respect of any transactions with interested persons which requires all such transactions to be at arm's length and reviewed by the Audit Committee during the half-yearly meeting. For the financial year ended 31 May 2009, the transactions between a subsidiary of the Company and the interested person transactions are set out as follows:-

Subsidiary	Interested person	S\$'000
Trans Equatorial Engineering Pte Ltd	PBT Automobile & Credit Pte Ltd	187

The Audit Committee confirms that the said transaction was within the threshold limits set out under Chapter 9 of the SGX-ST Listing Manual and no announcement or shareholders' approval was, therefore, required. The transactions have been conducted on an arm's length basis.

RISK MANAGEMENT POLICIES AND PROCESSES

The Board regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks.

The Group's financial risk and management are discussed under Note 4 of the Notes to Financial Statements in the Annual Report.

CORPORATE GOVERNANCE REPORT

EXECUTIVE COMMITTEE

The Executive Committee (EXCO) consists of four members:

Mr. Bertie Cheng Shao Shiong (Chairman)
Er. Lee Bee Wah
Mr. Phua Chian Kin
Ms. Yeo Ai Mei (Group Finance Controller)

The scope of the EXCO shall cover the following:

- Approval of property development projects commencing from land acquisition;
- Approval for acceptance of project of contract value exceeding S\$2.50 million;
- Investment in new business of total investment exceeding S\$0.50 million; and
- Single capital investment of value exceeding S\$200,000.

The details of the frequency of EXCO meetings held during the financial year ended 31 May 2009 and the attendance of every EXCO member at those meetings are set out below:-

Name of Member	EXCO Meeting	
	No. of meetings held	No. of meetings attended
Mr. Bertie Cheng Shao Shiong	2	2
Er. Lee Bee Wah	2	1
Mr. Phua Chian Kin	2	2
Ms. Yeo Ai Mei	2	2

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REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the financial year ended May 31, 2009.

1 DIRECTORS

The directors of the company in office at the date of this report are:

Mr. Bertie Cheng Shao Shiong
 Mr. Tan Boen Eng
 Er. Lee Bee Wah (Appointed on September 26, 2008)
 Mr. Phua Chian Kin
 Ms. Saw Chin Choo
 Mr. Phua Boon Kin (Appointed on September 1, 2008)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate other than the options as mentioned in paragraph 3 below.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

Name of director and company in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
The company				
TEE International Limited				
	Ordinary shares			
Mr. Bertie Cheng Shao Shiong	–	–	345,000	2,000,000
Mr. Tan Boen Eng	39,100	39,100	–	–
Er. Lee Bee Wah	–	40,000	–	–
Mr. Phua Chian Kin	72,360,068	74,965,068	6,445,462	6,445,462
Ms. Saw Chin Choo	246,847	256,847	–	–
Mr. Phua Boon Kin	2,586	52,586	–	–

REPORT OF THE DIRECTORS

Name of director and company in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year

The company

TEE International Limited

Warrants to subscribe for ordinary shares at the exercise price of \$0.13 each

Mr. Phua Chian Kin	103,000	-	-	-
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The company

TEE International Limited

Warrants to subscribe for ordinary shares at the exercise price of \$0.40 each

Mr. Bertie Cheng Shao Shiong	60,000	60,000	-	-
Mr. Tan Boen Eng	6,800	6,800	-	-
Mr. Phua Chian Kin	12,847,359	12,847,359	1,120,950	1,120,950
Ms. Saw Chin Choo	42,930	42,930	-	-
Mr. Phua Boon Kin	449	449	-	-

By virtue of Section 7 of the Singapore Companies Act, Mr. Phua Chian Kin is deemed to have an interest in all the shares of the subsidiaries of the company.

The directors' interests in shares and options of the company at June 21, 2009 were the same at May 31, 2009.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

REPORT OF THE DIRECTORS

5 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the company or any corporation in the group was granted, other than the warrants disclosed below:

<u>Date of issue</u>	<u>Balance at June 1, 2008</u>	<u>Exercised during the year</u>	<u>Expired during the year</u>	<u>Balance at May 31, 2009</u>	<u>Exercise price</u>	<u>Exercise period</u>
					\$	
<u>TEE International Limited</u>						
<u>Warrants over ordinary shares</u>						
March 20, 2006	913,285	(534,757)	(378,528)	–	0.13	April 12, 2006 to April 11, 2009
May 2, 2008	22,484,498	–	–	22,484,498	0.40	April 28, 2008 to April 27, 2011

(b) Options exercised

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares, other than the warrants disclosed above.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option, other than the warrants disclosed above.

6 AUDIT COMMITTEE

The Audit Committee comprised three members as at the financial year end date. The members of the committee at the date of this report are:

Mr. Bertie Cheng Shao Shiong	(Chairman and independent non-executive director)
Mr. Tan Boen Eng	(Independent non-executive director)
Er. Lee Bee Wah	(Independent non-executive director)

The Audit Committee reviews the group's internal controls on behalf of the Board of Directors and performs the functions specified in Section 201B of the Singapore Companies Act.

REPORT OF THE DIRECTORS

The Audit Committee has held 2 meetings since the last report of the directors and has reviewed the following:

- (a) the audit plans of the company's internal and external auditors, the results of the internal auditors' examination and evaluation of the group's system of internal accounting controls and the assistance given by the management to the internal and external auditors;
- (b) the financial statements of the company and the consolidated financial statements of the group before their submission to the Board of Directors;
- (c) interested person transactions; and
- (d) the half yearly and annual announcements on the results and financial position of the company and the group.

The Audit Committee has full access to and co-operation of the company's management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend the meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming Annual General Meeting of the company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Mr. Phua Chian Kin

Mr. Bertie Cheng Shao Shiong

Singapore
August 31, 2009

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company as set out on pages 69 to 119 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at May 31, 2009, and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Mr. Phua Chian Kin

Mr. Bertie Cheng Shao Shiong

Singapore
August 31, 2009

INDEPENDENT AUDITORS' REPORT

To the Members of TEE International Limited

We have audited the financial statements of TEE International Limited (the company) and its subsidiaries (the group) which comprise the balance sheets of the group and the company as at May 31, 2009, the profit and loss statement, statement of changes in equity and cash flow statement of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 69 to 119.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the provisions of the Singapore Companies Act, Cap. 50 (the "Act"). This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- (a) the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at May 31, 2009 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Michael Kee Cheng Kong
Partner

Singapore
August 31, 2009

BALANCE SHEETS

May 31, 2009

	Note	Group		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and bank balances	6	9,465,137	11,987,047	5,610,139	9,292,231
Trade receivables	7	32,394,289	20,684,172	4,209,641	1,148,458
Other receivables	8	4,932,815	6,161,568	6,770,636	5,770,805
Loans receivable from associates	9	4,440,800	258,030	–	–
Inventories	10	1,706,678	989,911	–	–
Construction work-in-progress in excess of progress billings	11	3,671,526	12,818,932	–	–
Development properties	12	53,050,415	50,273,816	10,467,588	9,003,905
Total current assets		109,661,660	103,173,476	27,058,004	25,215,399
Non-current assets					
Investment in associates	13	3,321,539	1,583,742	–	–
Investment in subsidiaries	14	–	–	21,384,624	18,391,024
Prepaid investment	15	621,108	621,108	–	–
Club memberships	16	45,000	41,308	45,000	41,308
Plant and equipment	17	808,665	773,573	–	–
Investment property	18	20,000,000	21,000,000	20,000,000	21,000,000
Deferred tax assets	19	203,837	117,778	–	–
Total non-current assets		25,000,149	24,137,509	41,429,624	39,432,332
Total assets		134,661,809	127,310,985	68,487,628	64,647,731

BALANCE SHEETS

May 31, 2009

	Note	Group		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	20	11,910,429	21,901,956	3,012,185	1,000,000
Trade payables	21	22,431,143	14,665,176	8,280,125	12,843,378
Other payables	22	6,408,509	6,001,130	13,081,367	8,842,237
Progress billings in excess of construction work-in-progress	11	3,424,955	7,551,578	–	–
Provision for maintenance costs	23	1,464,978	496,918	–	–
Current portion of finance leases	24	20,145	72,895	–	–
Current portion of long-term bank loans	25	16,029,205	–	8,425,535	–
Income tax payable		2,417,113	830,164	198,022	100,470
Total current liabilities		64,106,477	51,519,817	32,997,234	22,786,085
Non-current liabilities					
Finance leases	24	85,343	117,835	–	–
Long-term bank loans	25	41,521,028	51,972,433	17,078,980	21,993,652
Deferred tax liabilities	19	152,926	30,735	131,098	–
Total non-current liabilities		41,759,297	52,121,003	17,210,078	21,993,652
Capital and reserves					
Share capital	26	15,558,907	15,489,389	15,558,907	15,489,389
Currency translation reserve		(55,412)	(83,678)	–	–
Accumulated profits		13,297,298	7,864,413	2,721,409	4,378,605
Equity attributable to equity holders of the company		28,800,793	23,270,124	18,280,316	19,867,994
Minority interests		(4,758)	400,041	–	–
Total equity		28,796,035	23,670,165	18,280,316	19,867,994
Total liabilities and equity		134,661,809	127,310,985	68,487,628	64,647,731

See accompanying notes to financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT

Year ended May 31, 2009

	Note	Group	
		2009	2008
		\$	\$
Revenue	27	96,459,653	52,706,448
Cost of sales		<u>(77,970,511)</u>	<u>(41,047,927)</u>
Gross profit		18,489,142	11,658,521
Other operating income	28	723,811	1,715,527
Administrative expenses		(5,472,014)	(5,664,118)
Other operating expenses	29	(2,351,735)	(158,573)
Share of loss of associates	13	(658,474)	(702,799)
Finance costs	30	<u>(1,828,717)</u>	<u>(1,722,208)</u>
Profit before income tax		8,902,013	5,126,350
Income tax expense	31	<u>(2,261,562)</u>	<u>(748,639)</u>
Profit for the year	32	<u>6,640,451</u>	<u>4,377,711</u>
Attributable to:			
Equity holders of the company		6,765,744	4,407,614
Minority interests		<u>(125,293)</u>	<u>(29,903)</u>
		<u>6,640,451</u>	<u>4,377,711</u>
Earnings per share			
Basic (cents)	34	<u>4.82</u>	<u>3.60</u>
Diluted (cents)	34	<u>4.82</u>	<u>3.53</u>

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2009

	Share capital \$	Currency translation reserve \$	Accumulated profits \$	Equity attributable to equity holders of the company \$	Minority interests \$	Total \$
Group						
Balance at June 1, 2007	6,561,888	(7,254)	4,458,194	11,012,828	483,511	11,496,339
Currency translation differences	–	(76,424)	–	(76,424)	(53,567)	(129,991)
Profit for the year	–	–	4,407,614	4,407,614	(29,903)	4,377,711
Total recognised income and expense for the year	–	(76,424)	4,407,614	4,331,190	(83,470)	4,247,720
Issue of shares arising from:						
– share placement	7,572,350	–	–	7,572,350	–	7,572,350
– exercise of warrants	1,663,128	–	–	1,663,128	–	1,663,128
Share issue expenses	(307,977)	–	–	(307,977)	–	(307,977)
Dividends paid (Note 33)	–	–	(1,001,395)	(1,001,395)	–	(1,001,395)
Balance at May 31, 2008	15,489,389	(83,678)	7,864,413	23,270,124	400,041	23,670,165
Currency translation differences	–	28,266	–	28,266	10,380	38,646
Profit for the year	–	–	6,765,744	6,765,744	(125,293)	6,640,451
Total recognised income and expense for the year	–	28,266	6,765,744	6,794,010	(114,913)	6,679,097
Change in interest of a subsidiary	–	–	–	–	(289,886)	(289,886)
Issue of shares arising from exercise of warrants	69,518	–	–	69,518	–	69,518
Dividends paid (Note 33)	–	–	(1,332,859)	(1,332,859)	–	(1,332,859)
Balance at May 31, 2009	15,558,907	(55,412)	13,297,298	28,800,793	(4,758)	28,796,035

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2009

	Share capital \$	Accumulated profits \$	Total \$
Company			
Balance at June 1, 2007	6,561,888	3,450,456	10,012,344
Profit for the year	–	1,928,428	1,928,428
Issue of shares arising from:			
– share placement	7,572,350	–	7,572,350
– exercise of warrants	1,663,128	–	1,663,128
Share issue expenses	(307,977)	–	(307,977)
Dividends paid (Note 33)	–	(1,000,279)	(1,000,279)
Balance at May 31, 2008	15,489,389	4,378,605	19,867,994
Loss for the year	–	(323,219)	(323,219)
Issue of shares arising from exercise of warrants	69,518	–	69,518
Dividends paid (Note 33)	–	(1,333,977)	(1,333,977)
Balance at May 31, 2009	15,558,907	2,721,409	18,280,316

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended May 31, 2009

	Group	
	2009	2008
	\$	\$
Operating activities		
Profit before income tax	8,902,013	5,126,350
Adjustments for:		
Change in fair value of investment property	1,000,000	(1,672,769)
Share of loss of associates	658,474	702,799
Gain on additional interests acquired from minority shareholder	(173,714)	–
Depreciation of plant and equipment	288,689	247,085
Allowance for doubtful trade receivables	70,104	569,326
Allowance for doubtful other receivables	267,314	140,338
Trade receivables written off	13,322	–
Write back of allowance for doubtful trade receivables	(281,232)	(6,890)
Write back of allowance for doubtful other receivables due from associates	–	(2,560)
Allowance for inventory obsolescence	20,681	8,971
(Write back of) Impairment loss in value of club membership	(3,692)	3,692
Plant and equipment written off	21,139	623
Loss on disposal of plant and equipment	37,086	116,853
Fair value of copper hedging contract	797,973	–
Provision for maintenance costs	1,079,343	50,483
Interest income	(327,002)	(2,550)
Interest expense	1,828,717	1,722,208
Operating cash flows before movements in working capital	14,199,215	7,003,959
Development properties	(1,123,215)	(40,922,110)
Trade receivables	(11,512,311)	(5,392,963)
Other receivables	961,439	1,468,198
Inventories	(737,448)	313,797
Construction work-in-progress in excess of progress billings	9,147,406	(2,712,377)
Trade payables	7,765,967	3,495,638
Other payables	(390,594)	3,793,833
Utilisation of provision for maintenance costs	(111,283)	(368,110)
Progress billings in excess of construction work-in-progress	(4,126,623)	7,510,235
Cash generated from (used in) operations	14,072,553	(25,809,900)
Interest paid	(3,482,101)	(2,780,276)
Income tax paid	(638,481)	(644,915)
Net cash from (used in) operating activities	9,951,971	(29,235,091)

CONSOLIDATED CASH FLOW STATEMENT

Year ended May 31, 2009

	Group	
	2009	2008
	\$	\$
Investing activities		
Proceeds on disposal of plant and equipment	206,726	167,279
Purchase of plant and equipment	(588,732)	(239,910)
Development of investment property	–	(6,827,197)
Payment for additional interests acquired in subsidiary	(116,172)	–
Investment in associates	(2,396,271)	(225,758)
(Loan to) Repayment from associates	(4,182,770)	716,010
Interest received	327,002	2,550
Net cash used in investing activities	<u>(6,750,217)</u>	<u>(6,407,026)</u>
Financing activities		
Drawdown of bank loans	11,700,711	20,502,409
Repayment of bank loans	(20,502,409)	(19,974,441)
Drawdown of long-term bank loans	10,471,410	40,333,933
Repayment of long-term bank loans	(4,893,610)	–
Increase in pledged fixed deposits	(592,522)	(4,812,000)
Decrease (increase) in project accounts	245,750	(702,290)
Repayment of obligations under finance leases	(85,242)	(302,586)
Net proceeds from share issue	–	7,264,373
Net proceeds from exercise of warrants	69,518	1,663,128
Dividends paid	(1,332,859)	(1,001,395)
Net cash (used in) from financing activities	<u>(4,919,253)</u>	<u>42,971,131</u>
Net (decrease) increase in cash and cash equivalents	(1,717,499)	7,329,014
Cash and cash equivalents (Overdrawn) at beginning of year	5,073,210	(2,142,870)
Effect of foreign exchange rate changes	38,646	(112,934)
Cash and cash equivalents at end of year (Note A)	<u>3,394,357</u>	<u>5,073,210</u>

A: Cash and cash equivalents

Cash and cash equivalents consist of:

	Group	
	2009	2008
	\$	\$
Cash and bank balances (Note 6)	9,465,137	11,987,047
Bank overdrafts (Note 20)	(209,718)	(1,399,547)
Project accounts (Note 6)	(456,540)	(702,290)
Pledged fixed deposits	(5,404,522)	(4,812,000)
Total cash and cash equivalents	<u>3,394,357</u>	<u>5,073,210</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

1 GENERAL

The company (Registration No. 200007107D) is incorporated in Singapore with its principal place of business and registered office at 2024 Bukit Batok Street 23, #03-48, Singapore 659529. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the company is investment holding.

The principal activities of its associates and subsidiaries are disclosed in Notes 13 and 14 respectively.

The consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the year ended May 31, 2009 ("FY2009") were authorised for issue by the Board of Directors on August 31, 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

During the year, the group changed its accounting policy on the profit recognition on development properties from the percentage of completion method to the completion of construction method so as to align the accounting policy with that adopted by the International Accounting Standard Board. The change in the accounting has no significant impact on the amounts prior to FY2009 as the group did not recognise any profits for these projects prior to FY2009.

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after June 1, 2008. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the financial statements.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRSs that are relevant to the company and the group were issued but not effective:

FRS 1	–	Presentation of Financial Statements (Revised)
FRS 23	–	Borrowing Costs (Revised)
FRS 27	–	Consolidated and Separate Financial Statements (Revised)
FRS 102	–	Share-based Payment (Amendments relating to Vesting Conditions and Cancellations)
FRS 103	–	Business Combinations (Revised)
FRS 107	–	Financial Instruments: Disclosures (Improving Disclosures about Financial Instruments)
FRS 108	–	Operating Segments

Improvements to FRSs

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRS and amendments to FRSs in future periods will have no material impact on the financial statements of the group and of the company in the period of their initial adoption, except for the following:

FRS 1 – Presentation of Financial Statements (Revised)

FRS 1 (Revised) will be effective for annual periods beginning on or after January 1, 2009, and will change the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 23 – Borrowing Costs (Revised)

FRS 23 (Revised) will be effective for annual periods beginning on or after January 1, 2009 and eliminates the option available under the previous version of FRS 23 to recognise all borrowing costs immediately as an expense. An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. As the change in accounting policy is to be applied prospectively, there will be no impact on amounts reported for 2009.

FRS 27 (Revised) – Consolidated and Separate Financial Statements; and FRS 103 (Revised) – Business Combinations

FRS 27 (Revised) is effective for annual periods beginning on or after July 1, 2009. FRS 103 (Revised) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.

Apart from matters of presentation, the principal amendments to FRS 27 that will impact the group concern the accounting treatment for transactions that result in changes in a parent's interest in a subsidiary. It is likely that these amendments will significantly affect the accounting for such transactions in future accounting periods, but the extent of such impact will depend on the detail of the transactions, which cannot be anticipated. The changes will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Similarly, FRS 103 is concerned with accounting for business combination transactions. The changes to the Standard are significant, but their impact can only be determined once the detail of future business combination transactions is known. The amendments to FRS 103 will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatement will be required in respect of transactions prior to the date of adoption.

FRS 108 – Operating Segments

FRS 108 will be effective for annual financial statements beginning on or after January 1, 2009 and supersedes FRS 14 – Segment Reporting. FRS 108 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, FRS 14 requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 108, the identification of the group's reportable segments may change.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The group enters into certain derivative financial instrument transactions to manage its exposure to commodity price risk, including commodity swap and foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 36.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss, where the effect is significant.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

CONSTRUCTION CONTRACTS – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss statement.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase cost and other incidental cost in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

DEVELOPMENT PROPERTIES - Development properties are stated at lower of cost and net realisable value. Cost of property comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

Completed properties for sale but remained unsold at year end are stated at lower of cost and net realisable value. Cost is determined by apportionment of the total land cost, development costs and borrowing costs capitalised attributable to unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less costs to be incurred in marketing and selling, and the anticipated costs to completion, where appropriate.

Development properties are classified as current when they are expected to be realised in, or are intended for sale in, the group's normal operating cycle.

PLANT AND EQUIPMENT – Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computers	–	33 $\frac{1}{3}$ %
Renovation	–	20%
Motor vehicles	–	10%
Machinery and tools	–	20%
Office equipment	–	20%

The estimated useful lives and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INVESTMENT PROPERTIES – Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

CLUB MEMBERSHIPS – Investments in club membership held for long-term are stated at cost less any impairment in net realisable value.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IMPAIRMENT OF ASSETS – At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

ASSOCIATES – An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognised, unless the group has incurred legal or constructive obligation or made payments on behalf of the associate.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

PROVISIONS – Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discount and sales related tax.

Construction contracts

Revenue from construction contract is recognised in accordance with the group's accounting policy on construction contracts (see above).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Development properties

Revenue from sale of development properties is recognised when the legal title passes to the buyer or when the equitable interest in the property vest in the buyer upon release of the handover notice of the respective property to the buyer, whichever earlier. Payments received from buyers prior to this stage are recorded as advances from customers from sale of properties and are classified as current liabilities.

Rendering of services

Service revenue, as represented by the contract value of the services to be rendered, that are of short duration is recognised upon the completion of the services rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and its subsidiaries operate by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the balance sheet of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, net of bank overdrafts and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(a) *Critical judgements in applying the entity's accounting policies*

The management is of opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements (except for those involving estimations, which are dealt with below).

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Allowance for doubtful trade and other receivables

The allowance for doubtful trade and other receivables is based on the ongoing evaluation of recoverability and ageing analysis of the outstanding receivables and on management's estimate of the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. Management is of the view that the allowances of \$405,300 (2008: \$622,818) and \$586,049 (2008: \$345,781) are adequate and the carrying amounts of \$32,394,289 (2008: \$20,684,172) and \$4,932,815 (2008: \$6,161,568) for trade and other receivables respectively will be recovered in full. Adjustment will be made in future periods in the event that there is objective evidence of impairment resulting from future loss event.

(ii) Allowance for inventory obsolescence

The policy for allowance for inventories of the group is based on management's judgement on the saleability of the inventories. Management is of the view that the inventory allowance of \$78,499 (2008: \$57,818) is adequate and the carrying amount of inventory of \$1,706,678 (2008: \$989,911) will be recovered in full.

(iii) Impairment of investment in associates

Management exercises their judgement in estimating recoverable amounts of its investment in associates of \$3,321,539 (2008: \$1,583,742).

The recoverable amounts of the investments are reviewed at each balance sheet to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the carrying amounts of the investments are determined on the basis of the net recoverable amounts to determine the extent of the impairment loss.

(iv) Recoverability of prepaid investment

The management is confident that the carrying amount of prepaid investment amounting to \$621,108 (2008: \$621,108) will be recoverable. Adjustment will be made in future periods in the event that there is objective evidence of impairment resulting from future loss events.

(v) Construction work-in-progress

The costs of uncompleted contracts are computed based on the estimates of total contract costs for the respective contracts.

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 profitability are realistic.

Based on the above studies, the management is of the opinion that the net carrying amount as at the balance sheet date of \$246,571 (2008: \$5,267,354) is reasonable.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) *Key sources of estimation uncertainty* (Cont'd)

(vi) Provision for maintenance costs

The group provides for maintenance costs based on management's best estimate of the group's liability for additional costs to be incurred for the completed projects within the warranty periods granted on such completed projects based on past experience.

Management is of the opinion that provision for maintenance cost as at the balance sheet date of \$1,464,978 (2008: \$496,918) is reasonable.

(vii) Valuation of investment property

As disclosed in Note 18, investment property is stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has made reference to the comparable sales transactions as available in the relevant market of the property.

The current volatility in the global financial system has impacted the property market in Singapore. Furthermore, there may be lack of liquidity in the capital markets that would affect the market value of properties. In relying on the independent professional valuation report, management considered the method of valuation and is of the view that the estimated values are reasonable.

(viii) Development properties

Development properties of \$53,050,415 (2008: \$50,273,816) are stated at lower of cost and estimated net realisable value, assessed on an individual project basis. When it is probable that the total project costs will exceed the total projected revenue, net of selling expenses, i.e., the net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluation the net realisable value of each property is subject to management judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The financial instruments as at the balance sheet date are as follows:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
<u>Financial assets</u>				
Loans and receivables (including cash and cash equivalents)	54,874,692	51,878,067	16,581,316	16,207,793
<u>Financial liabilities</u>				
Amortised cost	97,607,829	94,731,425	49,878,192	44,679,267
Fair value through profit or loss	797,973	–	–	–

Financial assets consist of cash and bank balances, fixed deposits, trade receivables, other receivables, loans receivable from associates and construction work-in-progress in excess of progress billings.

Financial liabilities consist of bank loans and overdrafts, trade payables, other payables, derivative financial instruments, finance leases and long-term bank loans.

(b) Financial risk management policies and objectives

The group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk, cash flow interest rate risk, and fair value risk.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Foreign exchange risk management

The group transacts business in various foreign currencies, including United States ("US") Dollar, Malaysian Ringgit, Euro and Thai Baht and therefore is exposed to foreign exchange risk.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (Cont'd)

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
US Dollar	164,529	259,611	191,739	453,479	–	–	11,020	10,908
Thai Baht	–	–	8,624,478	5,941,595	–	–	–	–
Malaysia Ringgit	–	–	66,179	157,424	–	–	66,179	157,424
Euro	–	154,074	–	–	–	–	–	–

The company has a number of investments in Singapore and foreign subsidiaries, whose net assets are exposed to currency translation risk. The group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the group's profit or loss.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss will increase (decrease) by:

	Thai Baht impact		Malaysian Ringgit impact		US Dollar impact		Euro impact	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
Group								
Profit or loss	(862,448)	(594,160)	(6,618)	(15,742)	(2,721)	(19,387)	–	15,407

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (Cont'd)

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, profit or loss will increase (decrease) by:

	Thai Baht impact		Malaysian Ringgit impact		US Dollar impact		Euro impact	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
Group								
Profit or loss	862,448	594,160	6,618	15,742	2,721	19,387	-	(15,407)

This is mainly attributable to the group's exposure to outstanding cash and bank balances, receivables and payables balances at year end.

The company is not exposed to significant foreign currency sensitivities as the majority of its transactions are denominated in its functional currency.

Interest rate risk management

The group has exposure to interest rate risk through the impact of floating interest rate on cash equivalents and borrowings. The group obtained financing through bank loans and the details of the group's interest rate exposure is disclosed in Notes 20 and 25.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's profit for the year ended May 31, 2009 would decrease/increase by \$347,303 (2008: decrease/increase by \$369,372). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

The group's sensitivity to interest rates has decreased during the current period mainly due to lesser variable rate loans outstanding during the year.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's profit for the year ended May 31, 2009 would decrease/increase by \$142,584 (2008: decrease/increase by \$114,968). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

The company's sensitivity to interest rates has increased during the current period mainly due to additional variable rate loans utilised during the year.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives* (Cont'd)

Credit risk management

The group's principal financial assets are bank balances and cash, trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, except for amounts due from related companies and related parties as disclosed in Notes 8 and 9.

Liquidity risk management

The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The group minimises liquidity risk by keeping committed credit lines available. Undrawn facilities are disclosed in Note 20.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the balance sheet.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (Cont'd)

Non-derivative financial liabilities (Cont'd)

	Weighted average effective interest rate %	On demand or within 1 year \$	Within 2 to 5 years \$	After 5 years \$	Adjustment \$	Total \$
Group						
2009						
Non-interest bearing	N/A	28,041,679	–	–	–	28,041,679
Finance lease liability (fixed rate)	5.50	24,752	75,431	21,188	(15,883)	105,488
Variable interest rate instruments	4.66	29,241,621	39,299,062	10,352,758	(9,432,779)	69,460,662
2008						
Non-interest bearing	N/A	20,666,306	–	–	–	20,666,306
Finance lease liability (fixed rate)	5.00	80,076	124,237	–	(13,583)	190,730
Variable interest rate instruments	4.49	45,774,335	18,871,782	20,919,940	(11,691,668)	73,874,389
Company						
2009						
Non-interest bearing	N/A	21,361,492	–	–	–	21,361,492
Variable interest rate instruments	4.60	11,963,855	10,280,178	10,327,568	(4,054,901)	28,516,700
2008						
Non-interest bearing	N/A	21,685,615	–	–	–	21,685,615
Variable interest rate instruments	4.63	2,142,183	9,921,520	20,919,940	(9,989,991)	22,993,652

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (Cont'd)

Derivative financial liabilities

The group's derivative financial instruments for 2009 are due within 1 year.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the balance sheet.

	Weighted average effective interest rate %	On demand or within 1 year \$	Within 2 to 5 years \$	After 5 years \$	Adjustment \$	Total \$
Group						
2009						
Non-interest bearing	N/A	45,029,370	–	–	–	45,029,370
Fixed interest rate instruments	3.73	10,212,553	–	–	(367,231)	9,845,322
2008						
Non-interest bearing	N/A	46,808,037	–	–	–	46,808,037
Fixed interest rate instruments	1.42	5,141,928	–	–	(71,898)	5,070,030
Company						
2009						
Non-interest bearing	N/A	11,714,613	–	–	–	11,714,613
Fixed interest rate instruments	0.46	4,889,090	–	–	(22,387)	4,866,703
2008						
Non-interest bearing	N/A	11,395,793	–	–	–	11,395,793
Fixed interest rate instruments	1.16	4,867,771	–	–	(55,771)	4,812,000

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives* (Cont'd)

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, provision and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of the other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(c) *Capital risk management policies and objectives*

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in Notes 20, 24 and 25, and equity attributable to equity holders of the company, comprising of issued capital, reserves and retained earnings.

The group's overall strategy with regards to capital risk management remains unchanged from 2008.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand, unless otherwise stated.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

5 RELATED PARTY TRANSACTIONS (CONT'D)

Significant related party transactions, not separately reported elsewhere in the financial statements:

	Group	
	2009	2008
	\$	\$
(a) <u>Associates</u>		
Purchases from associates	1,448,665	2,565,900
(b) <u>Company with common directors</u>		
Rental expenses	186,511	170,845
(c) <u>Directors of the company and subsidiaries</u>		
Sales of motor vehicles	126,800	148,000

(d) Compensation of directors and key management personnel

The remuneration of key management (including directors) during the year was as follows:

	Group	
	2009	2008
	\$	\$
Short-term benefits	2,414,088	2,098,075
Post-employment benefits	134,625	128,331

The remuneration of key management is determined by the Nominating and Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank	3,525,623	6,361,231	320,396	3,916,221
Cash on hand	78,452	111,526	-	-
Project accounts	456,540	702,290	423,040	564,010
Fixed deposits	5,404,522	4,812,000	4,866,703	4,812,000
	9,465,137	11,987,047	5,610,139	9,292,231

Fixed deposits bear average effective interest rate of 0.46% (2008: 1.2%) per annum and for a tenure of approximately 306 days (2008: 275 days). The fixed deposit of \$5,404,522 (2008: \$4,812,000) are pledged for banking facilities.

Included in cash and bank balances for the group and company are amounts of \$456,540 (2008: \$702,290) and \$423,040 (2008: \$564,010) respectively, which are subject to the Housing Developers (Project Account) Rules (1997 Ed). Withdrawals from these project accounts are restricted to payments for project expenditure incurred until the completion of the project.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

6 CASH AND BANK BALANCES (CONT'D)

The group and company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
US Dollar	156,116	272,970	–	–
Thai Baht	54,218	218,530	–	–

7 TRADE RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Contract trade debtors	31,349,661	19,788,807	4,209,641	1,148,458
Retention sums	1,044,628	895,365	–	–
	32,394,289	20,684,172	4,209,641	1,148,458

The average credit terms on sale of goods and services is 45 days (2008: 45 days). No interest is charged on the outstanding balances.

An allowance has been made for estimated irrecoverable amounts from the sale of goods and rendering of services by the group to third parties of \$405,300 (2008: \$622,818). This allowance has been determined by reference to past default experience. Management believes that no allowance is required for the company's trade receivables.

The group and the company closely monitor the credit quality of its trade receivables and consider trade receivables that are neither past due nor impaired to be of a good credit quality. Included in the group's trade receivable balance are debtors with a carrying amount of \$986,359 (2008: \$261,215) which are past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances. The average age of these receivables is 168 days (2008: 94 days).

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

7 TRADE RECEIVABLES (CONT'D)

Movement in the allowances for doubtful debts

	Group	
	2009	2008
	\$	\$
Balance at beginning of the year	622,818	60,382
Foreign exchange adjustment	(355)	–
Amounts recovered during the year	(281,232)	(6,890)
Trade receivables written off	(6,035)	–
Increase in allowance recognised in profit or loss	70,104	569,326
Balance at end of the year	<u>405,300</u>	<u>622,818</u>

The group and company's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
US Dollar	35,623	162,775	–	–

8 OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Associates (Note 13)	4,131,129	5,602,753	1,669	137,718
Dividends receivable from subsidiaries (Note 14)	–	–	–	19,706
Subsidiaries (Note 14)	–	–	6,691,388	5,607,380
Prepayments	29,875	31,682	9,100	3,701
Deposits	466,954	194,750	2,300	2,300
Others	304,857	332,383	66,179	–
	<u>4,932,815</u>	<u>6,161,568</u>	<u>6,770,636</u>	<u>5,770,805</u>

In determining the recoverability of other receivables, the group considers any change in the credit quality of the other receivable from the date credit was initially granted up to the reporting date. The majority of credit risk for other receivables for the group and company relate to amounts due from associates and amounts due from subsidiaries which are unsecured, interest-free and repayable on demand.

Management has assessed the credit worthiness of the associates and subsidiaries and the group has made an allowance for estimated irrecoverable amounts for amounts due from associates, former subsidiaries and outside parties of \$275,435, \$171,959 and \$138,655 (2008: \$173,822, \$171,959 and \$Nil) respectively. These allowances have been determined by reference to past default experience. Management believes that no provision is required for amounts due from subsidiaries to the company.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

8 OTHER RECEIVABLES (CONT'D)

Movement in the allowances for doubtful debts

	Group	
	2009	2008
	\$	\$
Balance at beginning of the year	345,781	208,003
Foreign exchange adjustment	(195)	–
Amounts recovered during the year	–	(2,560)
Amounts written off during the year	(26,851)	–
Increase in allowance recognised in profit or loss	267,314	140,338
Balance at end of the year	586,049	345,781

The group and company's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
US Dollar	–	17,734	–	10,908
Malaysia Ringgit	66,179	157,424	66,179	–
Thai Baht	4,129,460	5,465,035	–	–

9 LOANS RECEIVABLE FROM ASSOCIATES

The unsecured loans receivable from associates are repayable on demand. Fixed interest of 7.0% (2008: 6.25%) per annum is charged on the outstanding balance. Management has assessed the credit worthiness of the associates and believes that no allowance is required for the loans receivable from associates.

The loans receivables from associates are denominated in Thai Baht.

10 INVENTORIES

	Group	
	2009	2008
	\$	\$
Consumables and supplies	1,539,608	921,761
Finished goods	167,070	68,150
	1,706,678	989,911

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

11 CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2009	2008
	\$	\$
Costs and recognised profits of uncompleted contracts in excess of progress billings		
Accumulated costs	7,246,933	31,415,326
Recognised profits	922,572	3,983,409
Accumulated billings	(4,497,979)	(22,579,803)
	<u>3,671,526</u>	<u>12,818,932</u>
Billings on uncompleted contracts in excess of costs and recognised profits		
Accumulated billings	37,418,288	11,966,901
Recognised profits	(5,114,511)	(3,973,791)
Accumulated costs	(28,878,822)	(441,532)
	<u>3,424,955</u>	<u>7,551,578</u>
Net	<u>246,571</u>	<u>5,267,354</u>

12 DEVELOPMENT PROPERTIES

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
At beginning of the year	50,273,816	20,793,672	9,003,905	17,239,583
Additions during the year	5,211,822	48,807,375	1,463,683	11,091,553
Sale during the year	(2,435,223)	-	-	-
Transfer to investment property (Note 18)	-	(19,327,231)	-	(19,327,231)
At end of the year	<u>53,050,415</u>	<u>50,273,816</u>	<u>10,467,588</u>	<u>9,003,905</u>

Details of the group's development properties as at May 31, 2009 are as follows:

- (a) Proposed erection of one block of 5-storey freehold residential flats (total 6 units) with attic and swimming pool located at 323B Thomson Road, Singapore. The Temporary Occupation Permit is expected to be issued in 2010.
- (b) Proposed erection of two blocks of condominium buildings on the freehold properties located at 47, 51, 57 and 59 Cairnhill Circle, Singapore.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

12 DEVELOPMENT PROPERTIES (CONT'D)

- (c) Proposed erection of one block of 5-storey freehold residential flats (total 12 units) with attic, surface car-parking and swimming pool located at 21 Rambai Road, Singapore. The Temporary Occupation Permit is expected to be issued in 2011.
- (d) Proposed erection of two units of 2-storey freehold detached dwelling with basement and attic located at 31 Dunsfold Drive, Singapore.

All development properties were pledged to a bank to secure long-term bank loans granted to the group (Note 25).

Finance costs capitalised as cost of development properties during the year amounted to \$1,653,384 (2008: \$1,058,068). The rate of interest relating to finance costs capitalised in development properties for the group and the company during the year is 4.5% to 5.0% (2008: 3.8% to 5.0%) per annum.

13 INVESTMENT IN ASSOCIATES

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Unquoted equity shares, at cost	4,392,994	1,996,723	5,952	5,952
Share of post-acquisition loss	(1,071,455)	(412,981)	(5,952)	(5,952)
	3,321,539	1,583,742	–	–

Details of the group's significant associates as at May 31, 2009 are as follows:

Name of associates/ Country of incorporation and operations	Principal activities	Percentage of equity held by the group	
		2009	2008
		%	%
<u>Held by Trans Equatorial Engineering Pte Ltd</u>			
Trans Equatorial Indochina Co., Ltd Thailand ⁽¹⁾	Provision of marketing services in relation to mechanical and electrical engineering services	49	49
Oscar Estate Management Co., Ltd Thailand ⁽¹⁾	Provision of estate management services	49 ^(a)	49 ^(a)
Oscar Design & Decoration Co., Ltd Thailand ⁽¹⁾	Provision of interior design, decoration and furnishing of commercial and residential interiors	49 ^(b)	49 ^(b)
Chewathai Ltd Thailand ⁽²⁾	Provision of development of real estate	49	49
<u>Held by Chewathai Ltd</u>			
Chewathai Hup Soon Ltd Thailand ⁽²⁾	Provision of development of real estate	24.5	–

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

13 INVESTMENT IN ASSOCIATES (CONT'D)

- (a) Another 25% (2008: 25%) of the shares are held by a 49%-held associate, Trans Equatorial Indochina Co., Ltd. As the group does not have legal control over the company, it is deemed as an associate of the group.
- (b) Another 20.1% (2008: 20.1%) of the shares are held by a 49%-held associate, Trans Equatorial Indochina Co., Ltd. As the group does not have legal control over the company, it is deemed as an associate of the group.
- (1) Audited by another firm of auditors, Expert Audit Office Limited, Thailand.
- (2) Audited by another firm of auditors, Consensus Accounting Office Company Limited, Thailand.

Summarised financial information in respect of the group's associates is set out below:

	Group	
	2009	2008
	\$	\$
Total assets	18,521,240	11,356,150
Total liabilities	(16,726,182)	(12,636,944)
Net assets	<u>1,795,058</u>	<u>(1,280,794)</u>
Group's share of associates' net assets	<u>3,321,539</u>	<u>1,583,742</u>
Revenue	<u>5,477,816</u>	<u>16,175,219</u>
Loss for the year	<u>(1,385,751)</u>	<u>(4,131,838)</u>
Group's share of associates' loss for the year	<u>(658,474)</u>	<u>(702,799)</u>

The group has not recognised losses amounting to \$181,364 (2008: \$1,977,060) for associates. The accumulated losses not recognised were \$2,664,735 (2008: \$2,483,371).

14 INVESTMENT IN SUBSIDIARIES

	Company	
	2009	2008
	\$	\$
Unquoted equity shares, at cost	21,395,824	18,421,024
Impairment loss	(11,200)	(30,000)
	<u>21,384,624</u>	<u>18,391,024</u>

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the group's significant subsidiaries as at May 31, 2009 are as follows:

Name of subsidiaries/ Country of incorporation and operations	Principal activities	Effective equity interest held by the group	
		2009 %	2008 %
Trans Equatorial Engineering Pte Ltd Singapore ⁽¹⁾	Provision of mechanical and electrical engineering services	100	100
PBT Engineering Pte Ltd Singapore ⁽¹⁾	Provision of addition, alteration and upgrading of existing buildings, mechanical and electrical engineering services	100	100
TEE Development Pte Ltd Singapore ⁽¹⁾	Development of properties for re-sale	100	100
TEE Realty Pte Ltd Singapore ⁽¹⁾	Development of properties for re-sale	100	100
Multi Amp Engineering Sdn Bhd Malaysia ⁽²⁾	Provision of security and control, mechanical and electrical engineering services	100	60

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by SY Kwong, Foong & Co., Malaysia.

15 PREPAID INVESTMENT

Prepaid investment represents an amount loaned to an employee of an associate of the group to invest in an associate. The company has an option to purchase all the employee's shares in the associate at the fair value at that point in time, when the regulations allow the associate to be majority foreign-owned.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

16 CLUB MEMBERSHIPS

	Group and Company	
	2009	2008
	\$	\$
Club memberships, at cost	72,500	72,500
Impairment loss	(27,500)	(31,192)
	45,000	41,308

17 PLANT AND EQUIPMENT

	Computers	Renovation	Motor vehicles	Machinery and tools	Office equipment	Total
	\$	\$	\$	\$	\$	\$
Group						
Cost:						
At June 1, 2007	477,282	258,901	1,271,260	59,139	305,226	2,371,808
Foreign exchange adjustment	23,870	(1,451)	(21,317)	(2,470)	(38,121)	(39,489)
Additions	147,433	23,328	–	25,436	43,713	239,910
Disposals	(71,382)	–	(432,966)	–	(45,433)	(549,781)
At May 31, 2008	577,203	280,778	816,977	82,105	265,385	2,022,448
Foreign exchange adjustment	(217)	(122)	(246)	(89)	(224)	(898)
Additions	140,908	36,333	124,991	223,196	63,304	588,732
Disposals	(25,922)	(21,521)	(542,826)	(7,014)	(55,046)	(652,329)
At May 31, 2009	691,972	295,468	398,896	298,198	273,419	1,957,953
Accumulated depreciation:						
At June 1, 2007	391,065	125,238	536,692	38,051	198,202	1,289,248
Foreign exchange adjustment	13,788	(640)	(5,137)	(688)	(29,755)	(22,432)
Charge for the year	69,252	42,124	95,013	7,276	33,420	247,085
Disposals	(69,859)	–	(155,086)	–	(40,081)	(265,026)
At May 31, 2008	404,246	166,722	471,482	44,639	161,786	1,248,875
Foreign exchange adjustment	(156)	(64)	(425)	(144)	(109)	(898)
Charge for the year	103,838	34,241	84,601	27,702	38,307	288,689
Disposals	(22,904)	(12,499)	(303,721)	(5,237)	(43,017)	(387,378)
At May 31, 2009	485,024	188,400	251,937	66,960	156,967	1,149,288
Carrying amount:						
At May 31, 2009	206,948	107,068	146,959	231,238	116,452	808,665
At May 31, 2008	172,957	114,056	345,495	37,466	103,599	773,573

The carrying amount of the group's motor vehicles includes an amount of \$146,704 (2008: \$345,205) which are held under finance leases (Note 24).

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

18 INVESTMENT PROPERTY

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
At fair value:				
At beginning of the year	21,000,000	–	21,000,000	–
Transfer from development properties (Note 12)	–	19,327,231	–	19,327,231
Change in fair value included in profit or loss (Note 28 and 29)	(1,000,000)	1,672,769	(1,000,000)	1,672,769
At end of the year	<u>20,000,000</u>	<u>21,000,000</u>	<u>20,000,000</u>	<u>21,000,000</u>

The investment property held by the group and the company is a 4-storey leasehold factory building for industrial use, with ancillary offices located at 33 Changi North Crescent, Singapore with lease term of 30 years from February 2006.

The fair value of the investment property at May 31, 2009 has been determined on the basis of valuation carried out at the year end date by independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The investment property was pledged to a bank to secure long-term bank loans granted to the group (Note 25).

The property rental income from the group's investment property, which is leased out under an operating lease, amounted to \$1,883,851 (2008: \$1,301,274). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to \$292,145 (2008: \$215,919).

19 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the year:

Deferred tax assets

	Provisions
	\$
Group	
At June 1, 2007	113,204
Charge to profit or loss for the year	4,574
At May 31, 2008	<u>117,778</u>
Charge to profit or loss for the year	86,059
At May 31, 2009	<u>203,837</u>

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

19 DEFERRED TAX (CONT'D)

Deferred tax liabilities

	Investment Property \$	Accelerated tax depreciation \$	Total \$
Group			
At June 1, 2007	–	10,761	10,761
Charge to profit or loss for the year	–	19,974	19,974
At May 31, 2008	–	30,735	30,735
Charge (Credit) to profit or loss for the year	131,098	(8,907)	122,191
At May 31, 2009	131,098	21,828	152,926

**Investment
Property
\$**

Company

At June 1, 2007 and May 31, 2008	–
Charge to profit or loss for the year	131,098
At May 31, 2009	131,098

20 BANK LOANS AND OVERDRAFTS

	Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Bank loans (a)	2,000,000	15,631,939	1,000,000	1,000,000
Bank overdrafts (b)	209,718	1,399,547	–	–
Bills payable (c)	9,700,711	4,870,470	2,012,185	–
	11,910,429	21,901,956	3,012,185	1,000,000

NOTES TO FINANCIAL STATEMENTS

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20 BANK LOANS AND OVERDRAFTS (CONT'D)

- (a) (i) The group's and company's bank loan amounting to \$1,000,000 (2008: \$1,000,000) is unsecured, repayable on demand and bears interest at 2.25% (2008: 2.25%) per annum above the bank's prevailing cost of funds, resulting in an effective interest rate of 4.33 % (2008: 4.59%) per annum;
- (ii) The group's bank loan amounting to \$1,000,000 (2008: \$1,000,000) is unsecured, repayable on demand and bears interest at 2.0% (2008: 2.0%) per annum above the bank's prevailing cost of funds, resulting in an effective interest rate of 3.29% (2008: 3.62%) per annum;
- (iii) The group's bank loans in 2008 amounting to \$13,543,739 representing Account Receivables Financing facilities which were secured against the corporate guarantees from the company and two of its subsidiaries and a negative pledge from the company. These bank loans bore interest at an average rate of 5.25% per annum and for a tenure of approximately 90 days; and
- (iv) The group's bank loans in 2008 amounting to \$88,200 representing Account Receivables Financing facilities which were secured against a corporate guarantee and a negative pledge from the company. These bank loans bore interest at an average rate of 5.25% per annum and for a tenure of approximately 90 days.
- (b) (i) Bank overdrafts amounting to \$209,718 (2008: \$255,609) are secured against corporate guarantees from the company and a subsidiary and a negative pledge from the company;
- (ii) Bank overdrafts in 2008 amounting to \$481,761 were secured against corporate guarantees from the company and two of its subsidiaries and a negative pledge from the company;
- (iii) Bank overdrafts in 2008 amounting to \$662,177 were secured against a corporate guarantee from the company and a negative pledge from the company; and
- (iv) Interest is charged on daily balances at rates ranging from 0.25% to 1.25% (2008: 0.25% to 1.25%) per annum over the bank's Singapore dollar prime lending rate, resulting in an effective interest rate ranging from 5.5% to 6.25% (2008: 5.0% to 6.0%) per annum.
- (c) The average credit terms on the bills payable ranged from 90 to 120 days (2008: 30 to 90 days). Interest is charged at rate ranging from 2.60% to 5.75% (2008: 3.42% to 5.75%) per annum. As at May 31, 2009, the group and company has bills payable of \$2,012,185 (2008: \$Nil) which is secured by a charge over the pledge fixed deposits amounting to \$4,866,703 (2008: \$Nil).

At May 31, 2009, the group had available \$50.3 million (2008: \$46.8 million) of undrawn borrowing facilities in respect of which all conditions precedent had been met.

The group's and company's bank loans and overdrafts that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
US Dollar	–	96,585	–	–
Euro	–	154,074	–	–
Japanese Yen	21,321	–	–	–

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

21 TRADE PAYABLES

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Subsidiaries	–	–	8,280,125	12,827,905
Outside parties	22,431,143	14,665,176	–	15,473
	<u>22,431,143</u>	<u>14,665,176</u>	<u>8,280,125</u>	<u>12,843,378</u>

The average credit terms on purchase of goods and services ranged from 30 to 90 days (2008: 30 to 90 days). No interest is charged on the outstanding balance. The group has financial risk management policies in place to ensure that all payables are within the credit terms.

The group's and company's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
US Dollar	<u>164,529</u>	<u>163,026</u>	<u>–</u>	<u>–</u>

22 OTHER PAYABLES

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Subsidiaries (Note 14)	–	–	11,383,352	6,900,029
Directors	–	1,122	–	–
Accrued expenses	2,780,355	2,286,968	837,633	823,214
Derivative financial instruments (Note 36)	797,973	–	–	–
Other payables	2,830,181	3,713,040	860,382	1,118,994
	<u>6,408,509</u>	<u>6,001,130</u>	<u>13,081,367</u>	<u>8,842,237</u>

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

23 PROVISION FOR MAINTENANCE COSTS

	Group	
	2009	2008
	\$	\$
Balance at beginning of the year	496,918	814,545
Charge to profit or loss for the year	1,079,343	50,483
Utilised	(111,283)	(368,110)
Balance at end of the year	1,464,978	496,918

The provision for maintenance costs expense charged to the profit and loss statement is included under cost of sales.

The provision for maintenance costs represents management's best estimate of the group's liability for additional costs to be incurred for the completed projects within the warranty periods granted on such completed projects.

24 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	2009	2008
	\$	\$	\$	\$
Group				
Amounts payable under finance leases:				
Within one year	24,752	80,076	20,145	72,895
In the second to fifth years inclusive	75,431	124,237	64,738	117,835
After five years	21,188	–	20,605	–
	121,371	204,313	105,488	190,730
Less: Future finance charges	(15,883)	(13,583)	–	–
Present value of lease obligations	105,488	190,730	105,488	190,730
Less: Amount due for settlement within 12 months (shown under current liabilities)			(20,145)	(72,895)
Amount due for settlement after 12 months			85,343	117,835

It is the group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 7 years. For the year ended May 31, 2009, the average effective borrowing rate was 5.5% (2008: 5.0%) per annum. Interest rates are fixed at the contract date, and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into our contingent rental payments.

The fair value of the group's lease obligations approximates their carrying amount.

The group's obligations under finance leases are secured by the lessors' title to the leased assets.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

25 LONG TERM BANK LOANS

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Bank loans	57,550,233	51,972,433	25,504,515	21,993,652
Less: Amount due for settlement within 12 months (shown under current liabilities)	(16,029,205)	–	(8,425,535)	–
Amount due for settlement after 12 months	41,521,028	51,972,433	17,078,980	21,993,652

The group and company have seven (2008: six) and three (2008: two) principal bank loans respectively:

- The company has a loan of \$6,074,400 (2008: \$6,497,400). The loan is to be repaid in October 2009 or six months from the date of issuance of Temporary Occupation Permit for the development property at 323B Thomson Road, Singapore (Note 12);
- The company has a loan of \$14,430,115 (2008: \$15,496,252). The loan was converted in previous year to a 12 year term loan upon the date of issuance of Temporary Occupation Permit for the investment property at 33 Changi North Crescent, Singapore (Note 18);
- The company's loan of \$5,000,000 (2008: \$Nil) was raised in May 2009 for working capital requirement. The loan is to be repaid in 48 instalments with the last instalment to be repaid in May 2013 and is unsecured;
- The group's loan of \$20,800,000 (2008: \$21,420,000) was raised in October 2007 for the development property at 47, 51, 57 and 59 Cairnhill Circle, Singapore (Note 12). The loan is expected to be repaid after October 2010;
- The group's loan of \$1,871,225 (2008: \$2,800,000) was raised in September 2007 and is to be repaid in September 2009 for the development property at 21 Rambai Road, Singapore (Note 12);
- The group's loan of \$4,560,000 (2008: \$4,560,000) was raised in May 2008 and is to be repaid in May 2010 for the development property at 31 Dunsfold Drive, Singapore (Note 12);
- The group's loan of \$Nil (2008: \$1,776,000) was raised in September 2007 and was subsequently converted to a 2 year term for the development property at 558 Sixth Avenue, Singapore which was sold during the year. The repayment of loan during 2008 was \$577,219. The loan is fully repaid in March 2009; and
- The group's loan of \$5,000,000 (2008: \$Nil) was raised in February 2009 for working capital requirement. During the year, the repayment of the loan was \$185,507. The loan is to be repaid in 48 instalments with the last instalment to be repaid in March 2013 and is unsecured.

The group and company's long term bank loans are secured against the development properties except for loan (c) and (h) and bear effective interest ranging from 4.5% to 5% (2008: 3.8% to 5.0%) per annum. The directors estimate the fair value of the group and company's long term bank loans to be approximately equal to the carrying amount.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

26 SHARE CAPITAL

	Group and Company			
	2009	2008	2009	2008
	Number of ordinary shares		\$	\$
Issued and fully paid:				
At beginning of year	140,285,923	83,329,400	15,489,389	6,561,888
Issued on exercise of warrants	534,757	12,793,273	69,518	1,663,128
Bonus share issue (3 for 20)	–	16,863,250	–	–
Issued for cash	–	27,300,000	–	7,572,350
Share issue expenses	–	–	–	(307,977)
At end of year	140,820,680	140,285,923	15,558,907	15,489,389

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

During the year, the company issued 534,757 (2008: 12,793,265) new ordinary shares at \$0.13 each upon the exercise of warrants resulting in an increase in the company's share capital by \$69,518 (2008: \$1,663,125). In 2008, the company issued 8 new ordinary shares at \$0.40 each upon the exercise of warrants resulting an increase in the company's share capital by \$3.

As at May 31, 2009, the company has 22,484,498 (2008: 22,484,498) outstanding warrants which carry the right to subscribe for one ordinary share of the company with exercise price of \$0.40 per ordinary share and with exercise dates up to April 27, 2011. As at May 31, 2008, the company has 913,285 outstanding warrants which carry the right to subscribe for one ordinary share of the company with exercise price of \$0.13 per ordinary share and with exercise dates up to April 11, 2009.

27 REVENUE

	Group	
	2009	2008
	\$	\$
Revenue from construction contracts	89,506,473	46,970,511
Sales of goods	1,019,851	4,434,663
Sales of development property	2,850,000	–
Rental income	3,083,329	1,301,274
	96,459,653	52,706,448

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

28 OTHER OPERATING INCOME

	Group	
	2009	2008
	\$	\$
Interest income	327,002	2,550
Change in fair value of investment property (Note 18)	–	1,672,769
Gain arising from forfeiture of deposits	–	29,080
Foreign currency exchange adjustment gain	106,393	–
Gain on disposal of plant and equipment	4,376	–
Gain on additional interests acquired from minority shareholder	173,714	–
Others	112,326	11,128
	<u>723,811</u>	<u>1,715,527</u>

29 OTHER OPERATING EXPENSES

	Group	
	2009	2008
	\$	\$
Foreign currency exchange adjustment loss	24,614	41,097
Loss on disposal of plant and equipment	41,462	116,853
Plant and equipment written off	21,139	623
Realised loss on copper hedging contract	466,547	–
Fair value loss on copper hedging contract	797,973	–
Change in fair value of investment property (Note 18)	1,000,000	–
	<u>2,351,735</u>	<u>158,573</u>

30 FINANCE COSTS

	Group	
	2009	2008
	\$	\$
Interest on bank borrowings	3,471,784	2,766,948
Interest on obligations under finance leases	10,317	13,328
Total borrowing costs	<u>3,482,101</u>	<u>2,780,276</u>
Less: Amounts included in the cost of qualifying assets	<u>(1,653,384)</u>	<u>(1,058,068)</u>
	<u>1,828,717</u>	<u>1,722,208</u>

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

31 INCOME TAX EXPENSE

	Group	
	2009	2008
	\$	\$
Current		
– On the profit for the year	2,313,348	818,500
– Overprovision in prior years	(87,918)	(85,261)
Deferred (Note 19)		
– Provision for the year	(28,161)	15,400
– Overprovision in prior years	64,293	–
	2,261,562	748,639

Domestic income tax is calculated at 17% (2008: 18%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2009	2008
	\$	\$
Profit before income tax	8,902,013	5,126,350
Add: Share of loss of associates	658,474	702,799
	9,560,487	5,829,149
Tax at the domestic income tax rate of 17% (2008: 18%)	1,625,283	1,049,247
Tax effect of expenses that are not (allowable) deductible in determining taxable profit	394,464	(161,642)
Deferred tax benefits not recognised	222,409	–
Effect of different tax rates of overseas operations	(1,964)	6,224
Exempt income	(77,775)	(88,657)
Overprovision in prior years	(23,625)	(85,261)
Others	122,270	28,728
	2,261,562	748,639

Deferred tax assets have not been recognised in respect of the following items due to uncertainty of its recoverability.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

31 INCOME TAX EXPENSE (CONT'D)

	2009	2008
	\$	\$
Tax losses		
Amount at beginning of year	-	-
Amount arising in current year	1,372,779	-
Amount at end of year	1,372,779	-
Other temporary differences		
Amount at beginning of year	-	-
Amount arising in current year	(64,492)	-
Amount at end of year	(64,492)	-
Net	1,308,287	-
Deferred tax assets at 17% (2008: 18%) thereon not taken up in the financial statements	222,409	-

The realisation of the future income tax benefits from tax loss carryforwards is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholder as defined.

32 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2009	2008
	\$	\$
Directors' fees	110,000	65,000
Directors' remuneration:		
Directors of the company	1,104,091	797,562
Directors of the subsidiaries	756,251	625,551
Employee benefits expense (including directors' remuneration)	10,177,624	7,932,596
Costs of defined contribution plans included in employee benefits expense	554,029	467,084
Non-audit fees paid to auditors of the company	40,117	36,075
Allowance for doubtful trade receivables	70,104	569,326
Allowance for doubtful other receivables	267,314	140,338
Trade receivables written off	13,322	-
Write back of allowance for doubtful trade receivables	(281,232)	(6,890)
Write back of allowance for doubtful other receivables due from associates	-	(2,560)
(Write back of) Impairment loss in value of club membership	(3,692)	3,692
Allowance for inventory obsolescence	20,681	8,971
Provision for maintenance costs	1,079,343	50,483
Cost of inventories recognised as expense	20,510,376	9,241,644

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

33 DIVIDEND

- (i) During the financial year ended May 31, 2009, the company declared and paid a final tax exempt dividend of \$0.0095 per ordinary share totalling \$1,332,859 in respect of the financial year ended May 31, 2008 on the ordinary shares of the company.

During the financial year ended May 31, 2008, the company declared and paid a final tax exempt dividend of \$0.0060 per ordinary share less tax at 18% totalling \$1,001,395 in respect of the financial year ended May 31, 2007 on the ordinary shares of the company.

- (ii) Subsequent to May 31, 2009, the directors of the company recommended that a final tax exempt dividend be paid of \$0.012 per ordinary share totalling \$1,689,848 for the financial year just ended, on the ordinary shares of the company. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – Events after the balance sheet date.

34 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on the group profit after income tax and minority interests of \$6,765,744 (2008: \$4,407,614) divided by the weighted average number of ordinary shares of 140,371,589 (2008: 122,281,978) in issue during the year.

Fully diluted earnings per ordinary share is calculated based on 140,371,589 (2008: 124,939,658) ordinary shares assuming the full exercise of warrants outstanding during the year and adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares. There is no dilutive effect in the current year as the warrants are out-of-money.

	Group			
	2009		2008	
	Basic \$	Diluted \$	Basic \$	Diluted \$
Net profit attributable to shareholders of the company	6,765,744	6,765,744	4,407,614	4,407,614
	Number of shares		Number of shares	
Weighted average number of ordinary shares	140,371,589	140,371,589	122,281,978	122,281,978
Adjustment for potential dilutive ordinary shares	–	–	–	2,657,680
Weighted average number of ordinary shares used to compute earnings per share	140,371,589	140,371,589	122,281,978	124,939,658
Earnings per share (cents)	4.82	4.82	3.60	3.53

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

35 CONTINGENT LIABILITIES

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Performance bonds	11,290,519	8,157,529	692,800	692,800
Letter of credit	2,717,990	–	–	–
Bankers' guarantees (a)	23,845,642	23,094,671	21,802,936	21,802,936
Bankers' guarantees to associates (b) (Note 12)	1,616,449	1,616,449	–	–
	<u>39,470,600</u>	<u>32,868,649</u>	<u>22,495,736</u>	<u>22,495,736</u>

The group contingent liabilities as at May 31, 2009 comprise:

- (a) (i) Bankers' guarantees amounting to \$63,480 (2008: \$138,878) are secured against corporate guarantees from the company and a subsidiary and a negative pledge from the company;
- (ii) Bankers' guarantees amounting to \$1,910,000 (2008: \$687,800) are secured against a corporate guarantee from the company and a negative pledge over the assets of a subsidiary;
- (iii) Bankers' guarantees amounting to \$69,225 (2008: \$11,441,657) are secured against a corporate guarantee and a negative pledge from the company;
- (iv) Bankers' guarantees amounting to \$Nil (2008: \$10,826,336) are secured against a corporate guarantee from the company and subsidiaries and a negative pledge from the companies;
- (v) Bankers' guarantees amounting to \$11,248,000 (2008: \$Nil) are secured against a corporate guarantee from a subsidiary and a negative pledge over the assets of the company; and
- (vi) Bankers' guarantees amounting to \$10,554,937 (2008: \$Nil) are secured against corporate guarantees from the company and subsidiaries and a negative pledge over the assets of the company.
- (b) Bankers' guarantees to associates amounting to \$1,616,449 (2008: \$1,616,449) are secured against a corporate guarantee and a negative pledge from the company.
- (c) The company has granted corporate guarantees to the subsidiaries amounting to \$44,559,800 (2008: \$51,730,000) for securing banking facilities. In addition, the group has granted corporate guarantees to the associates amounting to \$1,616,449 (2008: \$1,616,449).

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

36 DERIVATIVE FINANCIAL INSTRUMENTS

Commodity contracts

In the current year, the company has outstanding commodity swap contracts in respect of the purchase of up to 12,000 metric tonnes of copper depending on the floating prices to manage the risk arising from the fluctuation of copper prices.

The contracts have maturity dates ranging from September 1, 2008 to August 28, 2009. The company did not adopt hedge accounting in respect of these copper commodity contracts.

The fair values of copper commodity contracts are based on quoted market prices for equivalent instruments at the balance sheet date provided by financial institutions.

The commodity contracts are classified as held-for-trading.

Forward foreign exchange contracts

In the normal course of business, the group enters into foreign exchange forward contracts to hedge the currency exposure arising from certain purchase of consumables and supplies.

As at the year-end date, the group has the following outstanding forward foreign exchange contracts:

	2009		2008	
	Contract sum	Fair value asset \$	Contract sum	Fair value asset \$
<u>Foreign exchange forward contracts</u>				
Buy	USD 250,000	-	-	-
Sell	SGD 364,875	-	-	-
Total		<u>-</u>		<u>-</u>

The group did not adjust for the financial effect arising from the fair value difference of forward foreign exchange contracts for the current financial year as the amount involved is not significant.

37 OPERATING LEASE ARRANGEMENTS

The group as a lessee

	Group	
	2009 \$	2008 \$
Minimum lease payments under operating leases recognised as expense in the year	<u>193,341</u>	<u>186,779</u>

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37 OPERATING LEASE ARRANGEMENTS (CONT'D)

At the balance sheet date, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2009	2008
	\$	\$
Within one year	125,373	153,944
In the second to fifth year inclusive	133,559	121,938
	<u>258,932</u>	<u>275,882</u>

Operating lease payments represent rentals payable by the group for certain of its office premises, warehouse and equipment. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 5 years.

The group as lessor

The group rents out its investment property in Singapore. Property rental income earned during the year was \$1,883,851 (2008: \$1,301,274).

At the balance sheet date, the group has contracted with tenants for the following future minimum lease payments:

	Group	
	2009	2008
	\$	\$
Within one year	1,876,315	1,890,657
In the second to fifth year inclusive	7,505,260	7,562,628
After five years	6,254,382	8,192,847
	<u>15,635,957</u>	<u>17,646,132</u>

38 COMMITMENTS

As at May 31, 2009 and 2008, the company has undertaken to provide financial support to some of its subsidiaries.

39 SEGMENT INFORMATION

For management purposes, the group is organised into two major operating divisions – Engineering and Integrated Real Estate and Facilities Management. The divisions are the basis on which the group reports its primary segment information.

Engineering involves providing mechanical and electrical work relating to the expansion and improvement of infrastructure, constructing new buildings and converting existing buildings and facilities for new uses and offering turnkey approaches to the construction of infrastructure as well as in system development from system definition, system development and system deployment. Integrated Real Estate and Facilities Management involves developing properties and managing facilities, water tanks supply and installation and property rental services.

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

39 SEGMENT INFORMATION (CONT'D)

(a) Analysis By Business Segment

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, construction work in progress in excess of progress billings, inventories, development properties; and plant and equipment, net of allowances. Segment liabilities include all operating liabilities used by a segment and consist principally of operating payables, progress billings in excess of construction work-in-progress; and provision for maintenance costs. Capital expenditure includes the total cost incurred to acquire plant and equipment.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at cost plus a percentage profit mark-up. These transfers are eliminated on consolidation.

Investment in associates: Income from associates are not allocated as they are not specifically attributable to any of the major business segments, and correspondingly the investments in associates are included as unallocated assets of the group.

	Engineering		Integrated Real Estate		Elimination		Group	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
External sales	90,360,176	47,009,866	6,099,477	5,696,582	–	–	96,459,653	52,706,448
Inter-segment sales	38,622,505	27,875,770	4,408,462	8,091,807	(43,030,967)	(35,967,577)	–	–
Total revenue	128,982,681	74,885,636	10,507,939	13,788,389	(43,030,967)	(35,967,577)	96,459,653	52,706,448
Result								
Segment result	10,738,476	4,063,978	650,728	3,487,379	–	–	11,389,204	7,551,357
Finance costs							(1,828,717)	(1,722,208)
Share of loss of associates							(658,474)	(702,799)
Profit before income tax							8,902,013	5,126,350
Income tax expense							(2,261,562)	(748,639)
Profit for the year							6,640,451	4,377,711
Balance sheet								
Segment assets	42,024,460	37,402,295	74,418,088	75,299,676	–	–	116,442,548	112,701,971
Unallocated corporate assets							18,219,261	14,609,014
Consolidated total assets							134,661,809	127,310,985
Segment liabilities	31,374,846	22,815,419	59,904,972	57,871,816	–	–	91,279,818	80,687,235
Unallocated corporate liabilities							14,585,956	22,953,585
Consolidated total liabilities							105,865,774	103,640,820
Other information								
Capital expenditure	586,637	200,453	2,095	39,457	–	–	588,732	239,910
Depreciation	286,883	205,776	1,806	41,309	–	–	288,689	247,085

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

39 SEGMENT INFORMATION (CONT'D)

(b) Analysis by geographical segment

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

Segment assets and capital expenditure: Segment assets and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to acquire plant and equipment.

	Revenue		Assets		Capital expenditure	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
Singapore	96,021,345	48,416,216	133,238,065	125,211,669	351,498	236,891
Malaysia	438,308	4,290,232	1,423,744	2,099,316	237,234	3,019
	96,459,653	52,706,448	134,661,809	127,310,985	588,732	239,910

SHAREHOLDERS' INFORMATION

As at 20 August 2009

Issued and fully paid-up capital	:	S\$15,558,907.56
No. of shares issued	:	140,820,680 shares
Class of share	:	Ordinary share
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	121	9.76	22,863	0.02
1,000 – 10,000	761	61.37	3,235,557	2.30
10,001 – 1,000,000	338	27.26	20,858,088	14.81
1,000,001 and above	20	1.61	116,704,172	82.87
Grand Total	1,240	100.00	140,820,680	100.00

TOP TWENTY LARGEST SHAREHOLDERS

S/No.	Name of Shareholders	No. of Shares Held	%
1	Hong Leong Finance Nominees Pte Ltd	40,481,450	28.75
2	Phua Chian Kin	14,135,358	10.04
3	CIMB Bank Nominees (S) Sdn Bhd	11,960,000	8.49
4	SBS Nominees Pte Ltd	9,384,000	6.66
5	HSBC (Singapore) Nominees Pte Ltd	6,160,950	4.38
6	Kim Eng Securities Pte Ltd	5,747,870	4.08
7	Lincoln Capital Pte Ltd	5,000,000	3.55
8	Phillip Securities Pte Ltd	3,577,981	2.54
9	Citibank Nominees Singapore Pte Ltd	3,540,250	2.51
10	4P Investments Pte Ltd	3,340,462	2.37
11	Tay Kuek Lee	3,105,000	2.20
12	Ong Pang Aik	1,325,000	0.94
13	DBS Vickers Securities (S) Pte Ltd	1,230,000	0.87
14	Ong Peck Eng	1,183,637	0.84
15	OCBC Nominees Singapore Pte Ltd	1,153,463	0.82
16	Raffles Nominees (Pte) Ltd	1,125,000	0.80
17	DBS Nominees Pte Ltd	1,108,881	0.79
18	Ng Chin Hock	1,093,480	0.78
19	HL Bank Nominees (S) Pte Ltd	1,050,490	0.75
20	Tan Soon Hoe	1,000,900	0.71
Total		116,704,172	82.87

SHAREHOLDERS' INFORMATION

As at 20 August 2009

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

	Direct Interest	%	Deemed Interest	%
Phua Chian Kin	74,965,068	53.23	6,445,462	4.58
Tay Kuek Lee	3,105,000	2.20	74,965,068	53.23

Note:-

Mr. Phua Chian Kin is deemed to have an interest in the 3,105,000 ordinary shares held by his spouse, Mdm. Tay Kuek Lee, and in the 3,340,462 ordinary shares held by 4P Investments Pte Ltd where he is a shareholder. A total of 60,829,710 ordinary shares held by Mr. Phua Chian Kin are registered in the name of Hong Leong Finance Nominees Pte Ltd, CIMB Bank Nominees (S) Sdn Bhd, SBS Nominees Pte Ltd, Phillip Securities Pte Ltd; and OCBC Nominees Singapore Pte Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 20 August 2009, approximately 38.37% of the issued ordinary shares of the Company are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

WARRANTHOLDERS' INFORMATION

As at 20 August 2009

DISTRIBUTION OF WARRANTHOLDINGS – TEEW110427

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 999	395	54.48	94,788	0.42
1,000 – 10,000	255	35.17	972,200	4.32
10,001 – 1,000,000	69	9.52	6,488,831	28.86
1,000,001 and above	6	0.83	14,928,679	66.40
Grand Total	725	100.00	22,484,498	100.00

TOP TWENTY LARGEST WARRANTHOLDERS

S/No.	Name of Warrantholders	No. of Warrants Held	%
1	Phua Chian Kin	5,772,279	25.67
2	Hong Leong Finance Nominees Pte Ltd	3,208,600	14.27
3	CIMB Bank Nominees (S) Sdn Bhd	2,080,000	9.25
4	SBS Nominees Pte Ltd	1,632,000	7.26
5	Tan Soon Hoe	1,185,200	5.27
6	HSBC (Singapore) Nominees Pte Ltd	1,050,600	4.68
7	Kim Eng Securities Pte Ltd	749,004	3.33
8	Phillip Securities Pte Ltd	610,775	2.72
9	4P Investments Pte Ltd	580,950	2.58
10	Citibank Nominees Singapore Pte Ltd	447,000	1.99
11	Tay Kuek Lee	418,320	1.86
12	Ong Pang Aik	400,000	1.78
13	Ong Peck Eng	205,850	0.92
14	OCBC Nominees Singapore Pte Ltd	180,602	0.80
15	Lee Puay Keng	180,000	0.80
16	DBS Nominees Pte Ltd	179,162	0.80
17	Ng Chin Hock	159,040	0.71
18	Laurie Kelvin Laxon	133,000	0.59
19	HL Bank Nominees (S) Pte Ltd	131,389	0.58
20	Tan Peng Boon	123,750	0.55
Total		19,427,521	86.41

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of TEE International Limited (the Company) will be held at York Hotel Singapore, 21 Mount Elizabeth, Singapore 228516 on 24 September 2009 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 May 2009 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare first and final tax exempt one-tier dividend of 1.20 cents per ordinary share for the year ended 31 May 2009 (previous year: 0.95 cents per ordinary share tax exempt one-tier). **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 88 and Article 89 of the Company's Articles of Association:

Er. Lee Bee Wah (Retiring under Article 88) **(Resolution 3)**
Ms. Saw Chin Choo (Retiring under Article 89) **(Resolution 4)**
4. To re-appoint the following directors retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting:

Mr. Tan Boen Eng **(Resolution 5)**
Mr. Bertie Cheng Shao Shiong **(Resolution 6)**
[See Explanatory Note (i)]

Mr. Tan will, upon re-appointment as an Independent and Non-Executive Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committee and will be considered independent.

Mr. Cheng will, upon re-appointment as an Independent and Non-Executive Director of the Company, remain as Non-Executive Chairman of the Company, Chairman of the Nominating and Remuneration Committee and Executive Committee and a member of the Audit Committee respectively and will be considered independent.
5. To approve the payment of Directors' fees of S\$15,000 for the year ended 31 May 2009. **(Resolution 7)**
[See Explanatory Note (ii)]
6. To approve the payment of Directors' fees of S\$140,000 for the year ending 31 May 2010 to be paid quarterly in arrears (previous year: S\$110,000). **(Resolution 8)**
7. To re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 9)**
8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF NINTH ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be authorised and empowered to:

- (a) (i) issue shares in the Company (shares) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, Instruments) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares.

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force
 - (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or
 - (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)]

(Resolution 10)

NOTICE OF NINTH ANNUAL GENERAL MEETING

By Order of the Board

Lynn Wan Tiew Leng and Lai Foon Kuen
Company Secretaries

Singapore
9 September 2009

Explanatory Notes:

- (i) The effect of the Ordinary Resolutions (5) and (6) is to re-appoint the Directors who are over 70 years of age.
- (ii) Ordinary Resolution (7) is to approve the additional payment of Directors' fees of S\$15,000 to Er. Lee Bee Wah for the year ended 31 May 2009. At the last Annual General Meeting held on 25 September 2008, a sum of S\$110,000 of Directors' fees for the year ending 31 May 2009 to be paid quarterly in arrears was approved. Er. Lee Bee Wah, Non-Executive and Independent Director, was appointed as an additional director on 26 September 2008.
- (iii) The Ordinary Resolution (10), if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

Notes:

- 1. A Member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
- 2. A member of the Company, which is a corporation, is entitled to appoint its authorised representatives or proxies to vote on its behalf.
- 3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Block 2024 Bukit Batok Street 23, #03-48, Singapore 659529 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 27 October 2009 for the purpose of determining the Members' entitlements to the dividend to be proposed at the Ninth Annual General Meeting of the Company to be held on 24 September 2009.

Duly completed registrable transfers in respect of ordinary shares in the Company received by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to close of business at 5.00 p.m. on 27 October 2009 will be registered to determine Members' entitlements to the said dividend. Members whose Securities Accounts maintained with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 27 October 2009 will be entitled to the proposed dividend.

The proposed dividend if approved at the Ninth Annual General Meeting will be paid on 18 November 2009.

TEE INTERNATIONAL LIMITED

(Incorporated in Singapore with limited liability)
(Company Registration No. 200007107D)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy TEE International Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, _____

of _____

being a member/members of TEE International Limited (the Company), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the Meeting) of the Company to be held on 24 September 2009 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 May 2009		
2	Payment of proposed first and final tax exempt one-tier dividend		
3	Re-election of Er. Lee Bee Wah as an Independent and Non-Executive Director		
4	Re-election of Ms. Saw Chin Choo as an Executive Director		
5	Re-appointment of Mr. Tan Boen Eng as an Independent and Non-Executive Director		
6	Re-appointment of Mr. Bertie Cheng Shao Shiong as an Independent and Non-Executive Director		
7	Approval of Directors' fees of S\$15,000 for the year ended 31 May 2009		
8	Approval of Directors' fees of S\$140,000 for the year ending 31 May 2010 payable quarterly in arrears		
9	Re-appointment of Deloitte & Touche LLP as Company's Auditors		
10	Authority to issue new shares		

Dated this _____ day of _____ 2009

Signature of Shareholder(s)
Or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	



Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all shares held by the member.
2. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, he should specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at Block 2024 Bukit Batok Street 23, #03-48, Singapore 659529 not less than 48 hours before the time set for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A Corporation, which is a member, may, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore authorise by resolution of its directors or other governing body such person, as it thinks fit to act as its representative at the Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

Board of Directors

Independent and Non-Executive Chairman
Mr. Bertie Cheng Shao Shiong

Group Chief Executive & Managing Director
Mr. Phua Chian Kin

Executive Director
Ms. Saw Chin Choo

Executive Director
Mr. Phua Boon Kin
(Appointed on 1 September 2008)

Independent and Non-Executive Director
Mr. Tan Boen Eng

Independent and Non-Executive Director
Er. Lee Bee Wah
(Appointed on 26 September 2008)

Audit Committee

Chairman
Mr. Tan Boen Eng
Members
Mr. Bertie Cheng Shao Shiong
Er. Lee Bee Wah

Nominating and Remuneration Committee

Chairman
Mr. Bertie Cheng Shao Shiong
Members
Mr. Tan Boen Eng
Er. Lee Bee Wah
Mr. Phua Chian Kin

Executive Committee

Chairman
Mr. Bertie Cheng Shao Shiong
Members
Er. Lee Bee Wah
Mr. Phua Chian Kin
Ms. Yeo Ai Mei

Company Secretaries

Ms. Lynn Wan Tiew Leng and
Ms. Lai Foon Kuen
Boardroom Corporate & Advisory
Services Pte. Ltd.
3 Church Street
#08-01 Samsung Hub
Singapore 049483
Tel: (65) 6536 5355
Fax: (65) 6536 1360

Registered Office

Company Registration No.:
200007107D
Block 2024 Bukit Batok Street 23
#03-48 Singapore 659529
Tel: (65) 6561 1066
Fax: (65) 6565 1738
Email: enquiries@pbtintl.com.sg
Website: <http://www.tee.com.sg>

Share Registrar

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Tel: (65) 6593 4848
Fax: (65) 6593 4847

Share Listing

TEE has been listed on the SESDAQ, now renamed SGX Catalist, on 22 March 2001. Its listing was upgraded from the SGX Catalist to the SGX Mainboard with effect from 3 September 2008

Independent Auditor

Deloitte & Touche LLP
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

Audit Partner-in-charge:
Mr. Michael Kee Cheng Kong
(Appointed with effect from financial year ended 31 May 2007)

Principal Bankers

Oversea-Chinese Banking
Corporation Limited
DBS Bank Ltd
Standard Chartered Bank

CORPORATE DIRECTORY

Singapore

Trans Equatorial Engineering Pte Ltd
TEE Aerospace Industries Pte Ltd
PBT Engineering Pte Ltd
TEE Development Pte Ltd
TEE Realty Pte Ltd
Block 2024, Bukit Batok Street 23
#03-48, Singapore 659529
Tel: (65) 6561 1066
Fax: (65) 6565 1738

NexFrontier Solutions Pte Ltd

Security Pro-Telco Pte Ltd
Block 2, Bukit Batok Street 24
SkyTech Building #09-13/14
Singapore 659480
Tel: (65) 6665 0606
Fax: (65) 6665 1957

Malaysia

Multi Amp Engineering Sdn Bhd
Foremost Prestige Sdn Bhd
PBT Engineering Sdn Bhd
No.3 Jalan 1/7, Taman Industrial Selesa
Jaya Off Jalan Balakong, 143300 Seri
Kembangan Selangor Darul Ehsan, Malaysia
Tel: (603) 8961 0878
Fax: (603) 8961 0893

Thailand

Trans Equatorial Indochina Co., Ltd
Oscar Property Management Co., Ltd
Oscar Design & Decoration Co., Ltd
Chewathai Ltd
Chewathai Hup Soon Ltd
1168/80 Lumpini Tower Building
27th Floor, Unit D, Rama IV Road
Kwaeng Tungmahamek, Khet Sathorn
Bangkok 10120, Thailand
Tel: (662) 679 8870/1/2/3/4
Fax: (662) 679 8875
Website: <http://www.chewathai.com>

Oscar Estate Management Co., Ltd

121 Moo 4, Rom Klao Road
Kwaeng Klong Song Ton Nun
Khet Lat Krabang
Bangkok 10520, Thailand
Tel: (662) 543 0844/5
Fax: (662) 543 0846

Philippines

Trans Equatorial Philippines Inc
Room 503 Fil-Am Resources Building
231 Binondo, Manila, Philippines
Tel: (632) 242 1689
Fax: (632) 242 1772

Cambodia

TEE Chem Pte Ltd
No. 32E0, Street 144
Sangkat Phsar Thmei 3
Khan Daun Penh,
Phnom Penh City, Cambodia
Tel: (855) 1133 8833
Fax: (855) 2399 7817



TEE International Limited

Company Registration No.: 200007107D

Block 2024, Bukit Batok Street 23,
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