POWERING TO NEW LEVELS OF EXCELLENCE

TEE International Limited
Annual Report 2011

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 Group that it is today. With its operations spanning across Singapore, Thailand, Malaysia, Philippines, Cambodia, Brunei, Vietnam and China, TEE continues to focus on its core Engineering specialisation, complemented by its Integrated Real Estate business.

Listed on the Stock Exchange of Singapore Dealing and Automated Quotation System "SESDAQ" (now known as the SGX Catalist) in 2001, TEE was upgraded to the SGX Mainboard in 2008.

Over the years, TEE has established a strong track record in delivering quality and value-added services by providing integrated solutions to its customers. With a strong brand position, TEE has been able to secure prominent projects both locally and regionally.

With its people at the centre of TEE's business model, TEE branches out through its twin engines of growth - Engineering and Integrated Real Estate by tapping on the expertise, experience and capabilities of its people. The Group has expanded its regional presence in South East Asia ("SEA") either fully undertaken by TEE's team or through strategic partnerships and acquisitions.

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.

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POWERING TO NEW LEVELS OF EXCELLENCE

Over the years we have transformed TEE from humble beginnings to a thriving Group with a powerful business model, strong capabilities, dedicated team and a growing portfolio.

2011 has been a continuation of our performance uptrend. On the back of remarkable results, stronger market presence and a sound strategy for sustainable growth, we have proven once again that we are, indeed, on the way up to the next level.

MOVING BEYOND BORDERS WITH STRATEGIC PARTNERSHIPS

Given the size of the Singapore market, regionalisation was a strategic move undertaken by TEE for further organic growth and development of the Group. With regionalisation, TEE will be able to secure a foothold in many neighbouring countries and establish a larger presence in the region.

With regionalisation being highly dependent on social, economic as well as regulatory structures and relationships, TEE continues to be vigilant and mindful of differences in geographical locations, resource availability, local production and service advantages. This is to achieve a desirable outcome from its regionalisation process.

TEE recognises the fact that regionalisation is an important albeit long process and has been cautiously regionalising over the years. In addition to existing operations that are concentrated in SEA, TEE is also expanding its presence into the other parts of Asia and exploring opportunities in the Middle East. This is made possible through TEE's strategic partnerships around the world and the support from International Enterprise Singapore.


CHINA
THAILAND
VIETNAM
CAMBODIA
PHILIPPINES
MALAYSIA
SINGAPORE
BRUNEI

2011 IN NUMBERS

Delivering another year of outstanding financial performance with stronger profitability and greater revenue prospects.

REVENUE

S$253.0M

UP by 62.7%

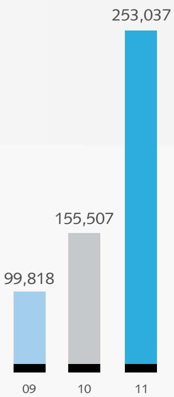
UPTREND

- SINCE OUR LISTING IN 2001 TEN YEARS AGO, OUR DIVIDEND HAS JUMPED FROM 0.40 SINGAPORE CENTS TO 2.25 SINGAPORE CENTS.
- NET PROFIT FOR THE YEAR HAS SURGED 46.6% YEAR-ON-YEAR IN LINE WITH NEW AND ONGOING LARGE-SCALE PROJECTS.
- ENGINEERING GROUP ORDER BOOK STANDS AT S$235.3M.
- INTEGRATED REAL ESTATE GROUP RECORDED CONTRACTED SALES OF S$23.6M.

TEE'S 12-MONTH DAILY SHARE PRICE AND TRADING VOLUME
(last closing date : 26 August 2011)

Source : SI Station

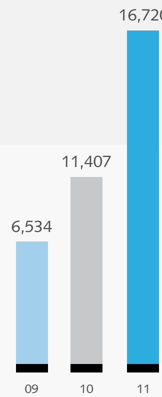
REVENUE (S$'000)



+62.7%

YEAR-ON-YEAR REVENUE GROWTH

NET PROFIT FOR THE YEAR (S$'000)



+46.6%

YEAR-ON-YEAR INCREASE IN NET PROFIT FOR THE YEAR

GROSS PROFIT
S$29.7M
UP by 25.5%

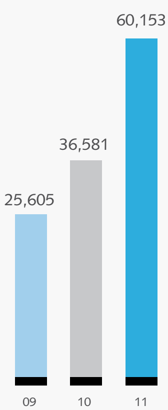
NET ASSET VALUE PER SHARE
17.5
SINGAPORE CENTS
UP by 34.6%

EARNINGS PER SHARE
5.56
SINGAPORE CENTS
UP by 37.6%

NET PROFIT FOR THE YEAR
S$16.7M
UP by 46.6%

PROFIT BEFORE TAX
S$19.4M
UP by 38.4%

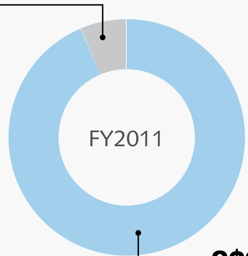
SHAREHOLDERS' EQUITY (S$'000)



+64.4%
YEAR-ON-YEAR INCREASE IN SHAREHOLDERS' EQUITY

REVENUE BREAKDOWN

INTEGRATED REAL ESTATE
14.9%
S$37.6m



85.1%
S$215.4m
ENGINEERING

CORPORATE STRUCTURE

TEE International Limited

SINGAPORE	
Trans Equatorial Engineering Pte. Ltd.	100%
PBT Engineering Pte. Ltd.	100%
TEE Management Pte. Ltd.	100%*
Security Pro-Telco Pte. Ltd.	100%
NexFrontier Solutions Pte. Ltd.	100%
TEE Development Pte. Ltd.	100%
TEE Realty Pte. Ltd.	100%
TEE Property Pte. Ltd.	100%
Development 83 Pte. Ltd.	100%
TEE Homes Pte. Ltd.	100%
Unique Development Pte. Ltd.	20%*
Development 26 Pte. Ltd.	45%*
Residenza Pte. Ltd.	32%*
Unique Realty Pte. Ltd.	20%*
KSH (China) Venture Pte. Ltd.	20%*
Trisilco Folec Pte. Ltd.	40%*^

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%*
CMC Communications (Thailand) Co., Ltd. *(formerly known as Keppel Communications (Thailand) Co., Ltd.)*	40%*^
Global Environmental Technology Co., Ltd.	49%*^

MALAYSIA	
TEE M&E Engineering Sdn Bhd *(formerly known as Multi Amp Engineering Sdn Bhd)*	100%*
Foremost Prestige Sdn Bhd	25%
PBT Engineering Sdn Bhd	100%*
CMC Communications Sdn Bhd	50%^

PHILIPPINES	
Trans Equatorial Philippines, Inc.	40%*
Trisilco Folec Philippines, Inc.	40%*^

CAMBODIA	
TEE Chem Pte. Ltd.	70%

BRUNEI	
PBT Engineering Sdn Bhd	100%*

VIETNAM	
TEE Vietnam Co. Ltd.	100%=

* Total effective interest held by TEE International Limited

^ Acquired after the financial year ended 31 May 2011

= Incorporated after the financial year ended 31 May 2011

\+ Although effective ownership is less than 50%, the Group has legal control over the company. It is deemed as a subsidiary of the Group

RAISE THE BAR

Meeting escalating demand for world-class solutions with top-notch capabilities and a high level of service dedication.


ENGINEERING
1
PASSION
Strong commitment to drive long-term growth

OUR BUSINESSES

TEE specialises in two complementary businesses:- **ENGINEERING** and **INTEGRATED REAL ESTATE**.

3
PERFORMANCE
Generating robust results and creating value

2
PARTNERSHIP
Teamwork for effective collaboration with clients

INTEGRATED REAL ESTATE

OUTSTANDING ORDER BOOK

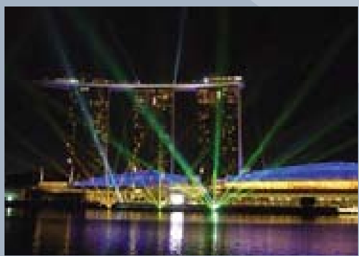
S$235.3M

ENGINEERING

Our Engineering segment continues to perform well and, going forward, will be more aggressive in pursuing and clinching high-value contracts.

We are an engineering solutions provider specialising in large scale and complex infrastructure services such as rebuilding and conversion of existing facilities, turnkey design and building services as well as system integration. TEE's extensive capabilities and regional networks enable the Group to offer complete solutions based on international standards that cover different industries, including telecommunications and water-related engineering industries.

ENGINEERING PROJECTS



MARINA BAY SANDS™ INTEGRATED RESORT DEVELOPMENT

Marina Bay Sands™ is a 16-acre mixed-use integrated resort which merges Marina Bay's waterfront with luxury shopping, dining and entertainment. It combines more than 121,000 square metres of world-class convention and exhibition facilities. TEE was awarded the contracts for North Podium, South Podium and Theatre electrical installations with a total contract worth S$158.0 million.

NATIONAL UNIVERSITY HOSPITAL

National University Hospital is a tertiary specialist hospital that provides leading-edge medical care and services. It delivers tertiary care for a wide range of medical and dental specialties including cardiology, gastroenterology and hepatology, obstetrics and gynaecology, oncology, ophthalmology, paediatrics and orthopaedics, and is thereby a major referral centre. TEE was awarded the contract, worth S$43.2 million, for the remodeling of the hospital's existing main building.

ASIA SQUARE TOWER ONE

Asia Square Tower One is a Grade A office and leisure building which comprises approximately 1.3 million square feet of serviced office, restaurant and retail space over 43 floors. Together with its twin tower, Tower Two, the Asia Square Twin Tower Development is one of the greenest developments in Asia. The contract for Mechanical, Electrical, Plumbing, Sanitary and Fire Protection ("MEPF") Systems Works at Asia Square Tower One worth S$123.8 million was awarded to TEE.

BRUNEI AFFORDABLE HOUSING PROJECT

The Brunei affordable housing project is a project for the development of 1,500 units of houses under the National Housing Scheme of Brunei Darussalam. TEE was awarded the BND147.5 million contract in October 2010 by the Brunei Economic Development Board after an international and open competitive tender involving 11 companies from Brunei, Singapore, Malaysia and South Korea due to our competitive pricing relative to the other companies. Under this "Design and Build" contract, TEE is responsible for the Master Plan of the development, together with the design and construction of the housing units.

Engineering Growth: Acquisitions to Enhance Capability Building, Competitive Positioning and Capital Structure Improvement.

In June 2011, TEE added new businesses to the Group as part of its future growth strategy.

GLOBAL ENVIRONMENTAL TECHNOLOGY CO., LTD. ("GETCO")

GETCO is a company set up to Build, Own, Operate and Transfer ("BOOT") waste water treatment in Bang Poo Industrial Estate in Samutprakan province in Thailand. It has received a 30-year BOOT concession from the Industrial Estate Authority of Thailand expiring on 30 November 2029. TEE acquired the company through Chewathai Ltd, which is 49%-owned by TEE's wholly-owned subsidiary, TEE Development Pte. Ltd., on 6 June 2011. The Group decided to acquire GETCO due to its intended expansion into the waste water treatment industry in Thailand, which has a huge potential for development.

TRISILCO FOLEC PTE. LTD. AND CMC COMMUNICATIONS (THAILAND) CO., LTD. (formerly known as KEPPEL COMMUNICATIONS (THAILAND) CO., LTD.)

TEE acquired CMC Communications (Thailand) Co., Ltd. and Trisilco Folec Pte. Ltd. together with its subsidiary, Trisilco Folec Philippines, Inc., collectively referred to as the Wireless Group, through its 50%-owned joint venture company, CMC Communications Sdn Bhd. This acquisition enables TEE to gain entry into the telecommunications engineering industry and leverage on the companies' engineering capabilities and geographical reach in SEA, which will put TEE in an attractive position to further expand both horizontally and vertically in the supply chain. In addition, this acquisition leverages on TEE's well-established and growing competencies in the infrastructure engineering services. Whilst growing the Group's existing engineering business is a key focus, TEE will also benefit from the strong business synergy to scale up its engineering capabilities to provide a total turnkey telecommunications solution ranging from planning, engineering, and construction management to program management.

CONTRACTED SALES FOR ONGOING PROJECTS IN SINGAPORE AND THAILAND

S$23.6M

INTEGRATED REAL ESTATE

Our Integrated Real Estate business continues to gain traction both in terms of sales and the acquisition of land bank for future growth.

The Integrated Real Estate business is part of TEE's industry diversification and a natural extension stemming from the Group's vast experience and expertise in infrastructure engineering. Taking on the role of a boutique developer, TEE acquires, designs, develops and markets residential developments either independently or taking strategic stakes with partners in larger projects.

PROPERTY DEVELOPMENT

LOCAL PROJECTS

CANTIZ@RAMBAI

Cantiz@Rambai is a 5-storey of 12 units boutique residential apartment inspired by the cantilever concept. It is located at Rambai Road where the Central Business District, reputable schools and recreational and shopping hubs are just mere minutes drive away.

THE BOUTIQ
(Joint Venture with Heeton Holdings Limited and KSH Holdings Limited)

A luxury 10-storey residential development located in a blissful serenity private corner of Killiney Road, The Boutiq is an exquisite collection of 130 private residences that offers a milieu where one can bask in the rapturous glamour of the city and yet come home to a quiet haven, accented by cosy settings, hospitable service and artfully-crafted interiors.

448@EAST COAST

448@East Coast is a boutique 5-storey residential development of 28 cosy apartments located along the vibrant East Coast Road. 448@East Coast comes with stylish quality kitchen equipment and designer fittings that makes a perfect blend of modern living. The infinity edge pool with tranquility on the roof terrace also gives a sense of pleasure and relaxation after a long day of work.

OVERSEAS PROJECTS

THE PEAK@CAIRNHILL I
(Joint Development with TG Development Pte Ltd)

The Peak@Cairnhill I stands at a towering height of 15-storey of 52 units of apartment located at 47, 49 and 51 Cairnhill Circle in Orchard Road. It provides a downtown city lifestyle in a luxurious and modern home located in the heart of prime District 9 where Orchard Road is just right at your door step.

CHEWATHAI RAMKHAMHAENG

Chewathai Ramkhamhaeng is a 33-storey high-rise condominium with 535 units of one-bedroom and studio residential units for the middle-income population who live and work close to the city centre of Bangkok. The units are designed in a modern contemporary style to match the vibrancy of Bangkok's city area. It is only minutes away from shopping complexes, restaurants and entertainment centres.

PEACH GARDEN

The Peach Garden project is an attractive mix of 37 units of 3-storey semi-detached and terrace houses located in Phu Huu Residential, District 9, in Ho Chi Minh City. Strategically located and well-designed, Peach Garden is perfect for growing families and for those who are looking to upgrade their lifestyle and living space.

UP FOR THE LONG HAUL

Aligning current strategies with long-term goals while advancing at a steady pace to maintain the consistency of our services and ensure the sustainability of the Group.

CHAIRMAN'S MESSAGE

STRENGTHENING OUR POSITION WITH OUR TWIN ENGINES OF GROWTH

Dear Shareholders,

I am pleased to report that TEE has done well and the company's financial performance for the financial year ended 31 May 2011 ("FY2011") was good and that we were able to deliver substantial, sustained value for our shareholders.

Even as we celebrate another year of good performance, we must acknowledge that the road ahead has many challenges. The world economic landscape is facing some turbulence. The United States and Europe have major problems which are yet to be resolved. Furthermore, the political turmoil in some Middle East countries e.g Libya and Syria, further increased economic uncertainties. The volatility in world stock markets in the beginning of August 2011 was a manifestation of these events.

Whilst we remain cautiously optimistic, we should also brace ourselves for any unexpected shocks or surprises which may be beyond our control.

OUTLOOK

The current prospects for Singapore and regional construction projects, as well as residential and investment properties continue to be positive. For the Engineering segment, there are still plenty of opportunities in the areas that TEE operates in, underpinned by the sustainable economic growth from the materialisation of mega projects in the pipeline as the region develops.

The ASEAN region has been one of the fastest growing markets in communications technology and to add on, the Group also sees an increase use of treated waste water due to trends in urban development and the growth of businesses in the region. We see all of these as opportunities, which explain TEE's dual acquisitions in June 2011.

With the recent acquisitions, TEE is in good stead to continue to secure sizable engineering contracts in Singapore and the region. Furthermore, we anticipate that there will be demand for good quality, well-located residential projects with competitive pricing in the market and we will continue to unveil such projects as we build our Integrated Real Estate base. With the right strategy in place, we believe that our twin engines of growth - Engineering and Integrated Real Estate will enable us to scale greater heights.

APPRECIATION

Through the years, TEE has received unwavering support from our shareholders. On behalf of the Board of Directors, I would like to extend our thanks for your confidence in the Group. I would like to offer my deep appreciation to my fellow directors and the management who have continued to work very hard and contributed to the overall growth of the Group. Our results are a testament to our people who demonstrate their focus and commitment throughout the organisation. They truly lie at the heart of any success we may achieve.

As a reward to our shareholders, we are proposing a Special Dividend of 0.50 Singapore cents per ordinary share for the second consecutive year, on top of the Final Dividend of 1.25 Singapore cents per ordinary share. With the addition of the earlier interim dividend of 0.50 Singapore cents per ordinary share, the total dividend for FY2011 is 2.25 Singapore cents per ordinary share, all of which are tax exempt one-tier.

Bertie Cheng
Non-Executive Chairman

"OUR RESULTS ARE A TESTAMENT TO OUR PEOPLE WHO DEMONSTRATE THEIR FOCUS AND COMMITMENT THROUGHOUT THE ORGANISATION. THEY TRULY LIE AT THE HEART OF ANY SUCCESS WE MAY ACHIEVE."

GROUP CHIEF EXECUTIVE & MANAGING DIRECTOR'S MESSAGE

REACHING FOR A HIGHER LEVEL OF EXCELLENCE

Dear Shareholders,

I am happy to report that FY2011 has been another record breaking year for TEE. More importantly, this year saw the fruits of our efforts to build up our twin growth engines, namely Engineering and Integrated Real Estate. As we grow organically at a steady pace, we are also strengthening our presence regionally through acquisitions as well as strategic partnerships.

OUTSTANDING RESULTS

We broke our revenue record with an increase of 62.7%, reaching S$253.0 million in FY2011. Engineering projects contributed S$215.4 million as several large scale construction projects were completed during the year, while the sales of development properties continue to grow and contributed S$28.5 million in revenue as we recognised sales from our real estate properties, namely Cantiz@Rambai, 31 and 31A Dunsfold Drive and the remaining units of The Thomson Duplex. Lease contracts for investment property and the workers' dormitory in Singapore and estate management in Thailand also contributed S$9.1 million to revenue, creating a steady stream of recurring income for the Group.

In line with the higher revenue recorded, gross profit also rose 25.5% to S$29.7 million and profit before tax increased 38.4% to S$19.4 million. Correspondingly, net profit improved 46.6% to S$16.7 million. Earnings per ordinary share expanded to 5.56 Singapore cents compared to 4.04 Singapore cents last year. All in all, the results achieved were in line with our expectations and we focus our efforts to further improve, even in the midst of new challenges brought about by the ongoing global financial and economic turbulence.

BUILDING OUR TWIN ENGINES OF GROWTH

Looking ahead, we will continue to take the Group to greater heights by continually building our twin growth engines. Our Engineering business continues to perform well as it grows in scope and depth, while our Integrated Real Estate business has successfully taken flight, both locally and regionally.

Engineering

With our proven track record in the Engineering business, we continue to secure sizable projects locally and regionally. To date, our Engineering order book is S$235.3 million and it comprises key projects like the design and build of a residential development consisting of 1,500 semi-detached and terrace units in Brunei and the construction and the water treatment plant project in Malaysia with the value of BND147.5 million and MYR63.3 million respectively.

We are also moving up the engineering value chain with our recent acquisitions which have enabled us to enter waste water treatment and telecommunications engineering industries respectively.

Integrated Real Estate

We have contracted sales of S$23.6 million for our on-going residential development projects in both Singapore and Thailand. Following the success of our first batch of real estate properties – The Thomson Duplex, Cantiz@ Rambai and 31 and 31A Dunsfold Drive, which were all 100% sold, we continue to build our Integrated Real Estate arm as we embarked on other new projects at 448 East Coast Road, 91 Marshall Road and Duku Road. To date, we have also launched The Boutiq at Killiney Road together with our joint venture partners and soft launched our own development, 448@ East Coast, of which 60% of the units have been sold.

At the same time, we are also building up our land bank and have acquired freehold sites at 5 Lorong 26 Geylang, 568 and 570 Macpherson Road, 63 to 73C Lorong M, Telok Kurau Road with our strategic partners, as well as investing in the Gaobeidian township development in the Hebei province of People's Republic of China.

Building Recurring Income

In addition to the lease contracts, the recent acquisition of GETCO and the Wireless Group will also help to build up a stable recurring income base. The Group will benefit from GETCO's waste water treatment service fees and future maintenance or recurring contracts from the Wireless Group.

A HIGHER LEVEL OF EXCELLENCE

Whilst we are seeing positive results as we build our twin growth engines, our long-term ideal revenue model will see the property business taking up a more significant part of the overall revenue. Our long-term target is that the revenue contribution from Engineering and Integrated Real Estate to be around 40% each and the remaining revenue to come from a steady recurring income base.

IN APPRECIATION

As FY2011 has been an outstanding year for us, I would like to express my appreciation to our Board of Directors, staff, business associates, strategic business partners and our shareholders for their strong support and confidence in TEE.

C K Phua

Group Chief Executive
& Managing Director


LOOKING AHEAD,
WE WILL CONTINUE
TO TAKE THE GROUP
TO GREATER HEIGHTS
BY CONTINUALLY
BUILDING OUR TWIN
GROWTH ENGINES.

OPERATING AND FINANCIAL REVIEW

INCOME STATEMENT

	2011 S$'000	(Restated) 2010 S$'000	Change %
Revenue			
Engineering	215,443	138,160	55.9
Integrated Real Estate	37,594	17,347	116.7
Total Revenue	**253,037**	**155,507**	**62.7**
Cost of sales	(223,356)	(131,855)	69.4
Gross profit	**29,681**	**23,652**	**25.5**
Other operating income	2,200	2,909	(24.4)
Administrative expenses	(9,808)	(9,864)	(0.6)
Other operating expenses	(1,470)	(99)	1,384.8
Share of profit (loss) of associates	982	(127)	(873.2)
Finance costs	(2,147)	(2,428)	(11.6)
Profit before tax	**19,438**	**14,043**	**38.4**
Income tax expense	(2,718)	(2,636)	3.1
Profit for the year	**16,720**	**11,407**	**46.6**
Profit attributable to:-			
Owners of the company	17,314	11,376	52.2
Non-controlling interests	(594)	31	(2,016.1)
	16,720	**11,407**	**46.6**

Revenue

The Group achieved a record high revenue of S$253.0 million, a 62.7% jump from last year. This increase was largely contributed by the revenue recognised from the large-scale projects such as the Asia Square Tower One and the Marina Bay Sands™ Integrated Resort Development.

Engineering

The Engineering segment continues to be a key contributor to the Group's overall revenue growth. With S$215.4 million recognised in FY2011, a large portion of this revenue was mainly contributed by large-scale projects such as Asia Square Tower One and Marina Bay Sands™ Integrated Resort Development.

Integrated Real Estate

The Integrated Real Estate segment generated a revenue of S$28.5 million which was mainly due to the sales of development properties comprising the Cantiz@Rambai, 31 and 31A Dunsfold Drive and the remaining units of The Thomson Duplex. In terms of recurring income, the Group recorded revenue of S$9.1 million from the lease contracts for its investment property and the workers' dormitory in Singapore, and estate management in Thailand.

Gross profit

In FY2011, gross profit for the Group rose 25.5% from S$23.7 million to S$29.7 million along with the higher revenue registered.

Share of profit of associates

The share of results of associates improved from a loss to a gain due to profit recognised from the sales of completed properties in Thailand.

Profit before tax

Profit before tax increased by 38.4% to S$19.4 million as compared to S$14.0 million in the previous financial year, which was mainly attributable to the increase in construction activities which led to a higher revenue recorded in FY2011 and improved operational efficiency.

Profit for the year

The Group continued its path towards expansionary growth and has secured sizable engineering projects in Singapore, Brunei and SEA. To this end, the Group's profit for the year increased by 46.6% to S$16.7 million as compared to S$11.4 million in the previous financial year.

OPERATING AND FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

	2011 S$'000	(Restated) 2010 S$'000	Change %
Current assets	196,071	146,594	33.8
Total assets	225,163	172,678	30.4
Cash and cash equivalents	45,631	7,371	519.1
Loans receivable from associates	22,706	13,957	62.7
Development properties	70,923	47,399	49.6
Current liabilities	103,895	101,043	2.8
Total liabilities	166,188	136,736	21.5
Trade payables	50,031	33,073	51.3
Equity attributable to owners of the company	60,153	36,581	64.4

Current assets

Current assets increased from S$146.6 million to S$196.1 million as at FY2011. This was largely due to the increase of various items on the balance sheet such as cash and cash equivalents, loans receivable from associates as well as development properties.

Cash and cash equivalents

The increase in cash and cash equivalents was largely contributed by net cash generated from its operating activities mainly due to prepayments from customers and proceeds from the sales of completed and development properties.

Loans receivable from associates

The increase in loans made to associates was mainly due to funding requirements of the Group's property development associates in Singapore and Thailand for new projects.

Development properties

The increase in development properties by S$23.5 million was due to the acquisition of more land to build up the Group's land bank in Singapore.

Trade payables

The increase in trade payables was mainly due to the increase in resources for larger-scale projects such as the Asia Square Tower One and the Marina Bay Sands™ Integrated Resort Development.

STATEMENT OF CASH FLOWS

	2011 S$'000	(Restated) 2010 S$'000	Change %
Net cash from (used in) operating activities	47,803	(10,973)	535.6
Net cash used in investing activities	(11,979)	(11,345)	5.6

Net cash from operating activities

The Group generated net cash of S$47.8 million from its operating activities for FY2011, which were mainly due to prepayments from customers and proceeds from the sales of completed and development properties.

Net cash used in investing activities

The S$12.0 million was mainly used for the loans made to property development associates in Singapore and Thailand.

GROUP FINANCIAL HIGHLIGHTS

	2011	(Restated) 2010	(Restated) 2009
For the Year			
Revenue (S$'000)	253,037	155,507	99,818
Gross profit (S$'000)	29,681	23,652	19,080
Gross profit margin (%)	11.7	15.2	19.1
Earnings before interest, tax, depreciation and amortisation (S$'000)	20,731	16,236	10,742
Operating profit (S$'000)	20,599	15,917	10,336
Profit before tax (S$'000)	19,438	14,043	8,828
Pre-tax profit margin (%)	7.7	9.0	8.8
Profit for the year (S$'000)	16,720	11,407	6,534
After-tax profit margin (%)	6.6	7.3	6.5
Profit attributable to owners of the company (S$'000)	17,314	11,376	6,734
At Year End (S$'000)			
Current assets	196,071	146,594	106,771
Total assets	225,163	172,678	131,489
Current liabilities	103,895	101,043	64,048
Total liabilities	166,188	136,736	106,537
Total debts (including finance lease*)	81,645	85,852	69,565
Equity attributable to owners of the company	60,153	36,581	25,605
Total equity	58,975	35,942	24,952
Number of shares as at 31 May+	343,759,998	281,642,372	281,641,360

* Excluding long-term loan of S$4,050,000 due to a joint developer

+ The number of issued shares has been adjusted for the share split of each ordinary share into 2 ordinary shares

	2011	(Restated) 2010	(Restated) 2009
Profitability ratios			
Return on shareholders' equity (%)	28.8	31.1	26.3
Return on total assets (%)	7.7	6.6	5.1
Leverage ratios			
Long-term debt to equity ratio (times)	1.0	0.8	1.7
Total debt to equity ratio (times)	1.4	2.4	2.8
Interest cover (times)	9.6	6.6	5.6
Liquidity analysis ratios			
Current ratio (times)	1.9	1.5	1.7
Net asset value per share (cents)	17.5	13.0	9.1
Shareholders' investment ratios			
Earnings per share (cents)	5.56	4.04	2.40
Gross dividend per share (cents)	2.25	2.20	1.20
Divdend cover (times)	2.5	1.8	2.0
Productivity			
Number of employees	360	377	391
Revenue/employee (S$'000)	702.9	412.5	255.3

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

Independent and
Non-Executive Director
Mr. Tan Boen Eng

Independent and
Non-Executive Director
Er. Dr. Lee Bee Wah

Independent and
Non-Executive Director
Mr. Lee Ah Fong
(Appointed on 1 March 2011)

AUDIT COMMITTEE

Chairman
Mr. Tan Boen Eng

Members
Er. Dr. Lee Bee Wah
Mr. Lee Ah Fong

NOMINATING COMMITTEE

Chairman
Mr. Lee Ah Fong

Members
Mr. Bertie Cheng Shao Shiong
Mr. Phua Chian Kin

REMUNERATION COMMITTEE

Chairman
Er. Dr. Lee Bee Wah

Members
Mr. Tan Boen Eng
Mr. Lee Ah Fong

EXECUTIVE COMMITTEE

Chairman
Mr. Bertie Cheng Shao Shiong

Members
Er. Dr. Lee Bee Wah
Mr. Lee Ah Fong
Mr. Phua Chian Kin

JOINT COMPANY SECRETARIES

Ms. Lynn Wan Tiew Leng
Ms. Yeo Ai Mei

REGISTERED OFFICE

Co. Reg. No.: 200007107D
Block 2024 Bukit Batok Street 23
#03-48 Singapore 659529
Tel: (65) 6561 1066
Fax: (65) 6565 1738
Email: enquiries@teeintl.com
Website: http://www.teeintl.com

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 as the 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
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

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

INVESTOR RELATIONS

Cogent Communications Pte Ltd
138 Cecil Street
#14-01/01A Cecil Court
Singapore 069538
Tel: (65) 6323 1060/3060
Fax: (65) 6222 1210
Contact person:
Ms. Celine Ooi
Email: celine@cogentcomms.com
Mr. Gerald Woon
Email: woon@cogentcomms.com

PRINCIPAL BANKERS

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

INVESTOR RELATIONS

Investor relations forms a vital and integral part of TEE's commitment to high standards of corporate governance and transparency. With a clearly-structured and robust corporate governance system, TEE focuses on enhancing long-term shareholder value while communicating in a regular, timely, fair and effective manner. As such, TEE makes material disclosures on an immediate basis as required under the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") or as soon as possible, if an immediate disclosure is not practicable.

ENGAGING THE INVESTING COMMUNITY

Analyst Briefings

Regular briefings for analysts are held with key management present to review the Group's most recent financial performance as well as to discuss its strategy and outlook. Following such briefings, any materials used in the briefings are also immediately publicly disseminated via SGX-ST's SGXNet broadcast network ("SGXNet") and TEE's corporate website at http://www.teeintl.com.

Media Interviews

Interviews with the media and the resultant publicity raise the awareness of TEE so that a larger population of the investing community will be able to understand and appreciate the Group's operations, business updates, financial performance and management thinking.

Investor Meetings

For serious investors who wish to understand the company more, one to one meetings in the form of teleconferences or face-to-face meetings with key management are also arranged. Large group meetings with remisiers and dealers are also arranged to keep them informed about TEE and give them the opportunity to meet key management.

Corporate Website

The corporate website is a one-stop information platform for any potential investors to understand TEE's businesses. It features corporate information together with updates of latest projects and various contracts awarded. In addition, various awards and certifications as well as a client showcase can be found on the website.

KEEPING SHAREHOLDERS UPDATED

Corporate Announcements

Important information such as strategic initiatives, contract wins, financial results and acquisitions, are disseminated through the SGXNet within the mandatory reporting period in the form of announcements and press releases. At the same time, these announcements and press releases are also uploaded on TEE's corporate website for wider exposure.

Annual General Meeting

The Annual General Meeting ("AGM") is the main platform for the Board of Directors and key management to answer shareholders' questions about the Company. The venue of the AGM is usually easily accessible to the shareholders and adequate days of notice within the statutory minimum period allow shareholders to participate in the AGM. The Board of Directors, key management and the external auditors are usually available at the AGM to address any shareholders' concerns with regards to the Company's performance of the year and also to keep them informed of recent developments.

Annual Report

Annual Reports are despatched to shareholders at least 14 days before the AGM. The Annual Report is an extensive report on TEE's activities and performance for the financial year and is crafted to give all existing shareholders as well as potential shareholders important company information in a comprehensive manner. The Group also reviews and seeks to improve the content and format on a continual basis for greater transparency.

Shareholders' Enquiries

TEE believes in an effective two-way communication between shareholders and the Group. The Group's Investor Relations contacts are easily found in most of TEE's official publications as well as the corporate website. Concerns and enquiries of shareholders are addressed by the relevant management personnel in a prompt manner.

DIVIDEND POLICY

As TEE is committed to working towards maximising long-term shareholder value, it will also strive to maintain or increase our yearly dividend payouts. The amount of any proposed dividend will take into consideration the Group's operating results, financial position, committed capital expenditure, working capital requirement and any other relevant considerations the Board of Directors deemed appropriate.

INVESTORS RELATIONS

TEE'S 12-MONTH DAILY SHARE PRICE AND TRADING VOLUME

(last closing date : 26 August 2011)

Source: SI Station

SHARES PERFORMANCE

Share Statistics

SES	M1Z.SI
Bloomberg	TEE:SP
Reuters	TEEI.SI
Issued and Paid-up Shares	345,649,998 (26/08/2011)
Market Capitalisation	S$89.9 million (26/08/2011)
52 weeks share price range	S$0.196 — S$0.320

INVESTOR RELATIONS AND FINANCIAL CALENDAR 2011	
6 January 2011	Announcement of FY2011 Half-Year Results
12 January 2011	Analyst and Investor Briefing for FY2011 Half-Year Results
Book Closure Date on 24 February 2011, 5 p.m., Paid on 8 March 2011	FY2011 Declared and Paid tax exempt one-tier Interim Dividend of 0.50 Singapore cents per ordinary share
31 May 2011	Financial Year End
18 July 2011	Announcement of FY2011 Full-Year Results
19 July 2011	Analyst and Investor Briefing for FY2011 Full-Year Results
7 September 2011	Despatch of Annual Reports to Shareholders
22 September 2011	11th Annual General Meeting
October 2011	Announcement of FY2012 First Quarter Results
Book Closure Date on 21 October 2011, 5 p.m., Payable on 2 November 2011	FY2011 Proposed tax exempt one-tier Final Dividend of 1.25 Singapore cents per ordinary share
Book Closure Date on 15 November 2011, 5 p.m., Payable on 6 December 2011	FY2011 Proposed tax exempt one-tier Special Dividend of 0.50 Singapore cents per ordinary share

INVESTOR RELATIONS AND FINANCIAL CALENDAR 2012	
January 2012	Announcement of FY2012 Half-Year Results
January 2012	Analyst and Investor Briefing for FY2012 Half-Year Results
April 2012	Announcement of FY2012 Third Quarter Results
31 May 2012	Financial Year End
July 2012	Announcement of FY2012 Full-Year Results
July 2012	Analyst and Investor Briefing for FY2012 Full-Year Results
September 2012	Despatch of Annual Reports to Shareholders
September 2012	12th Annual General Meeting
October 2012	Announcement of FY2013 First Quarter Results

READY FOR THE NEXT LEVEL

Elevating our benchmarks and focus on growth channels that will deliver the best outcomes for both our customers and shareholders.

BOARD OF DIRECTORS

L-R: Mr. Tan Boen Eng, Ms. Saw Chin Choo, Mr. Lee Ah Fong, Mr. Bertie Cheng Shao Shiong, Mr. Phua Boon Kin, Er. Dr. Lee Bee Wah, Mr. Phua Chian Kin

MR. BERTIE CHENG SHAO SHIONG, 74

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 23 September 2010. Mr. Cheng is the Chairman of the Executive Committee and a Member of the Nominating 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 was appointed as Advisor to POSBank on 1 June 2010. He holds and has held directorships, in both listed and non-listed 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 Resources Development Limited (formerly known as Pacific Andes (Holdings) Limited) and Baiduri Bank Berhad. Other appointments include being the Chairman of the Medifund Committee, Singapore General Hospital, Vice-Chairman of the Consumers Association of Singapore ("CASE") Endowment Fund and a Board Member of NTUC First Campus Co-operative Ltd.

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, 52

Group Chief Executive
& Managing Director

Mr. Phua has been the Group Chief Executive & Managing Director of TEE 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 and the Nominating Committee.

Mr. Phua has over 29 years of experience in the Mechanical & Electrical ("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 three of LK-NES subsidiaries. He joined as Company Director of Trans Equatorial Enterprises (SEA) Pte Ltd in 1990 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 Singapore Polytechnic with a Diploma in Electrical Engineering. He received the Public Service Medal in 2007.

MR. TAN BOEN ENG, 78

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 23 September 2010. Currently he serves as Chairman of the Audit Committee and a Member of the 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 the Director of Singapore Institute of Accredited Tax Professionals Limited, SAA Global Education Centre Pte Ltd, Association of Taxation Technicians (S) Limited and Certified Accounting Technicians (Singapore) Ltd. Mr. Tan was the President of the ASEAN Federation of Accountants ("AFA") from 2000 to 2001 and he is now a Council member. He is also a former Board Member of the Tax Academy of Singapore. 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 of the Institute.

Mr. Tan had previously held the position of 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 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 a Fellow of the Institute of Certified Public Accountants of Singapore and CPA Australia. He received the Public Administration Medal (Silver) in 1975.

ER. DR. LEE BEE WAH, 50
Non-Executive Director

Er. Dr. Lee was appointed as an Independent and Non-Executive Director of the Company on 26 September 2008 and was last re-elected as a Director of the Company on 24 September 2009. Besides being the Chairman of the Remuneration Committee, she is also a Member of the Audit Committee and the Executive Committee.

Er. Dr. 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. Dr. Lee is currently the Principal Partner of LBW Consultants LLP and a Director of LBW Engineering Pte Ltd. She is also a Fellow Member of the Institution of Engineers Singapore and a Board Member of the Professional Engineers Board, Singapore. Er. Dr. Lee is also the Director of Trailblazer Foundation Ltd.

Er. Dr. 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 ("MP") for the Nee Soon GRC and Adviser to Nee Soon South Grassroots Organisation. She is also the Honorary Fellow member of the Institution of Structural Engineers ("IStructE") in the United Kingdom. Er. Dr. Lee has just been conferred Honorary Doctorate by The University of Liverpool on 22 July 2011.

MR. LEE AH FONG, 64
Non-Executive Director

Mr. Lee was appointed as an Independent and Non-Executive Director of the Company on 1 March 2011.

Mr. Lee is a partner of the law firm Ng, Lee & Partners and has previously held the position as the President of the Singapore Hainan Hwee Kuan and is currently an Honorary Management Committee Member of the Singapore Federation of Chinese Clan Associations, the chairman of Yuying Secondary School Management Committee, an Independent Director of JK Yaming International Holdings Ltd and Cortina Holdings Ltd, and legal advisor to several associations, societies and companies.

Mr Lee qualified as Barrister-at-Law (Middle Temple) in 1980 and was admitted to the Singapore Bar in 1981. He handles mainly criminal cases, civil litigation, family law cases and general solicitor's work. Besides being a volunteer lawyer of the Law Society Criminal Legal Aid Scheme, he has also offered his service as assigned counsel for High Court capital cases. He joined the Singapore Police Force ("SPF") as an inspector in 1966 and was promoted to the rank of Assistant Superintendent of Police in 1976 after a 3-month training course at the FBI National Academy in 1974. He had served in various units of the SPF before his resignation in 1980.

MS. SAW CHIN CHOO, 49
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 24 September 2009. As an Executive Director, she is responsible for the management and administration of the Rebuilding projects within the Group.

Ms. Saw has over 28 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., TEE Property Pte. Ltd., Development 83 Pte. Ltd., TEE Homes 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, 49
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 23 September 2010. 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 26 years of experience in project execution and project management. He 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 20 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., Security Pro-Telco Pte. Ltd., TEE Property Pte. Ltd., Development 83 Pte. Ltd., and TEE Homes Pte. Ltd.. He is also a Company Director in one of the associates, Development 26 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

MR. SIM GEOK SOON [1]

Executive Director,
Infrastructure Engineering

Mr. Sim joined the Group in 1996. He oversees the management and operations of the 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.

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

MR. PHUA CHER CHEW [2]

Executive Director,
Property Development

Mr. Phua joined the Group in 1997. He oversees the property arms of TEE. He manages the acquisition of land, land development, sale of the properties, as well as securing opportunities for joint development with other partners in residential development.

He is currently the Company Director of Trans Equatorial Engineering Pte. Ltd., TEE Management Pte. Ltd., TEE Development Pte. Ltd., TEE Realty Pte. Ltd., TEE Property Pte. Ltd., Development 83 Pte. Ltd., TEE Homes Pte. Ltd. and Trans Equatorial Philippines, Inc..

He is also appointed as Alternate Director to Mr. Phua Chian Kin in KSH (China) Venture Pte. Ltd..

MS. YEO AI MEI, CPA [3]

Group Finance Controller

Ms. Yeo joined the Group in 1996 and has held various appointments in the Group. She is instrumental in setting up the various functions throughout the years and oversees the Group's accounting, finance, corporate secretarial and related activities. She is the Joint Company Secretary of the Company and serves as Company Secretary for the various subsidiaries in Singapore.

Ms. Yeo holds a Bachelor of Business in Accountancy Degree from RMIT University and is a Certified Public Accountant of Singapore and Certified Practising Accountant of CPA Australia.

MR. TOH CHIEN JUIN [4]

Project Director, Electrical Engineering

Mr. Toh joined the Group in 1998. He leads and drives Asia Square Tower One project, TEE's first and biggest MEPF Systems Works. With 13 years of experience in the Engineering field, Mr. Toh is well-equipped to handle the massive scale of the Asia Square Tower One project and bring the project to fruition.

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

MR. WONG YUN SENG, EDRIC [5]

Project Director,
Mechanical Engineering

Mr. Wong joined the Group in 2003. In his role as Project Director, Mr. Wong oversees and supervises the daily operations of the Air Conditioning and Mechanical Ventilation 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.

MR. CHIA YOKE HENG [6]

Project Director,
Rebuilding Engineering

Mr. Chia joined the Group in 2004. He 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.

MS. LOH CHOOI LENG [7]

Senior Group HR Manager

Ms. Loh joined the Group in 2005 and was promoted to Senior Group HR Manager in January 2011. She is overall responsible for the training and development program, recruitment, compensation, benefits and performance and career management of employees.

Ms. Loh holds a Graduate Diploma in Human Resource Management from Southern Cross University and Bachelor of Arts in Psychology (Major) and Political Science (Minor) Degree from UKM, Malaysia.

MR. JOHN NG KIAN BOON [8]

Group Business Development Director

Mr. Ng joined the Group in February 2011. He is primarily responsible for

helping TEE and its subsidiaries to expand into different regions, while navigating through regulatory frameworks and business norms.

To achieve TEE's expansion goals, Mr. Ng identifies key growth industries and develops strategic plans that potentially place TEE in a niche market in the infrastructure and construction industries. He spearheads in-market projects and business missions to explore opportunities in each region. Mr. Ng adopts both short- and long-term views for TEE, and aims to achieve an optimal balance between profit and risk through cross-regional and cross-industrial diversification.

MS. CHEW LAY LING [9]
Group Accounts Manager

Ms. Chew joined the Group in 2007 and was promoted to Group Accounts Manager in July 2010. She is in charge of various subsidiaries and associates accounts. She graduated from the Association of Chartered Certified Accountants (United Kingdom) and is currently an affiliate of the association.

MR. BOON CHOON KIAT, CFA, CPA [10]
Executive Director,
Thailand's Operations

Mr. Boon joined the group in 2000. He is the Executive and Country Director for the Group's operations in Thailand. In his current capacity, he is responsible for the operations and business and property 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, Chewathai Hup Soon Ltd and GETCO.

IR. CHONG KOK YUEN, PEng, CEng [11]
Operations Manager,
Malaysia's Operations

Ir. Chong joined the Group in 2010. He is responsible for the operations in engineering and property development in Malaysia. He is an Engineer by training with more than 14 years of experience in the construction industry. Prior to joining TEE, he has served as a consultant and contractor to various organisations specialising in Water & Sewage M&E works within Malaysia.

MR. NGUYEN VINH BINH [12]
Operations Manager,
Vietnam's Operations

Mr. Nguyen joined the Group in 2009. He is responsible for the operations in engineering, business and property development in Vietnam. Mr. Nguyen experienced working as a Project Manager in Genuwin D&C Co. Ltd., a Korean property developer.

He is also the General Director and Legal Representative of TEE Vietnam Co. Ltd..

MR. MD NIZAM BIN ALI [13]
Regional Business Development Director, Malaysia's and Indonesia's Operations

Mr. Nizam joined the Group in 2010. He is responsible for business development in Malaysia and Indonesia. His key responsibilities include identifying new projects for Malaysia subsidiaries.

MR. CHEE WILLIAM [14]
Chief Operating Officer,
Wireless Group

With the acquisition of the wireless business in June 2011, Mr. Chee has joined the Group as the Chief Operating Officer overseeing the wireless businesses in Singapore, Thailand, Philippines and Malaysia.

He has been involved in the telecom industry for the past 15 years. Prior to his joining, he was the Operations Director of Wireless Group with Radiance Converged Solutions Sdn. Bhd., a subsidiary of Keppel Communications Pte. Ltd.. He previously sat on the board of directors of various Keppel T&T subsidiaries and associates. Mr. Chee was also actively involved in business development opportunities in logistics and telecom for Keppel T&T in Vietnam and Indonesia.

OUR FORWARD STRATEGIES

Despite our achievements over the past years, we continue to peer into a future of new growth opportunities and will adopt a high degree of focus and commitment to achieve.

OUR FORWARD STRATEGIES

Aim High.
To us, growth is not a fixed destination but a moving target that we are driven to aspire for.

Step Up.
With a positive outlook for our Engineering and Integrated Real Estate businesses, we will continue to aggressively pursue high-value projects.

Be Creative.
Innovation – in technology and in service – will continue to drive our Group's upward movement and differentiate us from competition.

Team Up.
We will strengthen our strategic partnerships to boost our capacity to excel in our markets.

Commit.
We will always prioritise operational safety, physical security and the well-being of our customers and our people.

HUMAN CAPITAL

August 2010
Balloon Day

September 2010
Mount Kinabalu Expedition

October 2010
Dinner and Dance Masquerade Nite

ATTRACTING INNOVATIVE AND DYNAMIC TALENTS

With people being an important resource, TEE is always on the lookout for high calibre talents with strong potential to propel the Group further as a lasting and thriving organisation. Several recruitment channels include career fairs, employment agencies and its online portal. In addition, TEE also offers full-time employment opportunities to outstanding interns from educational institutions like universities and polytechnics after their internship programmes with the Group.

Other than recruiting new employees to grow, TEE provides career advancement opportunities for existing employees that are recognised for their outstanding performance and capabilities in their existing scope of work.

BUILDING TEAMWORK, REINFORCING MOTIVATION

TEE understands the value of building a team with a common vision. As such, it holds regular team building programmes such as bowling and badminton tournaments to create an enjoyable work life for employees to boost productivity and motivation. Social activities such as community services, dinners and retreats are also organised to reinforce team morale and encourage the spirit of volunteering.

People are the greatest asset at the helm of TEE. They are integral to the Group's success and are essential in promoting growth. TEE strives to maximise the potential of its people through goal alignment and trainings to help them achieve optimal levels of performance. In order for the Group to grow, TEE continuously recruits, trains, retains and nurtures its pool of talents. Various key performance indicators of different levels are implemented to develop a talented, motivated and healthy workforce. This, is TEE's human capital strategy.

October 2010
Dinner and Dance Masquerade Nite

October 2010
Dinner and Dance Masquerade Nite

October 2010
Dinner and Dance Masquerade Nite

November 2010
Durian and fruit party

November 2010
Complimentary Lunch

December 2010
Standard Chartered Run

EMPLOYEE COMMUNICATION

As communication is important for team coordination, TEE encourages employees to adopt an open communication culture with its Heads of Departments and Managers. Events such as the TEE Summit, staff meetings, and dialogue sessions are also organised regularly to directly engage employees in the Group's operations.

TRAINING AND DEVELOPMENT

Structured learning programmes are designed for employees as part of TEE's training and development programme. Employees are provided soft skills and professional development trainings relevant to their job scopes. About 150 employees benefit from these trainings annually and a total of 900 training hours were clocked as at July 2011.

SUCCESSION

As the Group grows and its portfolio of businesses expands, succession planning is a mission critical in building a sustainable organisation. Today, much of TEE's creative output is generated from many of its young talents. It is thereby an ongoing exercise to strengthen its management bench by identifying and mentoring young senior officers to take on leadership roles. TEE employs a buddy

HUMAN CAPITAL

December 2010
Office Christmas Celebration

January 2011
Chinese New Year Celebration

January 2011
Chinese New Year Celebration

system which enables mentors to guide potential new leaders closely. This new generation of leaders will then lead the Group to constantly refresh and evolve to be on par with the dynamic business environment.

WELLNESS OF EMPLOYEES

TEE values the wellness of its employees as it believes this is the basis for both individual and organisational growth. To promote a healthy lifestyle, the Group provides annual free medical screening and conducts exercise classes. The Group Chief Executive also initiated a TEAM TEE 1000 in 2005, followed by TEE 3000, TEE 5000 and TEE 8000 that was started in December 2008 and completed in June 2011. Every employee is encouraged to jog a certain distance which will be accumulated and recorded in TEE's total running distance. TEE has recently embarked on a new journey of TEE 10,000 in June 2011 and aims to achieve a total running distance of 10,000 km by December 2013.

COMPENSATION AND REWARDS

The Group recognises employees' diverse needs of its workforce and their contributions to take it to the next level of growth. As such, TEE rewards its employees by offering comprehensive and competitive compensations and benefits in line with market practices. Loyalty is valued at TEE and career advancements are made available for employees with outstanding performances.

HUMAN CAPITAL

STATISTICS ON HUMAN TALENTS

Level	No. of Staff
Board of Directors - Executive	3
Key Executives	14
Junior and middle management	49
Administrative and clerical	53
Site operations	74
Non-Traditional Source/Skilled workers	167
Total	**360**

STATISTICS ON LENGTH OF SERVICE

Year of Service	No. of Staff
Less than 5 years	284
5 to 10 years	43
Over 10 years	33
Total	**360**

STATISTICS ON QUALIFICATION

Qualification	No. of Staff
Degree and above	80
Diploma and equivalent	53
Secondary and below	69
Skill certificates	158
Total	**360**

LEADERSHIP RENEWAL

Description	TEAM 2011
Average age	34
Number of team members	49
Nationalities	Singaporeans, Malaysians, Thais, Burmese, Bruneians, Vietnamese
Highest education level	Master
Lowest education level	O Level

REACHING OUT TO OUR COMMUNITY

Apart from being an engineer of infrastructure solutions and living spaces, TEE also strongly believes in enriching lives and reaching out to the communities. Corporate Social Responsibility ("CSR") is the core of TEE's philosophy and staff development where community involvement and active participation in volunteering activities are strongly encouraged amongst employees. At TEE, we work hard to "walk the talk" in being able to give back to the community and render support to the less fortunate and those in need, which brings meaning and value to each one of us.

CSR CALENDAR FOR FY2011

28 August 2010

Balloon Day

TEE's CSR Committee brought smiles to the faces of VF's residents through the use of something as simple as balloons. TEE had engaged a balloon artist to create balloon art for the residents according to their preferences. Balloon related activities such as a balloon twisting competition and snake games were also planned for the senior folks to participate where they all had such a great time. Instant polaroid photos were also taken during the party, capturing the moment of fun and enjoyment which the residents kept as a memento.

27 November 2010

Durian and fruit party

The durian and fruit party was an eventful day created and dedicated to promote healthy eating and living amongst the VF's residents and also to educate them on the different types of fruits and its benefits. We worked together with the VF's care givers to help the residents to complete various fruit related games and prepared interesting fruit presentations for them. Fruits were served to the residents as dessert after lunch as part of the education exercise.

24 December 2010

Christmas Eve Celebration

We celebrated Christmas Eve with the residents of VF on 24 December 2010. The residents of VF were delighted by the distributions of Christmas gifts from us. Other than distributing at the main hall, where residents usually gather, we proceeded to the second level to visit other residents for a chit-chat session. Their faces were lit up as though Santa Claus had just made his presence.

CSR COMMITTEE WITHIN TEE

Since 2007, as part of TEE's belief to transform its employees to philanthropic individuals, the CSR Committee was formed by TEE's employees to support and plan community and charity activities. The CSR Committee members take turns every year to be part of the planning team so as to continually maintain an incoming fresh flow of innovative ideas within the committee. The committee is made up of employees from various backgrounds, cultures and are selected from different departments. Currently, the CSR Committee is led by Purchasing Manager, Ms. Dephenie Sim.

The CSR Committee regularly comes together to draw up a series of events every two months and initiatives for the Villa Francis Home for the Aged ("VF"). TEE also provides hot meals for the residents of Nee Soon on an annual basis. Other than the regular activities TEE is engaged in, TEE also actively makes direct and indirect contributions to those in need such as fund raising for those who were affected by the Japan earthquake and organising sporting events for disabled old folks.

10 January 2011

Meal-cum-Birthday celebration for residents of Nee Soon South Zone E & F

Specially led by TEE's Executive Director, Mr. Phua Boon Kin, with the attendance of MP Er. Dr. Lee Bee Wah, TEE's Non-Executive Director, we distributed hot meals to needy individuals as well as senior citizens. Our employees also celebrated the birthdays of residents who were born in January. The senior folks from both Zone E & F enjoyed the meals.

22 January 2011

Chinese New Year celebration

It was a memorable Chinese New Year celebration for every resident and TEE for the lunar year 2011. We brought ang pows, gifts, good cheers and happiness to the residents of VF. Our employees also presented a series of fantastic and festive activities such as singing, dancing, diadolo etc. It is a Chinese tradition for everyone to enjoy "Yu Sheng" with the VF's residents to welcome the year of Rabbit.

21 May 2011

Movie day

TEE set up a home movie theatre in VF showing the Cantonese comedy movie "I Love Hong Kong" to the residents. Before the movie started, TEE led the elderly for some warm-up exercise in a bid to get the elderly all excited and ready for the movie. TEE provided the snacks and drinks during the movie and a lunch buffet for the residents after the movie.

RELIEF EFFORTS

Aside from its regular CSR activities, TEE also believes that there is no limit to helping those in need and extends its philanthropic outreach to help raise funds for disaster stricken victims. TEE's relief effort includes several fundraising activities for charity organisations such as the Catholic Welfare Service Donations where TEE had successfully raised S$2,000 amongst the employees.

In April 2011, TEE launched a fundraising campaign for the Japan earthquake disaster which took place in March 2011. A fundraising box was placed at the receptionist desk which served its purpose of encouraging TEE's employees, visitors and vendors to donate whenever they entered TEE's office. Emails and letters were also sent out to thank vendors who have reached out to help Japan.

SAFETY, HEALTH, ENVIRONMENTAL AND LEGAL AWARENESS

TEE understands the importance of the all round safety, health, environmental and legal impact of everyone involved in its business operations as well as the public at large. Therefore, TEE is committed to promote safety, health, environmental and legal awareness within the Group through a series of initiatives.

ENVIRONMENTAL AWARENESS

In today's world, we are all concerned about the environment and the future and sustainability of the earth. Hence, TEE is committed to fostering environmental awareness and responsibility among its employees by developing good environmental practices to protect Mother Nature.

To raise environmental awareness and constantly remind employees to adopt "green" practices, green office initiatives such as circulating "Go Green" awareness emails as well as adding in "Go Green" slogans at the signature of staff emails are carried out within TEE. TEE is also an avid supporter of the government's idea of using light sensors in office, to minimise electricity wastage.

TEE has been awarded the Environmental Management Systems ISO 14001: 2004 certification and hopes that with this, it can also lead other engineering companies to recognise the importance of ensuring the environment to be free from pollution.

In addition, TEE has also set up its very own "Go Green Committee" this year to further promote green practices within the Group. The Group is committed to providing a conducive working environment which is free from pollution, complying with applicable environmental standards and other requirements. TEE will strive for continual improvement to its environmental management system.

SAFETY AND HEALTH AWARENESS

Ensuring the safety of all employees, subcontractors, visitors, customers and the general public is a vital mission and vision of TEE. Integral to its continuous improvement process, TEE is continuously developing activities and initiatives to promote safety awareness among its employees.

Safety awareness training are carried out regularly for the staff and TEE also sends its employees for safety courses such as safety orientation courses, building construction safety supervisor course, just to name a few.

TEE operates Quality, Environmental, Health and Safety Management. TEE complies with the bizSAFE standards of workplace safety and health. This includes implementing good practices and workplace safety and health programmes such as Risk Management.

Being part of the bizSAFE programme and awarded the bizSAFE Star, TEE pledges its commitment to improve workplace safety and health by adopting a top-down approach, beginning with the top management and subsequently extending it to the rest of the organisation. This allows the whole organisation to get involved in developing a workplace safety system and ensuring a workplace that is conducive for work and yet safe for all workers.

ADHERING TO LAWS AND REGULATIONS

TEE maintains strict compliance with the rules and regulations enforced by the SGX-ST as well as the Singapore Government. The Group believes that the protection of shareholders' rights and reinforcing the board's responsibilities are equally crucial in good corporate governance.

Protecting Shareholders' Interests

In order to protect the interests of its shareholders, TEE places a heavy emphasis on the need for timely, accurate and transparent disclosure of information. Other than being actively involved in investor relations, TEE also ensures that it complies with the rules and regulations of SGX-ST.

Internal audits are carried out on a regular basis with the appointment of PKF-CAP Risk Consulting Pte. Ltd. ("PKF") to provide internal audit services within the Group. PKF is part of a global network of legally independent firms providing quality audit, business advisory and consultancy services. With the assistance of the Group's internal and external audit, the internal controls of the Group are enhanced.

Reinforcing the Board

TEE maintains a stringent and transparent process for the appointment of new directors onto the Board. Newly appointed directors will undergo director's training via orientation and educational programmes. New directors are also provided with information on relevant statutory and regulatory compliance issues.

On a regular basis, directors receive updates on any changes to the rules and regulations, commercial risks and business conditions of the company to enable them to make well informed decisions.

Apart from the aforementioned, TEE's management also monitors any changes to financial reporting standards and effectively adopt the changes and adheres to them. Financial risk management policies such as credit risk management and liquidity risk management are also implemented to protect the interests of shareholders.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of TEE International Limited (the "Company") 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 quarterly, 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 Company's management ("Management");
- Declaration of interim dividends and proposals of final dividends and special dividends (if any);
- 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 Committee and endorsing the appointments of the Key Executives, internal auditors and external auditors; and
- Reviewing recommendations made by the 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 Committee, 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 four 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 Committee meetings held during the financial year ended 31 May 2011 ("FY2011") and the attendance of every Board member at the meetings are set out below:-

	Board Committee Meetings					
Name of Director	Board of Directors Meeting		Audit Committee Meeting		Nominating and Remuneration Committee Meeting (2)	
	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	5	5	2	2	2	2
Mr. Tan Boen Eng	5	5	2	2	2	2
Er. Dr. Lee Bee Wah	5	4	2	2	2	2
Mr. Lee Ah Fong (1)	5	1	–	–	–	–
Mr. Phua Chian Kin	5	5	–	–	2	2
Ms. Saw Chin Choo	5	5	–	–	–	–
Mr. Phua Boon Kin	5	4	–	–	–	–

(1) Appointed with effect from 1 March 2011.

(2) The Nominating and Remuneration Committee was separated into two committees with effect from 15 July 2011.

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 seven Directors, of whom four 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.

The composition of the Board is as follows:-

Executive Directors

Mr. Phua Chian Kin (Group Chief Executive & Managing Director)
Ms. Saw Chin Choo
Mr. Phua Boon Kin

CORPORATE GOVERNANCE REPORT

Independent and Non-Executive Directors

Mr. Bertie Cheng Shao Shiong (Non-Executive Chairman)
Mr. Tan Boen Eng
Er. Dr. Lee Bee Wah
Mr. Lee Ah Fong

Mr. Lee Ah Fong was appointed as an Independent Director of the Company with effect from 1 March 2011. His appointment is in line with the Company's practice to enhance the diversity of experience and expertise within the Board.

The Nominating Committee 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 Nominating Committee 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 profiles of the Directors are set out in the 'Board of Directors' section on pages 24 to 25.

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 Group Chief Executive & 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 Group Chief Executive & 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 Group Chief Executive & 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 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 Group Chief Executive & Managing Director and the Management.

Mr. Phua Chian Kin who assumes the role of Group Chief Executive & 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 & Managing Director, an Executive Committee is appointed. Mr. Bertie Cheng Shao Shiong is the Chairman of the Executive Committee. More details on the Executive Committee can be found on page 48.

For good practice, the Key Executives or the Management 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.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

NOMINATING COMMITTEE

Board Membership

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

The Nominating and Remuneration Committee, which was a committee previously had been separated into two committees, namely the Nominating Committee and Remuneration Committee with effect from 15 July 2011. The Company had released an announcement to the Singapore Exchange Securities Trading Limited ("SGX-ST") on the separation of the two committees. The terms of reference for both committees remain unchanged. There is also a change in the composition of members of the Audit Committee, Nominating Committee, Remuneration Committee and Executive Committee. More details on the Audit Committee, Remuneration Committee and Executive Committee can be found on pages 44, 42 and 48 respectively.

The Nominating Committee ("NC") comprises two Independent and Non-Executive Directors as follows:-

Independent and Non-Executive Directors

Mr. Lee Ah Fong (Chairman)
Mr. Bertie Cheng Shao Shiong

Executive Director

Mr. Phua Chian Kin

The majority of the NC members are independent from business and management relationships. Both of the Independent Directors, including Mr. Lee Ah Fong, the Chairman of the NC, are independent from major shareholders.

One of the NC'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 NC 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; and
- Recommend Directors who are retiring by rotation to be put forward for re-election.

Election and Re-election

All Directors (excluding the Group Chief Executive & 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 Group Chief Executive & Managing Director) are subject to retirement from office by rotation and be subject to the re-election at the Company's Annual General Meeting ("AGM").

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

The NC has recommended the nomination of Directors retiring by rotation under Article 88 and Article 89 of the Company's Articles of Association, namely Mr. Lee Ah Fong and Er. Dr. Lee Bee Wah, for re-election at the forthcoming AGM which has been scheduled to be held on 22 September 2011.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Bertie Cheng Shao Shiong and Mr. Tan Boen Eng who are over the age of 70 years are subject to re-appointment as Directors of the Company at the forthcoming AGM to hold office until the next AGM.

Upon the re-appointment as Directors of the Company, Mr. Bertie Cheng Shao Shiong will remain as Non-Executive Chairman of the Company, Chairman of the Executive Committee and a member of the NC respectively. Mr. Tan Boen Eng will remain as Chairman of the Audit Committee and a member of the Remuneration Committee respectively.

CORPORATE GOVERNANCE REPORT

Review of Directors' Independence

The NC conducts an annual review of the independence of Directors. After taking into consideration the Code's definition of independence, the NC is of the view that the Non-Executive Directors, Mr. Bertie Cheng Shao Shiong, Mr. Tan Boen Eng, Er. Dr. Lee Bee Wah and Mr. Lee Ah Fong are independent.

Review of Directors with Multiple Board Representations

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

Succession Plan for the Board

Succession planning is a crucial element of the Company's corporate governance process. The NC has adopted a succession plan to ensure the progressive and orderly renewal of Board membership. As part of this plan, an additional Independent Director, Mr. Lee Ah Fong was appointed to the Board on 1 March 2011, who is standing for re-election at the forthcoming AGM, in accordance with the Company's Articles of Association. The NC also reviews the succession and leadership development plans for the senior management, including the identification and management of talent among the younger staff.

Process for Selection and Appointment of New Directors

- The NC 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 NC 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 NC.
- 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 appointments 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 interests.

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	74	Independent / Non-Executive	5 March 2001	23 September 2010
Mr. Tan Boen Eng	78	Independent / Non-Executive	5 March 2001	23 September 2010
Er. Dr. Lee Bee Wah	50	Independent / Non-Executive	26 September 2008	24 September 2009
Mr. Lee Ah Fong	64	Independent / Non-Executive	1 March 2011	-
Mr. Phua Chian Kin	52	Non-independent / Executive	15 August 2000	Not applicable
Ms. Saw Chin Choo	49	Non-independent / Executive	10 September 2004	24 September 2009
Mr. Phua Boon Kin	49	Non-independent / Executive	1 September 2008	23 September 2010

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 NC has conducted a Board Performance Evaluation to assess the effectiveness of the Board for FY2011.

CORPORATE GOVERNANCE REPORT

In addition, through the NC, 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 or board meeting after the NC approves of their appointment. Such new directors must submit themselves for re-election at the next AGM 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 the nature of its operations, the Group will be releasing quarterly financial statements with effect from the financial year ending 31 May 2012 ("FY2012"), in addition to the half-year and full-year financial statements. 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. Any sensitive matters are to be tabled at the Board meetings or discussed without distributing meeting papers.

The Joint Company Secretaries or their representatives would attend all the Board meetings and provide assistance to the Chairman by ensuring that the board procedures are followed. They also assist to ensure that the relevant regulations, as well as the requirements of the Companies Act and the Listing Manual of the 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 Joint Company Secretaries to facilitate access. Moreover, the Directors are 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.

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.

With effect from 15 July 2011, the Remuneration Committee ("RC") comprises three Independent and Non-Executive Directors as follows:-

Independent and Non-Executive Directors

Er. Dr. Lee Bee Wah (Chairman)
Mr. Tan Boen Eng
Mr. Lee Ah Fong

All the RC members are independent from business and management relationships. The Independent Directors, including Er. Dr. Lee Bee Wah, the Chairman of the RC, are independent from major shareholders.

CORPORATE GOVERNANCE REPORT

The responsibilities of the RC are as follows:-

- 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.

Remuneration Matters

The remuneration policy adopted by the Group comprises a fixed component and a performance-related variable component. The fixed component is in the form of a base salary. 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 of 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 remunerated with a higher Director's fee as his level of responsibility is higher. Executive Directors do not receive Directors' fees, but be remunerated with attendance fees for their attendance at meetings. The Independent Directors' fees are subject to shareholders' approval at the AGM. They do not have any service contracts with the Company.

The Company's Articles of Association govern the terms of their appointment. There are safeguards in place to ensure that no one individual Director represents a considerable concentration of power. The RC has full authority to engage any external professional advice on matters relating to remuneration, if the need arises. No Director is involved in the determination of his own remuneration.

The Group Chief Executive & Managing Director has a 3-year renewal service contract with the Company which was last renewed in July 2010. There are no onerous removal clauses or early termination clauses.

The breakdown of the level and mix of remuneration paid or payable to each Director of the Company (in percentage terms) for FY2011 is as follows:-

Directors' Remuneration

Remuneration bands & Name of Director of the Company	Directors' Fees %(1)	Attendance Fees %	Salaries %(2)	Bonuses %(2)
S$500,000 and above				
Mr. Phua Chian Kin	–	1	18	81
S$250,000 to below S$500,000				
Mr. Phua Boon Kin (3)	–	2	54	44
Ms. Saw Chin Choo	–	2	56	42
S$100,000 to below S$250,000				
Nil	–	–	–	–
Below S$100,000				
Mr. Bertie Cheng Shao Shiong	89	11	–	–
Mr. Tan Boen Eng	89	11	–	–
Er. Dr. Lee Bee Wah	80	20	–	–
Mr. Lee Ah Fong	–	100	–	–

CORPORATE GOVERNANCE REPORT

(1) The Directors' fees of S$155,000 were approved at the Tenth AGM held on 23 September 2010. Mr. Bertie Cheng Shao Shiong, Mr. Tan Boen Eng and Er. Dr. Lee Bee Wah were paid S$75,000, S$45,000 and S$35,000 respectively for FY2011. The payment of additional Directors' fees of S$10,000 each to Mr. Bertie Cheng Shao Shiong and Mr. Tan Boen Eng for FY2011 was also approved at the Tenth AGM.

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

(3) Mr. Phua Boon Kin is the younger brother of Mr. Phua Chian Kin, Group Chief Executive & Managing Director.

Key Executives' Remuneration

The remuneration of each Key Executive is not disclosed as the Company believes that the disclosure may be prejudicial to its business interests given that it is operating in highly competitive environments. The Company is disclosing the remuneration of the top 14 Key Executives who are not the Executive Directors of the Company in bands as shown below for FY2011:-

Remuneration bands	FY2011
S$250,000 to below S$500,000	2
S$100,000 to below S$250,000	7
Below S$100,000	5

Out of the 14 Key Executives in FY2011, Mr. Phua Cher Chew is the nephew of Mr. Phua Chian Kin, Group Chief Executive & Managing Director, whose remuneration exceeded S$150,000.

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 authorisation given by the Board, half-year and full-year financial statements are presented to the shareholders promptly via SGX-ST's SGXNet broadcast network ("SGXNet") and the Company's website. The Company's latest Annual Report is also available at the Company's website.

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 with written terms of reference which clearly set out its authority and duties.

With effect from 15 July 2011, the Audit Committee ("AC") consists of three Independent and Non-Executive Directors as follows:-

Independent and Non-Executive Directors

Mr. Tan Boen Eng (Chairman)
Er. Dr. Lee Bee Wah
Mr. Lee Ah Fong

The role of the AC 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 AC shall abstain from voting any resolution in respect of matters of which he is interested in.

CORPORATE GOVERNANCE REPORT

The duties of AC 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 quarterly, 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 or re-appointment of the internal auditors and external 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 AC have sufficient accounting and related financial management expertise and are suitably qualified to discharge the AC's experience.

The AC 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 AC has access to sufficient resources to enable it to discharge its functions properly.

Furthermore, the AC 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. Starting from FY2012, the AC will be holding quarterly meetings to review the quarterly financial statements.

The AC also has separate and independent access to the internal auditors and external auditors. During the year, the AC 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 AC 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 names of the auditing firms are disclosed in Note 14 of the Notes to Financial Statements in the Annual Report. To comply with Rule 716 of the Listing Manual of the SGX-ST, this matter has been reviewed by the AC and the Board. The AC and the Board have satisfied that the appointment of different auditors would 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 AC has recommended their re-nomination to the Board.

In addition, the AC has set 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 are made available to all employees. All whistle-blower complaints would be reviewed by the AC at its quarterly meetings to ensure thorough investigation and adequate follow-up.

CORPORATE GOVERNANCE REPORT

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 AC 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 AC. The AC 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.

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 Risk Consulting Pte. Ltd. ("PKF") to provide internal audit services within the Group.

PKF has adopted the International Standards for the Professional Practice of Internal Auditing promulgated by The Institute of Internal Auditors. The AC is satisfied that PKF has sufficient and competent resources to carry out the internal audit function for the Company and its subsidiaries.

PKF will review key internal controls in selected areas in consultation with, but independent of the Management. In the review, PKF will report its findings to the AC and where appropriate, recommends areas of improvement to strengthen the Group's internal control system.

COMMUNICATIONS WITH SHAREHOLDERS

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

Principle 15: Companies should encourage greater shareholder participation at AGMs, 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 SGXNet, the publication of the Annual Report and the holding of the AGM. All material information is also updated on the Company's website at http://www.teeintl.com, which serves as a one-stop source for shareholders and stakeholders alike. The release of timely information is in line with the Company's corporate governance practices, as it enables potential investors and shareholders alike to make informed investment decisions.

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. The Company also gives investors and shareholders advance notification of the date of release of its financial results, through the SGXNet announcement. In addition to the issue of the Notice of AGM and Notice of Books Closure and Dividend Payment Dates together with the Annual Report, the Notice of AGM is also advertised in a major local newspaper.

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

The Chairman presides yearly over the AGM and is accompanied by fellow Board members, the Chairman of the AC, NC, RC and EXCO respectively, the Joint 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 the AGM are prepared by the Joint 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 its own internal compliance code, with reference to Rule 1207(18) of the Listing Manual of SGX-ST with regards to dealing in the Company's securities by the Directors, Management and officers of the Group. Going forward, as the Company adopts quarterly reporting, Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are prohibited from dealing in the Company's securities during the periods commencing two weeks before the announcement of the Company's results for the first and third quarters of its financial year and one month before the half-year and full-year results and ending on the day of the announcement, or when they are in possession of unpublished price-sensitive information on the Group.

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.

When the Company is involved in major corporate exercises such as investment or divestment that could be price-sensitive in relation to the Company's securities, Directors, Management and officers of the Group who are 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 & Managing Director, 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 AC during the half-yearly meeting and quarterly meeting which will take effect from FY2012. For FY2011, the transactions between the Company's subsidiary, Trans Equatorial Engineering Pte. Ltd. and its interested person are set out as follows:-

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
PBT Automobile and Credit Pte Ltd	S$143,709	Nil

The AC confirms that the said transaction was within the threshold limits set out under Chapter 9 of the Listing Manual of SGX-ST 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 the Financial Statements in the Annual Report.

CORPORATE GOVERNANCE REPORT

EXECUTIVE COMMITTEE

With effect from 15 July 2011, the Executive Committee ("EXCO") consists of four members as follows:-

Mr. Bertie Cheng Shao Shiong (Chairman)
Er. Dr. Lee Bee Wah
Mr. Lee Ah Fong
Mr. Phua Chian Kin

The Scope of the EXCO shall cover the following:-

- Approval of property development projects commencing from land acquisition;
- Approval of acceptance for projects with the contract value exceeding S$25 million;
- Approval of investment in new businesses with the total investment exceeding S$0.5 million; and
- Approval of single capital investment with the value exceeding S$0.2 million.

The details of the frequency of EXCO meetings held during FY2011 and the attendance of every EXCO member at the meetings are set out below:-

Name of Member	EXCO Meetings	
	No. of meetings held	No. of meetings attended
Mr. Bertie Cheng Shao Shiong	6	6
Er. Dr. Lee Bee Wah	6	6
Mr. Lee Ah Fong (1)	6	-
Mr. Phua Chian Kin	6	6
Ms. Yeo Ai Mei	6	6

(1) Appointed with effect from 15 July 2011.

FINANCIAL CONTENTS

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended May 31, 2011.

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. Dr. Lee Bee Wah
Mr. Lee Ah Fong (Appointed on March 1, 2011)
Mr. Phua Chian Kin
Ms. Saw Chin Choo
Mr. Phua Boon Kin

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:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of director and company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The company				
TEE International Limited		**Ordinary shares**		
Mr. Bertie Cheng Shao Shiong	1,800,000	6,500,000	2,000,000	4,000,000
Mr. Tan Boen Eng	69,100	191,800	-	-
Er. Dr. Lee Bee Wah	169,000	659,000	-	-
Mr. Phua Chian Kin	75,020,068	180,904,754	6,445,462	13,970,924
Ms. Saw Chin Choo	341,847	1,136,400	-	-
Mr. Phua Boon Kin	52,586	105,172	-	-
		Warrants to subscribe for ordinary shares at the exercise price of $0.20 each [(1)]		
Mr. Bertie Cheng Shao Shiong	-	-	60,000	-
Mr. Tan Boen Eng	6,800	-	-	-
Mr. Phua Chian Kin	15,491,359	-	1,120,950	-
Ms. Saw Chin Choo	42,930	-	-	-
Mr. Phua Boon Kin	449	-	-	-

REPORT OF THE DIRECTORS

Name of director and company in which interests are held	Shareholdings registered in name of director: At beginning of year	Shareholdings registered in name of director: At end of year	Shareholdings in which directors are deemed to have an interest: At beginning of year	Shareholdings in which directors are deemed to have an interest: At end of year
The company				
TEE International Limited	**Warrants to subscribe for ordinary shares at the exercise price of $0.16 each** (2)			
Mr. Bertie Cheng Shao Shiong	1,800,000	3,200,000	1,000,000	-
Er. Dr. Lee Bee Wah	72,500	-	-	-
Mr. Phua Chian Kin	40,561,663	68,248,528	1,202,670	2,405,340
Ms. Saw Chin Choo	158,423	-	-	-

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 warrants of the company at June 21, 2011 were the same at May 31, 2011.

During the financial year, the company has undertaken a share split exercise to subdivide each ordinary share in the capital of the company into two ordinary shares in the capital of the company.

The implementation of the share split exercise required adjustments to be made to the number and exercise price of the warrants.

(1) The exercise price was at $0.40 before the abovementioned share split.

(2) The exercise price was at $0.31 before the abovementioned share split.

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.

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:

Date of issue	Balance at June 1, 2010 or date of issue, if later	Additions(1) during the year	Exercised during the year	Expired during the year	Balance at May 31, 2011	Exercise price $	Exercise period
TEE International Limited							
Warrants over ordinary shares							
May 2, 2008	22,484,492	13,776,070	(35,140,448)	(1,120,114)	-	0.20(2)	April 28, 2008 to April 27, 2011
March 3, 2010	70,409,843	62,914,388	(10,773,301)	-	122,550,930	0.16(3)	March 3, 2010 to February 28, 2013

(1) The additions during the year was due to the abovementioned share split.

(2) The exercise price was at $0.40 before the abovementioned share split.

(3) The exercise price was at $0.31 before the abovementioned share split.

REPORT OF THE DIRECTORS

(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 end of the reporting period. The members of the committee at the date of this report are:

Mr. Tan Boen Eng	(Chairman and independent non-executive director)
Er. Dr. Lee Bee Wah	(Independent non-executive director)
Mr. Lee Ah Fong	(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.

The Audit Committee has held two 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 statements of financial position and statement of changes in equity 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 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, 2011

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 55 to 111 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, 2011, 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, 2011

INDEPENDENT AUDITORS' REPORT

To the Members of TEE International Limited

Report on the Financial Statements

We have audited the accompanying financial statements of TEE International Limited (the company) and its subsidiaries (the group) which comprise the statements of financial position of the group and the company as at May 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 55 to 111.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

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 about 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 of financial statements that give a true and fair view 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, the consolidated financial statements of the group and the statement of financial position 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, 2011 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.

Report on Other Legal and Regulatory Requirements

In our opinion, 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
Singapore

Michael Kee Cheng Kong
Partner

August 31, 2011

STATEMENTS OF FINANCIAL POSITION

May 31, 2011

	Note	Group			Company	
		May 31, 2011 ("2011") $	May 31, 2010 ("2010") $ (Restated)	June 1, 2009 ("2009") $ (Restated)	May 31, 2011 ("2011") $	May 31, 2010 ("2010") $ (Restated)
ASSETS						
Current assets						
Cash and cash equivalents	6	45,631,338	7,371,168	9,832,976	6,297,570	2,820,427
Trade receivables	7	36,770,071	39,484,074	32,938,520	14,093,336	9,931,639
Other receivables	8	9,497,662	9,226,129	1,301,097	59,410,952	27,837,254
Loans receivable from associates	9	22,706,064	13,957,090	4,270,000	-	-
Other investments	10	1,242,400	393,500	-	1,242,400	393,500
Inventories	11	1,466,595	815,880	1,706,678	-	-
Construction work-in-progress in excess of progress billings	12	7,834,052	23,240,880	3,671,526	-	-
Development properties	13	70,923,107	47,398,776	53,050,415	-	-
Completed property held for sale	13	-	4,706,577	-	-	4,706,577
Total current assets		196,071,289	146,594,074	106,771,212	81,044,258	45,689,397
Non-current assets						
Investment in associates	14	6,086,060	4,069,608	2,008,604	-	-
Investment in subsidiaries	15	-	-	-	27,425,718	22,011,823
Prepaid investments	16	748,142	621,108	621,108	-	-
Club membership	17	52,800	48,000	45,000	52,800	48,000
Property, plant and equipment	18	1,040,897	789,894	948,249	-	-
Investment property	19	21,000,000	20,500,000	20,000,000	21,000,000	20,500,000
Deferred tax assets	20	100,638	54,837	203,837	-	-
Other receivables	8	63,273	-	891,345	-	-
Total non-current assets		29,091,810	26,083,447	24,718,143	48,478,518	42,559,823
Total assets		225,163,099	172,677,521	131,489,355	129,522,776	88,249,220

STATEMENTS OF FINANCIAL POSITION

May 31, 2011

		Group			Company	
	Note	May 31, 2011 ("2011") $	May 31, 2010 ("2010") $ (Restated)	June 1, 2009 ("2009") $ (Restated)	May 31, 2011 ("2011") $	May 31, 2010 ("2010") $ (Restated)
LIABILITIES AND EQUITY						
Current liabilities						
Bank loans and overdrafts	21	19,595,878	38,245,395	11,910,429	1,000,000	8,518,355
Trade payables	22	50,031,376	33,073,416	22,587,572	32,786,025	12,541,312
Other payables	23	5,477,810	9,053,605	6,183,737	43,788,782	27,173,022
Progress billings in excess of construction work-in-progress	12	19,865,425	-	3,424,955	-	-
Provision for maintenance costs	24	347,357	438,353	1,464,978	-	-
Current portion of finance leases	25	41,146	18,801	20,145	-	-
Current portion of long-term bank loans	27	5,340,864	17,483,563	16,029,205	2,550,000	5,253,838
Current portion of financial guarantee liabilities	28	248,907	206,068	-	602,626	723,393
Income tax payable		2,946,187	2,523,550	2,427,516	146,064	260,615
Total current liabilities		103,894,950	101,042,751	64,048,537	80,873,497	54,470,535
Non-current liabilities						
Finance leases	25	141,451	86,141	85,343	-	-
Long-term loan	26	4,050,000	4,050,000	-	-	-
Long-term bank loans	27	56,525,815	30,017,828	41,521,028	11,108,333	13,658,333
Financial guarantee liabilities	28	488,459	566,685	-	944,162	1,060,709
Long-term deposit	29	729,900	729,900	729,900	729,900	729,900
Deferred tax liabilities	20	357,560	242,060	152,926	301,098	216,098
Total non-current liabilities		62,293,185	35,692,614	42,489,197	13,083,493	15,665,040
Capital and reserves						
Share capital	30	27,282,616	15,559,065	15,558,907	27,282,616	15,559,065
Currency translation reserve	31	125,382	317,716	294,470	-	-
Capital reserve	32	1,101,532	1,265,735	-	1,101,532	1,265,735
Accumulated profits		31,643,105	19,438,214	9,751,913	7,181,638	1,288,845
Equity attributable to owners of the company		60,152,635	36,580,730	25,605,290	35,565,786	18,113,645
Non-controlling interests		(1,177,671)	(638,574)	(653,669)	-	-
Total equity		58,974,964	35,942,156	24,951,621	35,565,786	18,113,645
Total liabilities and equity		225,163,099	172,677,521	131,489,355	129,522,776	88,249,220

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended May 31, 2011

	Note	Group 2011 $	2010 $ (Restated)
Revenue	33	253,036,786	155,507,075
Cost of sales		(223,355,739)	(131,855,113)
Gross profit		29,681,047	23,651,962
Other operating income	34	2,199,524	2,908,798
Administrative expenses	35	(9,807,543)	(9,863,912)
Other operating expenses	36	(1,470,550)	(99,051)
Share of profit (loss) of associates	14	982,136	(126,317)
Finance costs	37	(2,146,967)	(2,428,097)
Profit before tax		19,437,647	14,043,383
Income tax expense	38	(2,717,832)	(2,636,415)
Profit for the year	39	16,719,815	11,406,968
Other comprehensive income			
Currency translation differences, representing other comprehensive income for the year		(136,896)	7,522
Total comprehensive income for the year		16,582,919	11,414,490
Profit attributable to:			
Owners of the company		17,314,350	11,376,149
Non-controlling interests		(594,535)	30,819
		16,719,815	11,406,968
Total comprehensive income attributable to:			
Owners of the company		17,122,016	11,399,395
Non-controlling interests		(539,097)	15,095
		16,582,919	11,414,490
Earnings per share			
Basic (cents)	41	5.56	4.04
Diluted (cents)	41	4.96	4.04

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2011

	Share capital $	Currency translation reserve $	Capital reserve $	Accumulated profits $	Equity attributable to owners of the company $	Non-controlling interests $	Total $
Group							
Balance at June 1, 2009, as previously stated	15,558,907	(55,412)	-	13,297,298	28,800,793	(4,758)	28,796,035
Prior year adjustments (Note 48)	-	349,882	-	(3,545,385)	(3,195,503)	(648,911)	(3,844,414)
Balance at June 1, 2009, as restated	15,558,907	294,470	-	9,751,913	25,605,290	(653,669)	24,951,621
Total comprehensive income for the year, as previously stated	-	112,033	-	11,383,145	11,495,178	4,758	11,499,936
Prior year adjustments (Note 48)	-	(88,787)	-	(6,996)	(95,783)	10,337	(85,446)
Total comprehensive income for the year, as restated	-	23,246	-	11,376,149	11,399,395	15,095	11,414,490
Issue of warrants	-	-	1,265,735	-	1,265,735	-	1,265,735
Issue of shares arising from exercise of warrants	158	-	-	-	158	-	158
Dividends paid (Note 40)	-	-	-	(1,689,848)	(1,689,848)	-	(1,689,848)
Balance at May 31, 2010	15,559,065	317,716	1,265,735	19,438,214	36,580,730	(638,574)	35,942,156
Total comprehensive income for the year	-	(192,334)	-	17,314,350	17,122,016	(539,097)	16,582,919
Issue of shares arising from exercise of warrants	11,723,551	-	(164,203)	-	11,559,348	-	11,559,348
Dividends paid (Note 40)	-	-	-	(5,109,459)	(5,109,459)	-	(5,109,459)
Balance at May 31, 2011	27,282,616	125,382	1,101,532	31,643,105	60,152,635	(1,177,671)	58,974,964

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2011

	Share capital $	Capital reserve $	Accumulated profits $	Total $
Company				
Balance at June 1, 2009	15,558,907	-	2,721,409	18,280,316
Total comprehensive income for the year	-	-	257,284	257,284
Issue of warrants	-	1,265,735	-	1,265,735
Issue of shares arising from exercise of warrants	158	-	-	158
Dividends paid (Note 40)	-	-	(1,689,848)	(1,689,848)
Balance at May 31, 2010	15,559,065	1,265,735	1,288,845	18,113,645
Total comprehensive income for the year	-	-	11,002,252	11,002,252
Issue of shares arising from exercise of warrants	11,723,551	(164,203)	-	11,559,348
Dividends paid (Note 40)	-	-	(5,109,459)	(5,109,459)
Balance at May 31, 2011	27,282,616	1,101,532	7,181,638	35,565,786

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year ended May 31, 2011

	Group 2011 $	Group 2010 $ (Restated)
Operating activities		
Profit before tax	19,437,647	14,043,383
Adjustments for:		
Share of (profit) loss of associates	(982,136)	126,317
Change in fair value of investment property	(500,000)	(500,000)
Change in fair value of commodity contract	-	(783,336)
Change in fair value of interest rate swap contract	(153,533)	633,339
Depreciation of property, plant and equipment	352,167	370,778
Amortisation of financial guarantee liabilities	(220,347)	(51,517)
(Write back of) Allowance for doubtful trade receivables	(493,561)	1,791,119
(Write back of) Allowance for doubtful other receivables	(278,239)	918,561
(Write back of) Allowance for inventory obsolescence	(3,231)	91,684
Write back of impairment loss on value of club membership	(4,800)	(3,000)
Trade receivables written off	319,992	22,519
Property, plant and equipment written off	72,182	20,220
(Gain) Loss on disposal of property, plant and equipment	(39,821)	54,767
Impairment on prepaid investment	621,108	-
(Write back of) Provision for maintenance costs	220,346	(211,059)
Gain on disposal of other investments	(40,789)	-
Change in fair value of other investments	30,062	-
Interest income	(986,496)	(553,762)
Interest expense	2,146,967	1,794,758
Operating cash flows before movements in working capital	19,497,518	17,764, 771
Trade receivables	2,887,572	(8,359,192)
Other receivables	759,061	(7,719,391)
Inventories	(647,484)	799,114
Construction work-in-progress in excess of progress billings	15,406,828	(19,569,354)
Completed property held for sale	4,706,577	(4,706,577)
Development properties	(22,477,499)	7,356,140
Trade payables	16,957,960	10,485,844
Other payables	(3,422,262)	3,019,865
Progress billings in excess of construction work-in-progress	19,865,425	(3,424,955)
Utilisation of provision for maintenance costs	(311,342)	(817,261)
Cash generated from (used in) operations	53,222,354	(5,170,996)
Interest paid	(3,193,799)	(3,499,259)
Income tax paid	(2,225,496)	(2,302,247)
Net cash from (used in) operating activities	47,803,059	(10,972,502)

STATEMENT OF CASH FLOWS

Year ended May 31, 2011

	Group	
	2011	2010
	$	$
		(Restated)
Investing activities		
Proceeds on disposal of property, plant and equipment	115,567	29,872
Purchase of property, plant and equipment	(759,887)	(306,706)
Purchase of other investments	(1,097,322)	(393,500)
Proceeds on disposal of other investments	259,149	-
Prepaid investments	(748,142)	-
Investment in associates	(1,1,70,000)	(1,308,745)
Loans receivable from associates	(8,748,974)	(9,687,090)
Interest received	170,868	320,905
Net cash used in investing activities	(11,978,741)	(11,345,264)
Financing activities		
Drawdown of bank loans	19,595,878	33,302,485
Repayment of bank loans	(33,302,485)	(11,700,711)
Drawdown of loan	-	4,050,000
Drawdown of long-term bank loans	34,846,081	47,501,391
Repayment of long-term bank loans	(20,480,793)	(57,550,233)
(Increase) Decrease in pledged fixed deposits	(2,481,723)	719,913
(Increase) Decrease in project accounts	(7,979,160)	417,558
Increase in restricted cash	(1,343,868)	-
Increase in (Repayment of) obligations under finance leases	77,655	(546)
Net proceeds from issue of warrants	-	1,265,735
Net proceeds from exercise of warrants	11,559,348	158
Dividends paid	(5,109,459)	(1,689,848)
Net cash (used in) from financing activities	(4,618,526)	16,315,902
Net Increase (decrease) in cash and cash equivalents	31,205,792	(6,001,864)
Cash and cash equivalents at beginning of year	(2,451,425)	3,606,104
Effect of foreign exchange rate changes	192,537	(55,665)
Cash and cash equivalents (Overdrawn) at end of year (Note A)	28,946,904	(2,451,425)

<u>A : Cash and cash equivalents (Overdrawn)</u>

	Group	
	2011	2010
	$	$
		(Restated)
Cash and cash equivalents (Note 6)	45,631,338	7,371,168
Less: Project accounts (Note 6)	(8,018,142)	(38,982)
Pledged fixed deposits (Note 6)	(7,322,424)	(4,840,701)
Restricted cash (Note 6)	(1,343,868)	-
Bank overdrafts (Note 21)	-	(4,942,910)
Total cash and cash equivalents (overdrawn)	28,946,904	(2,451,425)

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

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 activities of the company are investment holding and development of real estate.

The principal activities of its associates and subsidiaries are disclosed in Notes 14 and 15 respectively.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended May 31, 2011 were authorised for issue by the Board of Directors on August 31, 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

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, 2010. 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 amounts reported for the current or prior years except as disclosed below:

FRS 103 (2009) *Business Combinations*

FRS 103 (2009) has been adopted in the current year and is applied prospectively to business combinations for which the acquisition date is on or after June 1, 2010. The main impact of the adoption of FRS 103 (2009) *Business Combinations* on the group has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree. Consequently, the goodwill recognised in respect of that acquisition includes the impact of the difference between the fair value of the non-controlling interests and their share of the fair value of the identifiable net assets of the acquiree;

- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;

- where the business combination in effect settles a pre-existing relationship between the group and the acquiree, to require the recognition of a settlement gain or loss; and

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in consolidated profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

FRS 27 (2009) *Consolidated and Separate Financial Statements*

FRS 27 (2009) has been adopted for periods beginning on or after June 1, 2010 and has been applied retrospectively (subject to specified exceptions) in accordance with the relevant transitional provisions. The revised Standard has affected the group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In prior years, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under FRS 27 (2009), all such increases or decreases are dealt within equity reserve, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

There is no material impact to the financial statements of the group in the current year pursuant to the adoption of the above FRSs.

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

- *Improvements to Financial Reporting Standards* (issued in October 2010)
- FRS 24 (Revised) *Related Party Disclosures*
- Amendments to FRS 32 *Financial Instruments: Presentation* - Amendments relating to Classification of Right Issues
- INT FRS 115 *Agreements for Construction of Real Estate* - issued with an Accompanying Note

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

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a 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 24 (Revised) ***Related Party Disclosures***

FRS 24 (Revised) is effective for annual periods beginning on or after January 1, 2011. The revised Standard clarifies the definition of a related party and consequently additional parties may be identified as related to the reporting entity.

In the period of initial adoption, the changes to related party disclosures, if any, will be applied retrospectively with restatement of the comparative information.

FRS 32 ***Classifications of Rights Issues***

The amendments to FRS 32 address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the group has not entered into any arrangements that would fall within the scope of the amendments. However, if the group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to FRS 32 will have an impact on the classification of those rights issues.

INT FRS 115 ***Agreements for Construction of Real Estate***

INT FRS 115 is effective for annual periods beginning on or after January 1, 2011. The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of FRS 11 Construction Contracts or FRS 18 Revenue and when revenue from the construction of real estate should be recognised. In the period of initial adoption of the Interpretation, the method of recognising revenue among real estate developers for sales of units, such as apartments or houses, 'off plan', i.e. before construction is complete, may change.

The Interpretation is issued with an Accompanying Note that explains the application of the Interpretation to property development sales in Singapore by considering the Singapore legal framework.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the group adopts INT FRS 115 in 2012, the following are the estimated effects of retrospective application on the amounts reported in 2011:

	Group	
	2011	**2011**
	$	**$**
	(As reported)	**(Restated)**
Revenue	253,036,786	246,799,849
Cost of sales	223,355,739	217,461,806
Profit before tax	19,437,647	19,094,643
Profit for the year	16,719,815	16,376,811

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 statement of comprehensive income 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 in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate.

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 profit or loss.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's statement of financial position 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 (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) 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

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-making; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4.

Loans and receivables

Trade receivables, loans 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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. 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.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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 trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade 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.

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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 4.

Other financial liabilities

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 (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative financial instruments

The group enters into certain derivative financial instruments to manage its exposure to commodity price risk, interest rate risk and foreign exchange rate risk, which include commodity contracts, interest rate swaps and foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 43.

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 the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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 end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative 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 as an expense over the lease term on the same basis as the lease income.

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 statement of financial position 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 profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

DEVELOPMENT PROPERTIES AND COMPLETED PROPERTIES HELD FOR SALE - 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.

PROPERTY, PLANT AND EQUIPMENT – Property, 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:

Leasehold improvements	-	20%
Computers	-	$33^1/_3$%
Renovation	-	20%
Motor vehicles	-	10%
Machinery and tools	-	20%
Office equipment	-	20%

Freehold land is not depreciated.

The estimated useful lives, residual value 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, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

INVESTMENT PROPERTY - 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 MEMBERSHIP - 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, 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IMPAIRMENT OF NON-FINANICAL ASSETS - At the end of each reporting period, the group reviews the carrying amounts of its non-financial 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 for which the estimates of future cash flows have not been adjusted.

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 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. Certain associates have adopted December 31 as financial year end. Adjustments have been made for the effects of any significant transactions that have occurred between the accounting year end date of the associates and May 31.

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 statement of financial position 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 profit or loss.

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 end of the reporting period, 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.

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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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, 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.

Rental income

The group's policy for recognition of revenue from operating leases is described above.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

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 when employees have rendered the services entitling them to the contributions. 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 end of the reporting period.

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 the statement of comprehensive income 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 end of the reporting period.

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. Deferred tax assets arising from deductible temporary difference associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences as they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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, 2011

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 outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively), 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 statement of financial position 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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. 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 other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

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 at the end of the reporting period. 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 recognised in other comprehensive income and accumulated in a separate component in equity.

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) and of borrowings are recognised in other comprehensive income and accumulated in a separate component of equity.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows 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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

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.

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

The management is of the opinion that there are no instances of application of judgements which are expected to have a significant effect on the amounts recognised in the financial statements (other than the key sources of estimation uncertainty below).

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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 $136,899 (2010 : $2,094,256; 2009 : $405,300) and $619,555 (2010 : $1,377,507; 2009 : $586,049) are adequate and the carrying amounts of $36,770,071 (2010 : $39,484,074; 2009 : $32,938,520) and $9,560,935 (2010 : $9,226,129; 2009 : $2,192,442) for trade and other receivables respectively of the group will be recovered in full. Management is of the view that the allowances of $Nil (2010 : $Nil) and $Nil (2010 : $447,394) are adequate and the carrying amounts of $14,093,336 (2010 : $9,931,639) and $59,410,952 (2010 : $27,837,254) for trade and other receivables respectively of the company 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 review of the realisability of the inventories. Management is of the view that the inventory allowance of $Nil (2010 : $170,183; 2009 : $78,499) is adequate and the carrying amount of inventory of $1,466,595 (2010 : $815,880; 2009 : $1,706,678) will be recovered in full.

(iii) Impairment of investment in associates and subsidiaries

Management exercises their judgement in estimating recoverable amounts of its investment in associates of the group and subsidiaries of the company of $6,086,060 (2010 : $4,069,608; 2009 : $2,008,604) and $27,425,718 (2010 : $22,011,823) respectively.

The recoverable amounts of the investments are reviewed at the end of each reporting period 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 investments

Management is of the view that the impairment loss of $621,108 (2010 and 2009 : $Nil) are adequate and the carrying amounts of $748,142 (2010 and 2009 : $621,108) for prepaid investments of the group will be recovered in full. Adjustment is made in the event that there is objective evidence of impairment resulting from future loss events based on management's estimate of the ultimate realisation of the amount.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

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

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

(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 end of the reporting period of net liability amounting to $12,031,373 (2010 : net asset amounting to $23,240,880; 2009 : net asset amounting to $246,571) is reasonable.

(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 end of the reporting period of $347,357 (2010 : $438,353; 2009 : $1,464,978) is reasonable.

(vii) Valuation of investment property

As disclosed in Note 19, 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 available in the relevant market of the property.

The current volatility in the global financial system may have an impact on 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 (including the completed property held for sale) of $70,923,107 (2010 : $52,105,353; 2009 : $53,050,415) 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 evaluating 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, 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company	
	2011	**2010**	**2009**	**2011**	**2010**
	$	**$**	**$**	**$**	**$**
		(Restated)	**(Restated)**		
Financial Assets					
Loans and receivables (including cash and cash equivalents)	114,433,942	70,020,405	49,195,873	79,784,267	40,581,612
Fair value through profit or loss: Held for trading	1,242,400	393,500	-	1,242,400	393,500
Financial Liabilities					
Amortised cost	141,650,837	129,227,448	95,622,164	93,030,022	69,025,523
Derivative financial instruments	479,806	647,976	797,973	479,806	633,339

Financial assets consist of cash and cash equivalents, fixed deposits, trade receivables, other receivables, loans receivable from associates and other investments excluding prepayments.

Financial liabilities consist of bank loans and overdrafts, trade payables, other payables, derivative financial instruments, finance leases, long-term loan and long-term bank loans excluding advances received from customers.

(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, Japanese Yen and Thai Baht and therefore is exposed to foreign exchange risk.

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

	Group					
	Liabilities			Assets		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**
	$	**$**	**$**	**$**	**$**	**$**
		(Restated)	**(Restated)**		**(Restated)**	**(Restated)**
US Dollar	-	545,763	164,529	291,412	382,459	191,739
Thai Baht	-	-	-	6,023,829	5,089,013	4,324,218
Japanese Yen	52,744	28,467	21,321	-	-	-

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

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

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

	Company			
	Liabilities		Assets	
	2011	2010	2011	2010
	$	$	$	$
US Dollar	-	-	-	-
Thai Baht	-	-	-	-
Japanese Yen	-	-	-	-

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			US Dollar impact			Japanese Yen impact		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
	$	$	$	$	$	$	$	$	$
Group									
Profit or loss	(602,383)	(508,901)	(432,422)	(29,141)	16,330	(2,721)	5,274	2,847	2,132

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			US Dollar impact			Japanese Yen impact		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
	$	$	$	$	$	$	$	$	$
Group									
Profit or loss	602,383	508,901	432,422	29,141	(16,330)	2,721	(5,274)	(2,847)	(2,132)

This is mainly attributable to the group's exposure to outstanding cash and cash equivalents, receivables and payables balances at the end of the reporting period.

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

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

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

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 finance leases and the details of the group's interest rate exposure is disclosed in Notes 21, 25 and 27.

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 end of the reporting period 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, 2011 would decrease/increase by $407,313 (2010 : $428,734; 2009 : $347,303). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

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, 2011 would decrease/increase by $73,292 (2010 : $137,153). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

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, 2011 would increase/decrease by $98,026 or $63,244 (2010 : $194,522 or $82,196) respectively. This is mainly attributable to the group's and company's exposure to interest rates on the fair value of its interest rate swap contract.

Credit risk management

The group's principal financial assets are cash and cash equivalents, 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 statement of financial position 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.

Liquidity risk management

The group maintain 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 21.

Liquidity and interest risk analysis

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 statements of financial position.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

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

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

	Weighted average effective interest rate %	On demand or within 1 year $	Within 2 to 5 years $	After 5 years $	Adjustment $	Total $
Group						
2011						
Non-interest bearing	N/A	60,005,683	-	-	-	60,005,683
Finance lease liability (fixed rate)	5.73	50,298	138,052	18,008	(23,761)	182,597
Variable interest rate instruments	3.81	28,044,169	56,053,728	5,457,957	(8,093,297)	81,462,557
2010 (Restated)						
Non-interest bearing	N/A	43,375,720	-	-	-	43,375,720
Finance lease liability (fixed rate)	5.39	23,750	93,081	2,379	(14,268)	104,942
Variable interest rate instruments	4.59	59,667,043	27,667,643	7,463,396	(9,051,296)	85,746,786
2009 (Restated)						
Non-interest bearing	N/A	26,056,014	-	-	-	26,056,014
Finance lease liability (fixed rate)	5.52	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
Company						
2011						
Non-interest bearing	N/A	78,371,689	-	-	-	78,371,689
Variable interest rate instruments	3.84	4,112,880	8,012,240	5,463,293	(2,930,080)	14,658,333
2010						
Non-interest bearing	N/A	41,594,997	-	-	-	41,594,997
Variable interest rate instruments	4.28	14,361,643	9,018,240	6,978,400	(2,927,757)	27,430,526

Derivative financial liabilities

The group's and company's derivative financial instruments for 2011 are due within 1 to 2 years (2010 and 2009 : 1 to 3 years).

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 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 statements of financial position.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

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

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
2011						
Non-interest bearing	N/A	84,405,454	-	-	-	84,405,454
Fixed interest rate instruments	4.58	31,404,704	-	-	(1,376,216)	30,028,488
2010 (Restated)						
Non-interest bearing	N/A	51,222,614	-	-	-	51,222,614
Fixed interest rate instruments	4.21	19,589,936	-	-	(792,145)	18,797,791
2009 (Restated)						
Non-interest bearing	N/A	39,365,259	-	-	-	39,365,259
Fixed interest rate instruments	4.23	10,246,208	-	-	(415,594)	9,830,614
Company						
2011						
Non-interest bearing	N/A	77,134,071	-	-	-	77,134,071
Fixed interest rate instruments	0.33	2,658,853	-	-	(8,657)	2,650,196
2010						
Non-interest bearing	N/A	37,940,280	-	-	-	37,940,280
Fixed interest rate instruments	0.62	2,657,708	-	-	(16,376)	2,641,332

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current 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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

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

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

The group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial instruments measured at fair value

	Total $	Level 1 $	Level 2 $	Level 3 $
Group				
2011				
Financial Assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	1,242,400	1,242,400	-	-
Financial Liabilities				
Derivative financial instruments	479,806	-	479,806	-
2010				
Financial Assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	393,500	393,500	-	-
Financial Liabilities				
Derivative financial instruments	647,976	-	647,976	-
2009				
Financial Liabilities				
Derivative financial instruments	797,973	-	797,973	-
Company				
2011				
Financial Assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	1,242,400	1,242,400	-	-
Financial Liabilities				
Derivative financial instruments	479,806	-	479,806	-

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

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

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

	Total $	Level 1 $	Level 2 $	Level 3 $
Company				
2010				
Financial Assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	393,500	393,500	-	-
Financial Liabilities				
Derivative financial instruments	633,339	-	633,339	-

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in 2009, 2010 and 2011.

(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 21, 25, 26 and 27 and equity attributable to owners 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 2010. The group has $53.9 million of debt which is secured by legal mortgages over the group's properties amounting to $70.9 million.

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.

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

	Group 2011 $	 2010 $
a) Company with common directors		
Rental expenses	143,709	169,114

b) Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group 2011 $	 2010 $
Short-term benefits	3,849,565	2,648,042
Post-employment benefits	140,704	132,893

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

NOTES TO FINANCIAL STATEMENTS

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6 CASH AND CASH EQUIVALENTS

	Group			Company	
	2011 $	2010 $ (Restated)	2009 $ (Restated)	2011 $	2010 $
Cash at bank	28,891,421	2,431,423	3,734,626	1,968,213	151,439
Cash on hand	55,483	60,062	81,196	-	-
Project accounts	8,018,142	38,982	456,540	335,293	27,656
Fixed deposits	7,322,424	4,840,701	5,560,614	2,650,196	2,641,332
Restricted cash	1,343,868	-	-	1,343,868	-
	45,631,338	7,371,168	9,832,976	6,297,570	2,820,427
Less: Project accounts	(8,018,142)	(38,982)	(456,540)	(335,293)	(27,656)
Pledged fixed deposits	(7,322,424)	(4,840,701)	(5,560,614)	(2,650,196)	(2,641,332)
Restricted cash	(1,343,868)	-	-	(1,343,868)	-
Bank overdrafts	-	(4,942,910)	(209,718)	-	-
Cash and cash equivalents (overdrawn) in the statement of cash flows	28,946,904	(2,451,425)	3,606,104	1,968,213	151,439

Fixed deposits bear average effective interest rate of 0.50% (2010 : 0.64%; 2009 : 1.46%) per annum and for a tenure of approximately 249 days (2010 and 2009 : 241 days). The fixed deposits of $7,322,424 (2010 : $4,840,701; 2009 : $5,560,614) are pledged for banking facilities.

Included in cash and cash equivalents for the group and company are amounts of $8,018,142 (2010 : $38,982; 2009 : $456,540) and $335,293 (2010 : $27,656) respectively, which are subject to restrictions under 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.

Included in cash and cash equivalents for the group and company are amounts of $1,343,868 (2010 and 2009 : $Nil) which pertains a bank guarantee against cash margin for a contracted project for the construction and completion of the water treatment plan in Melaka. The group and company are held indemnified against all costs and liabilities in the course of the performance of its bond.

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

	Group			Company	
	2011 $	2010 $ (Restated)	2009 $ (Restated)	2011 $	2010 $
US Dollar	291,412	260,481	156,116	-	-
Thai Baht	204,525	53,683	54,218	-	-

7 TRADE RECEIVABLES

	Group			Company	
	2011 $	2010 $ (Restated)	2009 $ (Restated)	2011 $	2010 $
Contract trade receivables	34,276,726	37,955,920	31,521,182	14,093,336	9,931,639
Retention sums	2,493,345	1,528,154	1,417,338	-	-
	36,770,071	39,484,074	32,938,520	14,093,336	9,931,639

The average credit terms on sale of goods and services is 45 days (2010 and 2009 : 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 $136,899 (2010 : $2,094,256; 2009 : $405,300). This allowance has been determined by reference to past default experience. Management believes that no allowance is required for the company's trade receivables.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

7 TRADE RECEIVABLES (CONT'D)

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 $629,944 (2010 : $1,156,040; 2009 : $977,274) 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 159 days (2010 : 163 days; 2009 : 160 days).

In determining the recoverability of a trade receivable, the group and company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The group has five (2010 : four; 2009 : three) customers making up $23,308,737 (2010 : $27,314,218; 2009 : $17,362,481) which accounted for 63.4% (2010 : 69.2%; 2009 : 52.7%) of the group's trade receivables. The company has three (2010 : one) customers with a balance of $13,360,009 (2010 : $8,248,023) which accounted for 94.8% (2010 : 83.0%) of the company's trade receivables. Management believes that there is no further credit allowance required in excess of the allowance for doubtful debts.

Retention sums are classified as current as they are expected to be received within the group's normal operating cycle.

Movement in the allowance for doubtful debts

		Group	
	2011	2010	2009
	$	$	$
		(Restated)	(Restated)
At beginning of the year	2,094,256	405,300	622,818
Foreign currency exchange adjustment	(6,386)	972	(355)
Amounts recovered during the year	-	(29,938)	(281,232)
Amounts written off during the year	(1,457,410)	(73,197)	(6,035)
(Decrease) Increase in allowance recognised in profit or loss	(493,561)	1,791,119	70,104
At end of the year	136,899	2,094,256	405,300

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

		Group		Company	
	2011	2010	2009	2011	2010
	$	$	$	$	$
		(Restated)	(Restated)		
US Dollar	-	121,978	35,623	-	-

8 OTHER RECEIVABLES

		Group		Company	
	2011	2010	2009	2011	2010
	$	$	$	$	$
		(Restated)	(Restated)		
Associates (Note 14)	819,155	259,689	38,938	1,669	1,669
Subsidiaries (Note 15)	-	-	-	58,846,576	27,465,782
Prepayments	234,466	18,056	38,065	17,591	7,708
Deposits	457,945	856,991	466,954	5,900	21,912
Joint Developer	6,309,000	7,011,767	-	-	-
Advances to director	28,152	-	755,485	-	-
Others	1,712,217	1,079,626	893,000	539,216	340,183
	9,560,935	9,226,129	2,192,442	59,410,952	27,837,254
Less: Amounts receivable within 12 months (shown under current assets)	(9,497,662)	(9,226,129)	(1,301,097)	(59,410,952)	(27,837,254)
Amounts receivable after 12 months	63,273	-	891,345	-	-

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

8 OTHER RECEIVABLES (CONT'D)

Thailand subsidiaries made advances to director amounting to $28,152 (2010 : $Nil; 2009 : $755,485). These advances are unsecured, interest-free and not repayable within the next 12 months.

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

Management has assessed the credit worthiness of the associates, subsidiaries, joint developer, outside parties and advances to director and the group has made an allowance for estimated irrecoverable amounts for amounts due from associates, former subsidiaries, outside parties and advances to director of $Nil, $2,544, $115,171 and $501,840 (2010 : $275,435, $174,618, $153,497 and $773,957; 2009 : $275,435, $172,742, $137,872 and $Nil) respectively. An allowance has been made for estimated irrecoverable amounts by the company of $Nil (2010 : $447,394). These allowances have been determined by reference to past default experience. Management believes that no allowance is required for amounts due from subsidiaries to the company.

The group has significant concentration risk on the amount due from related companies, related parties and a joint developer.

Movement in the allowance for doubtful debts

		Group		Company	
	2011	2010	2009	2011	2010
	$	$	$	$	$
		(Restated)	(Restated)		
At beginning of the year	1,377,507	586,049	345,781	447,394	447,394
Foreign currency exchange adjustment	(30,207)	397	(195)	-	-
Amounts written off during the year	(449,506)	(127,500)	(26,851)	(447,394)	-
(Decrease) Increase in allowance recognised in profit or loss	(278,239)	918,561	267,314	-	-
At end of the year	619,555	1,377,507	586,049	-	447,394

9 LOANS RECEIVABLE FROM ASSOCIATES

		Group	
	2011	2010	2009
	$	$	$
		(Restated)	(Restated)
Loans receivable from associates	22,706,064	13,957,090	4,270,000

The unsecured loans receivable from associates are repayable on demand. Fixed interest of 5.0% to 7.0% (2010 : 5.0% to 7.0%; 2009 : 7.0%) 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 group's loans receivable from associates that are not denominated in the functional currencies of the respective entities are as follows:

		Group	
	2011	2010	2009
	$	$	$
		(Restated)	(Restated)
Thai Baht	5,819,304	5,035,330	4,270,000

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May 31, 2011

10 OTHER INVESTMENTS

	Group and Company		
	2011	2010	2009
	$	$	$
Quoted equity shares, at fair value	1,242,400	393,500	-

The investments above include investments in quoted equity securities that offer the group and company the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year. The investments are classified as held for trading.

11 INVENTORIES

	Group		
	2011	2010	2009
	$	$	$
Consumables and supplies	1,466,595	815,880	1,539,608
Finished goods	-	-	167,070
	1,466,595	815,880	1,706,678

12 CONSTRUCTION WORK-IN-PROGRESS

	Group		
	2011	2010	2009
	$	$	$
		(Restated)	(Restated)
Costs and recognised profits of uncompleted contracts in excess of progress billings			
Accumulated costs	112,451,609	128,715,693	7,246,933
Recognised profits	13,620,226	22,350,800	922,572
Accumulated billings	(118,237,783)	(127,825,613)	(4,497,979)
	7,834,052	23,240,880	3,671,526
Progress bilings on uncompleted contracts in excess of costs and recognised profits			
Accumulated billings	225,356,814	-	37,418,288
Recognised profits	(21,866,762)	-	(5,114,511)
Accumulated costs	(183,624,627)	-	(28,878,822)
	19,865,425	-	3,424,955
Net	(12,031,373)	23,240,880	246,571

13 DEVELOPMENT PROPERTIES AND COMPLETED PROPERTY HELD FOR SALE

	Group			Company	
	2011	2010	2009	2011	2010
	$	$	$	$	$
		(Restated)	(Restated)		
Development Properties					
At beginning of the year	47,398,776	53,050,415	50,273,816	-	10,467,588
Additions during the year	40,040,257	11,875,083	5,211,822	-	4,293,525
Transferred to completed property held for sale	(23,507,941)	(14,761,113)	(2,435,223)	-	(14,761,113)
Transferred from joint developer	7,041,215	15,109,913	-	-	-
Transferred to joint developer	(49,200)	(17,875,522)	-	-	-
At end of the year	70,923,107	47,398,776	53,050,415	-	-

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

13 DEVELOPMENT PROPERTIES AND COMPLETED PROPERTY HELD FOR SALE (CONT'D)

	Group			Company	
	2011	2010	2009	2011	2010
	$	$	$	$	$
		(Restated)	(Restated)		
Completed Property Held For Sale					
At beginning of the year	4,706,577	-	-	4,706,577	-
Transferred from development properties	23,507,941	14,761,113	2,435,223	-	14,761,113
Sales during the year	(28,214,518)	(10,054,536)	(2,435,223)	(4,706,577)	(10,054,536)
At end of the year	-	4,706,577	-	-	4,706,577

Details of the group's development properties and completed property held for sale as at May 31, 2011 are as follows:

a) Proposed erection of a block of 5-storey freehold residential apartment (total of 28 units) with attic, roof terrace and swimming pool, outdoor gym, tranquil corner and mechanism car park system with land area approximately 1,092.0 sq metres located at 448 East Coast Road, Singapore. The Temporary Occupation Permit is expected to be issued in 2013.

b) Proposed erection of a block of 5-storey freehold residential apartment with communal facilities with land area approximately 2,576.8 sq metres located at 79A, 79B, 81, 81B, 83, 83A and 83B Duku Road, Singapore (Octaville) and 85 Duku Road, Singapore (Rivan Court). The Temporary Occupation Permit is expected to be issued in 2014.

c) Proposed erection of a block of 5-storey freehold residential apartment (total of 30 units) with attic, roof terrace, spa santuary and swimming pool with aqua gym with land area of approximately 1,269.3 sq metres located at 91 Marshall Road, Singapore. The Temporary Occupation Permit is expected to be issued in 2015.

d) Joint development project with 27% interest on proposed erection of two blocks of condominium buildings (total of 114 units) on the freehold properties approximately 9,468.6 sq metres located at 47, 49, 51, 55, 57, 59 and 61 Cairnhill Circle, Singapore. Total cost included in the above is $34,638,694 (2010 : $27,643,927; 2009 : $Nil).

e) Completed property of a block of 5-storey freehold residential apartment (total of 6 units) approximately 1,184.3 sq metres with attic, surface car-park and swimming pool located at 323B Thomson Road, Singapore. The Temporary Occupation Permit has been obtained in April 2010 and 4 units were sold in the financial year ended 2010. The remaining 2 units have been sold in the financial year ended 2011.

f) Completed property of a block of 5-storey freehold residential apartment (total of 12 units) approximately 1,029.6 sq metres with attic, surface car-park and swimming pool located at 21 Rambai Road, Singapore. The Temporary Occupation Permit has been obtained in January 2011 and all units have been sold in the financial year ended 2011.

g) Completed property of two units of 2-storey freehold detached dwelling house with basement and attic with land area approximately 1,055.5 sq metres located at 31 and 31A Dunsfold Drive, Singapore. The Temporary Occupation Permit has been obtained in December 2010 and all units have been sold in the financial year ended 2011.

h) Completed property of a 2-storey freehold semi-detached dwelling house approximately 304.5 sq metres located at 558 Sixth Avenue, Singapore. The Temporary Occupation Permit had been obtained in second half of 2008 and had been sold in the financial year ended 2009.

All development properties were pledged to banks to secure long-term bank loans granted to the group (Note 27).

Finance costs capitalised as cost of development properties during the year amounted to $1,046,832 (2010 : $1,704,501). The rate of interest relating to finance costs capitalised in development properties for the group and the company during the year is 2.04% to 4.50% (2010 : 4.63% to 5.00%) per annum.

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May 31, 2011

14 INVESTMENT IN ASSOCIATES

	Group			Company	
	2011	2010	2009	2011	2010
	$	$	$	$	$
		(Restated)	(Restated)		
Unquoted equity shares, at cost	5,139,371	3,969,371	2,660,626	5,952	5,952
Deemed cost of investment	1,009,231	824,269	-	-	-
Share of post-acquisition reserve	(62,542)	(724,032)	(652,022)	(5,952)	(5,952)
	6,086,060	4,069,608	2,008,604	-	-

Deemed cost of investment pertains to the effects of fair value of financial guarantee on initial recognition provided by the group on behalf of associates to obtain banking facilities.

Details of the group's significant associates at May 31, 2011 are as follows:

Name of associate/ Country of incorporation and operation	Principal activity	Percentage of equity held by the group 2011 %	2010 %	2009 %
Chewathai Ltd Thailand (1)	Development of real estate	49	49	49
Chewathai Hup Soon Ltd Thailand (2)	Development of real estate	24.5	24.5	24.5
Unique Development Pte. Ltd. Singapore (3)	Development of real estate	20	20	-
Unique Realty Pte. Ltd. Singapore (3)	Development of real estate	20	-	-
Residenza Pte. Ltd. Singapore (3)	Development of real estate	32	-	-
Development 26 Pte. Ltd. Singapore (3)	Development of real estate	45	-	-

(1) Audited by another firm of auditors, DIA Audit Company Limited, Thailand. (2)Audited by another firm of auditors, Grande Accounting Company Limited, Thailand. (3)Audited by another firm of auditors, Ernst & Young LLP, Singapore.

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

	Group		
	2011	2010	2009
	$	$	$
		(Restated)	(Restated)
Total assets	235,375,509	170,616,111	10,661,110
Total liabilities	(217,783,548)	(156,705,887)	(6,561,918)
Net assets	17,591,961	13,910,224	4,099,192
Group's share of associates' net assets	5,076,829	3,245,339	2,008,604
Revenue	14,389,451	543,069	-
Profit (Loss) for the year	2,622,202	(581,944)	(1,195,510)
Group's share of associates' profit (loss) for the year	982,136	(126,317)	(579,896)

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May 31, 2011

15 INVESTMENT IN SUBSIDIARIES

	Company 2011 $	Company 2010 $
Unquoted equity shares, at cost	27,908,184	21,408,184
Deemed cost of investment	1,028,734	1,114,839
Impairment loss	(1,511,200)	(511,200)
	27,425,718	22,011,823

Deemed cost of investment pertains to the effects of fair value of financial guarantee on initial recognition provided by the company on behalf of its subsidiaries for the granting of banking facilities.

Management had performed an impairment review on the investment of subsidiaries and this led to an impairment loss of $1,511,200 (2010 : $511,200) recognised based on the carrying amount of the underlying net assets which approximates the estimated fair value less cost to sell.

Details of the company's significant subsidiaries at May 31, 2011 are as follows:

Name of subsidiary/ Country of incorporation and operation	Principal activity	Effective equity interest held by the company 2011 %	2010 %
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 real estate	100	100
TEE Realty Pte. Ltd. Singapore [(1)]	Development of real estate	100	100

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

16 PREPAID INVESTMENTS

	Group 2011 $	Group 2010 $	Group 2009 $
Prepaid investments, at cost	1,369,250	621,108	621,108
Impairment loss	(621,108)	-	-
	748,142	621,108	621,108

Prepaid investment of $748,142 has been earmarked as deposit for future shares subscription of a company in Vietnam.

Prepaid investment of $621,108 represents an amount loaned to an employee of a subsidiary of the group to invest in a subsidiary. The group has an option to purchase all the employee's shares in the subsidiary at the fair value at the point in time, when the regulations allow the subsidiary to be majority foreign-owned. Management had performed an impairment review and this led to an impairment loss of $621,108 (2010 and 2009 : $Nil) being recognised as it is deemed not likely to be recoverable.

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17 CLUB MEMBERSHIP

	Group and Company		
	2011	2010	2009
	$	$	$
Club membership, at cost	72,500	72,500	72,500
Impairment loss	(19,700)	(24,500)	(27,500)
	52,800	48,000	45,000

18 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold improvements	Computers	Renovation	Motor vehicles	Machinery and tools	Office equipment	Total
	$	$	$	$	$	$	$	$
Group								
Cost:								
At June 1, 2009, as restated	40,572	231,923	689,445	319,465	573,325	658,239	342,732	2,855,701
Foreign currency exchange adjustment	1,140	6,518	5,958	1,073	7,054	12,780	2,304	36,827
Additions	-	-	106,858	96,105	28,348	15,852	59,543	306,706
Write-offs/Disposals	-	-	(73,562)	(12,500)	(14,803)	(194,111)	(67,520)	(362,496)
At May 31, 2010	41,712	238,441	728,699	404,143	593,924	492,760	337,059	2,836,738
Foreign currency exchange adjustment	(2,945)	(16,433)	(807)	(1,992)	(14,995)	(18,157)	(4,624)	(59,953)
Additions	-	-	206,975	118,000	126,515	265,091	43,306	759,887
Write-offs/Disposals	-	(8,646)	(292,575)	(161,381)	(135,650)	(274,860)	(59,656)	(932,768)
At May 31, 2011	38,767	213,362	642,292	358,770	569,794	464,834	316,085	2,603,904
Accumulated depreciation:								
At June 1, 2009, as restated	-	230,725	482,494	212,399	401,136	368,733	211,965	1,907,452
Foreign currency exchange adjustment	-	6,517	2,234	1,445	5,733	8,392	1,930	26,251
Depreciation	-	1,199	120,237	42,945	62,103	97,404	46,890	370,778
Write-offs/Disposals	-	-	(71,232)	-	(14,802)	(126,881)	(44,722)	(257,637)
At May 31, 2010	-	238,441	533,733	256,789	454,170	347,648	216,063	2,046,844
Foreign currency exchange adjustment	-	(16,433)	(670)	(1,841)	(12,642)	(15,521)	(4,057)	(51,164)
Depreciation	-	-	153,101	53,671	40,218	61,136	44,041	352,167
Write-offs/Disposals	-	(8,646)	(280,006)	(143,088)	(115,780)	(189,094)	(48,226)	(784,840)
At May 31, 2011	-	213,362	406,158	165,531	365,966	204,169	207,821	1,563,007
Carrying amount:								
At May 31, 2011	38,767	-	236,134	193,239	203,828	260,665	108,264	1,040,897
At May 31, 2010	41,712	-	194,966	147,354	139,754	145,112	120,996	789,894
At June 1, 2009, as restated	40,572	1,198	206,951	107,066	172,189	289,506	130,767	948,249

The carrying amount of the group's motor vehicles includes an amount of $189,047 (2010 : $114,749; 2009 : $146,704) which are held under finance leases (Note 25).

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

19 INVESTMENT PROPERTY

	Group and Company		
	2011	2010	2009
	$	$	$
At fair value:			
At beginning of the year	20,500,000	20,000,000	21,000,000
Change in fair value included in profit or loss (Note 34)	500,000	500,000	(1,000,000)
At end of the year	21,000,000	20,500,000	20,000,000

The investment property held by the group and 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, 2011 has been determined on the basis of valuation carried out at the year end date by an 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 27).

The property rental income from the group's and company's investment property, which is leased out under an operating lease, amounted to $1,908,744 (2010 : $1,887,773). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $176,938 (2010 : $186,795).

20 DEFERRED TAX

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

Deferred tax assets

	Provisions
	$
At June 1, 2009	203,837
Credit to profit or loss for the year (Note 38)	(149,000)
At May 31, 2010	54,837
Charge to profit or loss for the year (Note 38)	45,801
At May 31, 2011	100,638

Deferred tax liabilities

	Investment property	Accelerated tax depreciation	Total
	$	$	$
Group			
At June 1, 2009	131,098	21,828	152,926
Charge to profit or loss for the year (Note 38)	85,000	4,134	89,134
At May 31, 2010	216,098	25,962	242,060
Charge to profit or loss for the year (Note 38)	85,000	30,500	115,500
At May 31, 2011	301,098	56,462	357,560

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

20 DEFERRED TAX (CONT'D)

	Investment property $
Company	
At June 1, 2009	131,098
Charge to profit or loss for the year	85,000
At May 31, 2010	216,098
Charge to profit or loss for the year	85,000
At May 31, 2011	301,098

21 BANK LOANS AND OVERDRAFTS

	Group			Company	
	2011 $	2010 $	2009 $	2011 $	2010 $
Bank loans (a)	2,000,000	4,488,803	2,000,000	1,000,000	1,000,000
Bank overdrafts (b)	-	4,942,910	209,718	-	-
Bills payable (c)	17,595,878	28,813,682	9,700,711	-	7,518,355
	19,595,878	38,245,395	11,910,429	1,000,000	8,518,355

a) i) The group's and company's bank loan amounting to $1,000,000 (2010 and 2009 : $1,000,000) is unsecured, repayable on demand and bears interest at 2.25% (2010 and 2009 : 2.25%) per annum above the bank's prevailing cost of funds, resulting in an effective interest rate of 2.96% (2010 : 3.62%; 2009 : 4.33%) per annum;

ii) The group's bank loan amounting to $1,000,000 (2010 and 2009 : $1,000,000) is unsecured, repayable on demand and bears interest at 2.00% (2010 and 2009 : 2.00%) per annum above the bank's prevailing cost of funds, resulting in an effective interest rate of 2.84% (2010 : 3.02%; 2009 : 3.29%) per annum; and

iii) In 2010, the group's bank loan amounting to $2,488,803 (2009 : $Nil) representing accounts receivable financing facilities which were secured against corporate guarantees from the company and a subsidiary and a negative pledge of a subsidiary. This bank loan bears interest at an average rate of 5.25% (2009 : Nil%) per annum and for tenure of approximately 90 days (2009 : 90 days).

b) i) In 2010, bank overdrafts amounting to $927,491 (2009 : $209,718) were secured against corporate guarantees from the company and a subsidiary;

ii) In 2010, bank overdrafts amounting to $325,238 (2009 : $Nil) were secured against a corporate guarantee from the company;

iii) In 2010, bank overdrafts amounting to $1,482,625 (2009 : $Nil) were secured against a corporate guarantee from the company and a negative pledge over the assets of a subsidiary;

iv) In 2010, bank overdrafts amounting to $2,207,556 (2009 : $Nil) were secured against corporate guarantees from the company and a subsidiary and a negative pledge over the assets of the company and a subsidiary; and

v) In 2010 and 2009, interest was charged on daily balances at rates ranging from 0.25% to 1.25% per annum over the bank's Singapore dollar prime lending rate, resulting in an effective interest rate ranging from 5.50% to 6.25% per annum.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

21 BANK LOANS AND OVERDRAFTS (CONT'D)

c) The average credit terms on the bills payable ranged from 90 to 120 days (2010 and 2009 : 90 to 120 days). Interest is charged at rate ranging from 2.51% to 5.75% (2010 : 2.49% to 5.75%; 2009 : 2.60% to 5.75%) per annum.

i) As at May 31, 2010, the group and company has bills payable of $7,518,355 (2009 : $2,012,185) which was secured against a corporate guarantee from a subsidiary, a negative pledge over the assets of the company and a pledge over a fixed deposit of $2,641,332 (2009 : $4,866,703); and

ii) As at May 31, 2011, the group has bills payable $1,990,131 (2010 : $3,586,844; 2009 : $Nil) which are secured against a corporate guarantee from the company and a negative pledge over the assets of a subsidiary and a pledge over a fixed deposit of $4,009,957 (2010 : $1,500,873; 2009 : $Nil).

At May 31, 2011, the group has available $68.6 million (2010 : $52.1 million; 2009 : $50.3 million) of undrawn borrowing facilities in respect of which all conditions precedent have 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	
	2011	2010	2009	2011	2010
	$	$	$	$	$
US Dollar	-	354,752	-	-	-
Japanese Yen	52,744	28,467	21,321	-	-

22 TRADE PAYABLES

	Group			Company	
	2011	2010	2009	2011	2010
	$	$ (Restated)	$ (Restated)	$	$
Subsidiaries (Note 15)	-	-	-	32,772,717	12,539,025
Outside parties	50,031,376	33,073,416	22,587,572	13,308	2,287
	50,031,376	33,073,416	22,587,572	32,786,025	12,541,312

The average credit terms on purchase of goods and services ranged from 30 to 90 days (2010 and 2009 : 30 to 90 days). No interest is charged on the outstanding balance.

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	
	2011	2010	2009	2011	2010
	$	$ (Restated)	$ (Restated)	$	$
US Dollar	-	191,011	164,529	-	-

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

23 OTHER PAYABLES

	Group 2011 $	Group 2010 $ (Restated)	Group 2009 $ (Restated)	Company 2011 $	Company 2010 $ (Restated)
Subsidiaries (Note 15)	-	-	-	42,870,016	26,392,499
Accrued expenses	1,497,541	1,386,370	1,578,431	101,569	120,893
Rental and security deposits	1,704,434	1,697,689	879,175	-	-
Derivative financial instruments (Note 43)	479,806	647,976	797,973	479,806	633,339
Joint developer	398,363	1,379,747	-	-	-
Advances received from customers	540,963	3,655,978	2,647,222	-	-
Other payables	856,703	285,845	280,936	337,391	26,291
	5,477,810	9,053,605	6,183,737	43,788,782	27,173,022

24 PROVISION FOR MAINTENANCE COSTS

	Group 2011 $	Group 2010 $	Group 2009 $
At beginning of the year	438,353	1,464,978	496,918
Foreign currency exchange adjustment	-	1,695	-
Charge (Credit) to profit or loss for the year	220,346	(211,059)	1,079,343
Utilised	(311,342)	(817,261)	(111,283)
At end of the year	347,357	438,353	1,464,978

The provision for maintenance costs expense charged to profit or loss 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.

25 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments 2011 $	Minimum lease payments 2010 $	Minimum lease payments 2009 $	Present value of minimum lease payments 2011 $	Present value of minimum lease payments 2010 $	Present value of minimum lease payments 2009 $
Group						
Amounts payable under finance leases:						
Within one year	50,298	23,750	24,752	41,146	18,801	20,145
In the second to fifth years inclusive	138,052	93,081	75,431	124,255	83,762	64,738
After five years	18,008	2,379	21,188	17,196	2,379	20,605
	206,358	119,210	121,371	182,597	104,942	105,488
Less: Future finance charges	(23,761)	(14,268)	(15,883)	-	-	-
Present value of lease obligations	182,597	104,942	105,488	182,597	104,942	105,488
Less: Amount due for settlement within 12 months (shown under current liabilities)				(41,146)	(18,801)	(20,145)
Amount due for settlement after 12 months				141,451	86,141	85,343

It is the group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 6 years (2010 : 6 years; 2009 : 7 years). For the year ended May 31, 2011, the average effective borrowing rate was 5.73% (2010 : 5.39%; 2009 : 5.52%) 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.

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May 31, 2011

26 LONG-TERM LOAN

The unsecured long-term loan is repayable to a joint developer, to be repaid upon settlement of final account. No interest is charged on the outstanding balance. The carrying amount of the loan approximates its fair value.

27 LONG-TERM BANK LOANS

	Group			Company	
	2011	2010	2009	2011	2010
	$	$	$	$	$
Bank loans	61,866,679	47,501,391	57,550,233	13,658,333	18,912,171
Less: Amount due for settlement within 12 months (shown under current liabilities)	(5,340,864)	(17,483,563)	(16,029,205)	(2,550,000)	(5,253,838)
Amount due for settlement after 12 months	56,525,815	30,017,828	41,521,028	11,108,333	13,658,333

The group and company have eight (2010 : nine; 2009 : seven) and two (2010 and 2009 : three) principal bank loans respectively:

a) The group and company have a loan of $2,703,838 in 2010 and $6,074,400 in 2009. The loan was fully repaid in June 2010 for the completed property at 323B Thomson Road, Singapore (Note 13);

b) The group and company have a loan of $11,158,333 (2010 : $12,458,333; 2009 : $14,430,115). The loan was converted in 2009 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 19);

c) The group and company have a loan of $2,500,000 (2010 : $3,750,000; 2009 : $5,000,000) was issued in May 2009 for working capital requirements. The loan is to be repaid in 48 instalments with the last instalment to be repaid in May 2013 and is unsecured;

d) The group's loan of $2,417,865 (2010 : $3,645,083; 2009 : $4,814,493) was raised in February 2009 for working capital requirements. The loan is to be repaid in 48 instalments with the last instalment to be repaid in March 2013 and is unsecured;

e) The group's loan of $1,500,000 (2010 and 2009 : $Nil) was raised in June 2010 for working capital requirements. During the year, the repayment of the loan was $732,174 (2010 and 2009 : $Nil). The loan is to be repaid in 24 instalments with last instalment to be repaid in May 2012 and is unsecured;

f) The group's loan of $2,245,604 (2010 : $2,943,241; 2009 : $Nil) was raised in March 2010 for working capital requirements. The loan is to be repaid in 48 instalments with the last instalment to be repaid in April 2014 and is unsecured;

g) The group's loan in 2010 amounting to $3,000,000 was raised in May 2010 for working capital requirements. The loan was fully repaid in 2011;

h) The group's loan of $2,744,870 in 2010 and $1,871,225 in 2009 was raised in September 2007 and was fully repaid in February 2011 for the completed property at 21 Rambai Road, Singapore (Note 13);

i) The group's loan of $18,754,551 (2010 : $11,696,026; 2009 : $20,800,000) was raised in October 2007 for the development property at 47, 49, 51, 55, 57, 59 and 61 Cairnhill Circle, Singapore (Note 13). The loan is expected to be repaid after November 2012;

j) The group's loan of $4,560,000 in 2010 and 2009 was raised in May 2008 and was fully repaid in April 2011 for the completed property at 31 and 31A Dunsfold Drive, Singapore (Note 13);

k) The group's loan of $8,535,000 (2010 and 2009 : $Nil) was raised in August 2010 for the development property at 448 East Coast Road, Singapore (Note 13). The loan is expected to be repaid in March 2014 or 6 months from the date of issuance of Temporary Occupation Permit; and

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

27 LONG-TERM BANK LOANS (CONT'D)

l) The group's loan of $15,487,500 (2010 and 2009 : $Nil) was raised in February 2011 for the development property at 79A, 79B, 81, 81B, 83, 83A and 83B Duku Road, Singapore (Octaville) and 85 Duku Road, Singapore (Rivan Court) (Note 13). The loan is expected to be repaid in December 2014 or 6 months from the date of issuance of Temporary Occupation Permit.

The group and company's long-term bank loans except for loan (c), (d), (e), (f) and (g) are secured against the properties and bear effective interest ranging from 2.04% to 4.50% (2010 : 4.63% to 5.00%; 2009 : 4.50% to 5.00%) per annum. The directors estimate the fair value of the group and company's long-term bank loans approximates their carrying amount.

28 FINANCIAL GUARANTEE LIABILITIES

	Group			Company	
	2011	2010	2009	2011	2010
	$	$	$	$	$
		(Restated)	(Restated)		(Restated)
Financial guarantee liabilities	737,366	772,753	-	1,546,788	1,784,102
Less: Amount shown under current liabilities	(248,907)	(206,068)	-	(602,626)	(723,393)
Amount shown under non-current liabilities	488,459	566,685	-	944,162	1,060,709

Financial guarantee liabilities pertain to the effects of fair value of corporate guarantee on initial recognition provided by the group on behalf of associates and subsidiaries to obtain banking facilities.

29 LONG-TERM DEPOSIT

Long-term deposit received is for the lease of premises located at 33 Changi North Crescent, Singapore. Duration of tenancy is 10 years.

30 SHARE CAPITAL

	Group and Company					
	2011	2010	2009	2011	2010	2009
	Number of ordinary shares			$	$	$
Issued and paid up:						
At beginning of the year	140,821,186	140,820,680	140,285,923	15,559,065	15,558,907	15,489,389
Share split expenses	-	-	-	(58,473)	-	-
Share split	157,025,063	-	-	-	-	-
Issued of shares arising from exercise of warrants	45,913,749	506	534,757	11,782,024	158	69,518
At end of the year	343,759,998	140,821,186	140,820,680	27,282,616	15,559,065	15,558,907

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 45,913,749 new ordinary shares upon the exercise of warrants and additional 157,025,063 new ordinary shares arising from a share split, bringing total issued capital to 343,759,998 shares amounting to $27,282,616.

The rights to exercise the 1,120,114 outstanding warrants with exercise price of $0.20 per ordinary shares expired on April 27, 2011.

As at May 31, 2011, the company has 122,550,930 (2010 : 70,409,843 before share split) outstanding warrants which each carries the right to subscribe for one ordinary share with exercise price of $0.16 (2010 : $0.31 before share split) per ordinary share and with exercise dates up to February 28, 2013. Upon full conversion, the number of issued shares may increase to 466,310,928.

NOTES TO FINANCIAL STATEMENTS

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31 CURRENCY TRANSLATION RESERVES

The currency translation reserves is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the group's presentation currency.

32 CAPITAL RESERVE

	Group and Company		
	2011	2010	2009
	$	$	$
At beginning of the year	1,265,735	-	-
Issue of warrants	-	1,408,207	-
Less: Exercise of warrants	(164,203)	-	-
Less: Expenses pertaining to issue of warrants	-	(142,472)	-
At end of the year	1,101,532	1,265,735	-

In year 2010, the company issued 70,410,343 warrants at an issue price of $0.02 for each warrant. Each warrant carries the right to subscribe for one new ordinary share at an exercise price of $0.31 for each new share on the basis of one warrant for every two existing ordinary shares held in the capital of the company with exercise date of up to February 28, 2013.

As at May 31, 2011, the company has 122,550,930 (2010 : 70,409,843 before share split) outstanding warrants which each carries the right to subscribe for one ordinary share with exercise price of $0.16 (2010 : $0.31 before share split) per ordinary share.

33 REVENUE

	Group	
	2011	2010
	$	$
		(Restated)
Revenue from construction contracts	214,174,233	131,980,968
Dividend income	46,340	36,244
Sales of goods	1,210,576	1,276,558
Sales of development properties	28,511,088	10,530,376
Rental income	9,036,636	11,629,152
Consultation and service income	57,913	53,777
	253,036,786	155,507,075

34 OTHER OPERATING INCOME

	Group	
	2011	2010
	$	$
		(Restated)
Interest income	986,496	553,762
Change in fair value of investment property (Note 19)	500,000	500,000
Foreign currency exchange adjustment gain	-	221,191
Gain on disposal of property, plant and equipment	43,564	10,601
Change in fair value of interest rate swap contract	153,533	-
Change in fair value of commodity contract	-	783,336
Realised gain on commodity contract	-	228,252
Amortisation of financial guarantee liabilities	220,347	51,517
Gain on disposal of other investments	40,789	-
Job credits	23,049	292,467
Others	231,746	267,672
	2,199,524	2,908,798

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

35 ADMINISTRATIVE EXPENSES

	Group	
	2011	2010
	$	$
		(Restated)
Employee benefit expenses (including director remuneration)	5,666,476	4,076,274
Directors' fees	187,000	164,000
(Write back of) Allowance for doubtful trade receivables	(493,561)	1,791,119
(Write back of) Allowance for doubtful other receivables	(278,239)	918,561
Depreciation of property, plant and equipment	352,167	370,778
Professional fees	1,358,906	722,614
Trade receivables written off	319,992	22,519
Others	2,694,802	1,798,047
	9,807,543	9,863,912

36 OTHER OPERATING EXPENSES

	Group	
	2011	2010
	$	$
Foreign currency exchange adjustment loss	732,845	13,463
Loss on disposal of property, plant and equipment	3,743	65,368
Property, plant and equipment written off	72,182	20,220
Realised loss on commodity contract	10,610	-
Impairment loss on prepaid investment (Note 16)	621,108	-
Change in fair value of other investments	30,062	-
	1,470,550	99,051

37 FINANCE COSTS

	Group	
	2011	2010
	$	$
Interest on bank borrowings	3,187,270	3,494,154
Interest on obligations under finance leases	6,529	5,105
Change in fair value of interest rate swap contract	-	633,339
Total borrowing costs	3,193,799	4,132,598
Less: Amounts included in the cost of qualifying assets (Note 13)	(1,046,832)	(1,704,501)
	2,146,967	2,428,097

38 INCOME TAX EXPENSE

	Group	
	2011	2010
	$	$
		(Restated)
Current:		
- On the profit for the year	2,843,891	2,468,706
- Overprovision in prior years	(195,758)	(70,425)
Deferred (Note 20):		
- Provision for the year	69,699	238,134
	2,717,832	2,636,415

Domestic income tax is calculated at 17% (2010 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

38 INCOME TAX EXPENSE (CONT'D)

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

	Group 2011 $	2010 $ (Restated)
Profit before tax	19,437,647	14,043,383
(Less) Add: Share of (profit) loss of associates	(982,136)	126,317
	18,455,511	14,169,700
Tax at the domestic income tax rate of 17% (2010 : 17%)	3,137,437	2,408,849
Tax effect of (income) expenses that are not (taxable) deductible in determining taxable profit	(519,350)	131,333
Deferred tax benefits not recognised	412,785	342,634
Deferred tax benefit previously not recognised now utilised	(16,593)	(31,513)
Effect of different tax rates of overseas operations	(685)	(3,406)
Exempt income	(129,625)	(117,536)
Overprovision in prior years	(195,758)	(70,425)
Others	29,621	(23,521)
	2,717,832	2,636,415

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

	2011 $	2010 $ (Restated)
Tax losses		
Amount at beginning of year	2,447,301	1,372,779
Adjustment in the current year	-	185,369
Tax losses for the year	2,525,546	1,074,522
Utilised during the year	(97,603)	(185,369)
Amount at end of year	4,875,244	2,447,301
Other temporary differences		
Amount at beginning of year	1,176,554	(64,492)
Adjustment in the current year	-	300,071
Amount in current year	(97,402)	940,975
Amount at end of year	1,079,152	1,176,554
Total/Net	5,954,396	3,623,855
Deferred tax assets at 17% (2010 : 17%) thereon not taken up in the financial statements	1,012,247	616,055

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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

39 PROFIT FOR THE YEAR

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

	Group	
	2011	**2010**
	$	**$**
		(Restated)
Directors' fees and allowances	203,100	173,618
Directors' remuneration:		
Directors of the company	2,106,761	1,174,096
Directors of the subsidiaries	822,683	760,761
Employee benefits expense (including directors' remuneration)	14,908,025	12,578,563
Costs of defined contribution plans included in employee benefits expense	709,304	685,625
Non-audit fees paid to auditors of the company	43,609	35,737
(Write back of) Allowance for doubtful trade receivables	(493,561)	1,791,119
(Write back of) Allowance for doubtful other receivables	(278,239)	918,561
Bad debts recovered	-	(29,938)
Write back of impairment loss on value of club membership	(4,800)	(3,000)
(Write back of) Allowance for inventory obsolescence	(3,231)	91,684
Provision for (Write back of) maintenance costs	220,346	(211,059)
Cost of inventories recognised as expense	40,109,498	47,653,009

40 DIVIDENDS

i) During the financial year ended May 31, 2010, the company paid a final tax exempt dividend of $0.012 per ordinary share totalling $1,689,848 in respect of the financial year ended May 31, 2009 on the ordinary shares of the company.

ii) During the financial year ended May 31, 2011, the company paid a final tax exempt dividend of $0.012 per ordinary share and special tax exempt dividend of $0.010 per ordinary share totalling $3,454,118 in respect of the financial year ended May 31, 2010 on the ordinary shares of the company.

In addition, the company declared and paid an interim tax exempt dividend of $0.005 per ordinary share totalling $1,655,341 for the financial year ended May 31, 2011 on the ordinary shares of the company.

iii) Subsequent to May 31, 2011, the directors of the company recommended that a final tax exempt dividend of $0.0125 per ordinary share and special tax exempt dividend of $0.005 per ordinary share totalling $6,015,800 be paid for the financial year ended May 31, 2011 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 Reporting Period*.

41 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on group profit after income tax and non-controlling interests of $17,314,350 (2010 : $11,376,149) divided by the weighted average number of ordinary shares of 311,300,956 (2010 : 281,641,532) in issue during the year.

Fully diluted earnings per ordinary share is calculated based on 349,364,351 (2010 : 281,641,532) ordinary shares. There was no dilutive effect in the prior year as the warrants were out-of-money.

	Group			
	2011		**2010**	
	Basic	**Diluted**	**Basic**	**Diluted**
	$	**$**	**$**	**$**
Net profit attributable to owners of the company	17,314,350	17,314,350	11,376,149	11,376,149
	Number of shares		**Number of shares**	
Weighted average number of ordinary shares used to compute earnings per share	311,300,956	349,364,351	281,641,532	281,641,532
Earnings per share (cents)	5.56	4.96	4.04	4.04

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

42 CONTINGENT LIABILITIES

	Group			Company	
	2011	2010	2009	2011	2010
	$	$	$	$	$
		(Restated)	(Restated)		
Letter of credit	36,261	1,815,441	2,717,990	-	-
Bankers' guarantees (a)	64,226,698	31,485,485	25,680,456	15,908,388	13,810,268
	64,262,959	33,300,926	28,398,446	15,908,388	13,810,268

The group's contingent liabilities as at May 31, 2011 comprise:

a) i) Bankers' guarantees amounting to $2,855,076 (2010 : $3,523,188; 2009 : $69,225) are secured against a corporate guarantee from the company and a negative pledge over the assets of a subsidiary;

ii) Bankers' guarantees amounting to $12,150,740 (2010 : $13,968,240; 2009 : $1,910,000) are secured against a corporate guarantee from the company, a negative pledge over the assets of a subsidiary and pledge over a fixed deposit;

iii) Bankers' guarantees amounting to $7,668,875 (2010 : $20,931; 2009 : $1,558,565) are secured against corporate guarantees from the company and a subsidiary;

iv) In 2010, bankers' guarantees amounting to $5,815 (2009 : $Nil) were secured against a corporate guarantee from the company and a subsidiary and a negative pledge over the assets of a subsidiary;

v) Bankers' guarantees amounting to $12,810,268 (2010 : $12,810,268; 2009 : $21,802,937) are secured against a corporate guarantee from a subsidiary, a negative pledge over the assets of the company and pledge over a fixed deposit;

vi) In 2010, bankers' guarantees amounting to $1,000,000 (2009 : $Nil) were secured against a corporate guarantee from a subsidiary, a negative pledge over the assets of the company and mortgage over an investment property of the company;

vii) Bankers' guarantees amounting to $25,977,786 (2010 and 2009 : $Nil) are secured against a corporate guarantee from the company;

viii) Bankers' guarantees amounting to $2,618,000 (2010 and 2009 : $Nil) are secured against a corporate guarantee from the company and mortgage over a development property of a subsidiary;

ix) Bankers' guarantees amounting $145,953 (2010 : $157,043 and 2009 : $142,502) are secured against a corporate guarantee from a subsidiary and pledge over a fixed deposit; and

x) In 2009, bankers' guarantees amounting to $197,227 are secured against a corporate guarantee from the company and a subsidiary and pledge over a fixed deposit.

b) A subcontractor of the group initiated proceedings for wrongfully processing claims of $75,000 (2010 : $75,000; 2009 : $Nil). The group's lawyer has advised the company that the claim has no merit, and has recommended that it be contested. No provision has been recognised in these financial statements as the management does not consider that there is any probable loss.

c) The group's sub-contractors' worker initiated a claim of $388,210 (2010 and 2009 : $Nil) for medical expenses and loss of future earnings. As the proceedings are at an early stage, the group's lawyer is unable to provide a more accurate assessment.

d) The company has granted corporate guarantees to the financial institutions amounting to $55,594,672 (2010 : $29,008,824) for securing banking facilities for its subsidiaries.

e) As at May 31, 2011, the company has undertaken to provide financial support of $6,488,406 (2010 : $5,870,455) to some of its subsidiaries and associates.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

43 DERIVATIVE FINANCIAL INSTRUMENTS

	2011		2010		2009	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	$	$	$	$	$	$
Group						
Commodity contracts	-	-	-	14,637	-	797,973
Interest rate swap contract	-	479,806	-	633,339	-	-
	-	479,806	-	647,976	-	797,973
Company						
Interest rate swap contract	-	479,806	-	633,339	-	-

The group's and the company's derivative financial instruments in 2011 are due within 1 to 2 (2010 and 2009 : 1 to 3) years.

(i) 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 end of the reporting period, the group has the following outstanding forward foreign exchange contracts:

	2011		2010		2009	
	Contract sum	Fair value asset	Contract sum	Fair value asset	Contract sum	Fair value asset
	$	$	$	$	$	$
Buy	-	-	-	-	USD 250,000	-
Sell	-	-	-	-	SGD 364,875	-
Total		-		-		-

The group did not adjust for the financial effect arising from the fair value difference of forward foreign exchange contracts in 2009 as the amount involved is not significant.

(ii) Commodity contracts

In 2010 and 2009, the group has one outstanding commodity contract 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 contract matured on July 1, 2010.

(iii) Interest rate swap contract

The group and company use interest rate swap contract to manage its exposure to interest rate movements on its borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. As at May 31, 2011, contract with nominal values of $11 million (2010 : $13 million; 2009 : Nil) had fixed interest payments at 3.68% until December 18, 2012 against the floating interest rate at 0.25% per annum plus Swap Offered Rate.

At May 31, 2011, the fair value of the derivative instruments is estimated at a loss of $479,806 (2010 : $647,976 and 2009 : $797,973). The fair value are measured based on estimation valuation derived from market quotation.

The group and company did not adopt hedge accounting in respect of these commodity and interest rate swap contracts.

The contracts are classified as held-for-trading.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

44 OPERATING LEASE ARRANGEMENTS

The group as a lessee

	Group 2011 $	Group 2010 $ (Restated)
Minimum lease payments under operating leases recognised as expense in the year	290,168	276,352

At the end of the reporting period, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group 2011 $	Group 2010 $ (Restated)
Within one year	234,625	263,791
In the second to fifth year inclusive	136,920	182,200
	371,545	445,991

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 3 years.

The company does not have outstanding commitments under non-cancellable operating leases.

The group and company as lessor

The group and company rent out its investment property in Singapore. Property rental income earned during the year was $1,908,744 (2010 : $1,887,773).

At the end of the reporting period, the group and company have contracted with tenants for the following future minimum lease payments:

	Group and Company 2011 $	Group and Company 2010 $
Within one year	1,914,817	1,876,315
In the second to fifth year inclusive	7,659,267	7,505,260
After five years	2,553,089	4,378,068
	12,127,173	13,759,643

45 COMMITMENTS

	Group 2011 $	Group 2010 $
Commitment for the payment of premium to a joint developer (a)	8,550,000	8,550,000
Commitment for the construction of development properties (b)	12,828,480	2,333,974
Commitment for the payment of a shareholder's loan to an associate (c)	4,800,000	-
Commitment for the engineering projects (d)	200,280,026	167,877,955

(a) The group has agreed to pay an amount of $9 million to the joint developer ("JD") as its recognises the enhanced value that the JD brings to the joint development and of the JD's effort in facilitating the joint development. The group has paid $450,000 to the developer in 2010. There is no income or expense recognised in the profit or loss during the financial year.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

45 COMMITMENTS (CONT'D)

(b) During the financial year, the group has entered into contracts of $265,800 for the construction of a development property at 448 East Coast Road, Singapore. The group has paid part of its construction contracts amounting to $72,320.

On May 13, 2011, the group has successfully exercised the option to purchase the property at 91 Marshall Road, Singapore for a total purchase consideration of $13.3 million. The group has paid deposit of 5% of the purchase price, amounting to $665,000 upon the exercise of the option.

In 2010, the group has entered into a contract of $3 million for the construction of 31 and 31A Dunsfold Drive, Singapore and paid part of its construction contract amounting to $666,026. The construction of the development property has completed during the financial year.

(c) During the financial year, the group has entered into an agreement to set up an associate for the investment of the proposed Gaobeidian township development in Hebei province of People's Republic of China. The group is committed to inject $4.8 million by way of a shareholder's loan to the associate.

(d) The group has commitment for engineering projects of $200 million (2010 : $168 million) for the outstanding order book of $235 million (2010 : $198 million).

(e) At May 31, 2011 and 2010, the company does not have any commitments.

46 SEGMENT INFORMATION

For management purposes, the group is organised into two major operating divisions - Engineering and Integrated Real Estate. The divisions are the basis on which the group reports its 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 involves developing properties and managing facilities, water tanks supply and installation, workers' dormitory and property rental services.

(a) Reportable Operating Segment Information

In accordance with FRS 108 *Operating Segments*, management has determined the operating segments based on the reports regularly reviewed by the Group Chief Executive & Managing Director that are used to make strategic decisions.

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the group's profit or loss 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, property, plant and equipment and investment property, 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, provision for maintenance costs, long-term loan, long-term banks loans, long-term deposit and financial guarantee liabilities. Capital expenditure includes the total cost incurred to acquire property, plant and equipment.

Inter-segment transfers: Segment revenue and expenses include transfers between operating 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 is not allocated as they are not specifically attributable to any of the major operating segments, and correspondingly the investments in associates are included as unallocated assets of the group.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

46 SEGMENT INFORMATION (CONT'D)

(a) Reportable Operating Segment Information (Cont'd)

Group **2011**	**Engineering** **$**	**Integrated Real Estate** **$**	**Elimination** **$**	**Total** **$**
Segment revenue				
External sales	215,442,722	37,594,064	-	253,036,786
Inter-segment sales	91,989,837	10,588,639	(102,578,476)	-
Total revenue	307,432,559	48,182,703	(102,578,476)	253,036,786
Segment results				
Segment results	15,033,136	5,569,342	-	20,602,478
Finance costs				(2,146,967)
Share of profit of associates				982,136
Profit before tax				19,437,647
Income tax expense				(2,717,832)
Profit for the year				16,719,815

2010 (Restated)	**Engineering** **$**	**Integrated Real Estate** **$**	**Elimination** **$**	**Total** **$**
Segment revenue				
External sales	138,160,159	17,346,916	-	155,507,075
Inter-segment sales	72,995,389	11,491,779	(84,487,168)	-
Total revenue	211,155,548	28,838,695	(84,487,168)	155,507,075
Segment results				
Segment results	13,339,287	3,258,510	-	16,597,797
Finance costs				(2,428,097)
Share of loss of associates				(126,317)
Profit before tax				14,043,383
Income tax expense				(2,636,415)
Profit for the year				11,406,968

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

46 SEGMENT INFORMATION (CONT'D)

(a) Reportable Operating Segment Information (Cont'd)

Group 2011	Engineering $	Integrated Real Estate $	Elimination $	Total $
Segment assets	46,151,244	102,444,412	-	148,595,656
Unallocated corporate assets				76,567,443
Consolidated total assets				225,163,099
Segment liabilities	80,728,903	62,377,010	-	143,105,913
Unallocated corporate liabilities				23,082,222
Consolidated total liabilities				166,188,135
Other information				
Capital expenditure	759,713	174	-	759,887
Depreciation	348,631	3,536	-	352,167

2010 (Restated)	Engineering $	Integrated Real Estate $	Elimination $	Total $
Segment assets	63,108,329	82,414,006	-	145,522,335
Unallocated corporate assets				27,155,186
Consolidated total assets				172,677,521
Segment liabilities	45,994,012	49,604,741	-	95,598,753
Unallocated corporate liabilities				41,136,612
Consolidated total liabilities				136,735,365
Other information				
Capital expenditure	301,893	4,813	-	306,706
Depreciation	351,218	19,560	-	370,778

2009 (Restated)	Engineering $	Integrated Real Estate $	Elimination $	Total $
Segment assets	39,862,345	74,523,645	-	114,385,990
Unallocated corporate asset				17,103,365
Consolidated total assets				131,489,355
Segment liabilities	31,609,505	60,331,870	-	91,941,375
Unallocated corporate liabilities				14,596,359
Consolidated total liabilities				106,537,734
Other information				
Capital expenditure	561,063	2,720	-	563,783
Depreciation	388,184	17,868	-	406,052

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

46 SEGMENT INFORMATION (CONT'D)

b) Geographical Information

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

Segment non-current assets and capital expenditure: Segment non-current assets (excluding deferred tax assets) and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to acquire property, plant and equipment.

	Revenue		Non-current assets			Capital expenditure		
	2011	2010	2011	2010	2009	2011	2010	2009
	$	$	$	$	$	$	$	$
		(Restated)		(Restated)	(Restated)		(Restated)	(Restated)
Singapore	242,259,729	150,105,815	24,739,907	22,575,207	21,134,249	561,665	248,155	351,499
Malaysia	325,252	383,601	140,842	314,214	314,026	110,504	41,556	210,736
Thailand	4,308,016	5,017,659	4,037,513	3,137,203	3,066,031	5,523	1,945	1,548
Brunei	6,143,789	-	72,910	1,986	-	82,195	15,050	-
	253,036,786	155,507,075	28,991,172	26,028,610	24,514,306	759,887	306,706	563,783

c) Other information

In the current year, the group has six major customers from the engineering segment that contribute $84,392,566 (33.4%), $33,662,738 (13.3%), $31,296,113 (12.4%), $26,992,438 (10.7%), $17,990,686 (7.1%) and $10,353,583 (4.1%) of the group's revenue respectively.

In 2010, the group has three major customers from the engineering segment that contribute $83,171,296 (53.5%), $17,233,649 (11.1%), and $21,057,460 (13.5%) of the group's revenue respectively.

47 SUBSEQUENT EVENTS

On June 2, 2011, a joint venture of the group has acquired shares in the capital of a group of telecommunication companies for the purchase consideration comprising cash of $1.43 million. The company has provided a corporate guarantee for the due and punctual performance by the joint venture to fulfill certain payment obligations under the sale and purchase agreements and put and call option agreements.

On June 6, 2011, an associate of the group has entered into a sale and purchase agreement to acquire shares in the capital of a water treatment company for the purchase consideration of Thai Baht 240 million (which is equivalent to approximately $9.73 million based on the exchange rate of $0.04053). The group contributed a total of approximately $1.45 million for its portion of the acquisition.

On June 30, 2011, the group has successfully exercised the options to purchase the Octaville at 79 and 81A Duku Road, Singapore, for a total purchase consideration of $2.73 million.

On July 7, 2011, the group has incorporated a new wholly-owned subsidiary, TEE Vietnam Co. Ltd..

On August 19, 2011, the company has increased the issued and paid up capital of its wholly-owned subsidiary, TEE Realty Pte. Ltd. to $3 million with an additional shares allotment of 2,000,000 shares at $1 each.

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

48 RESTATEMENTS AND COMPARATIVE FIGURES

(a) Prior year adjustments

The prior year adjustments for the group relate to the accounting of Trans Equatorial Indochina Co., Ltd, Oscar Design & Decoration Co., Ltd, Oscar Estate Management Co., Ltd and Oscar Property Management Co., Ltd (collectively known as the "Thai entities") as subsidiaries and thereby included in the consolidated financial statements of the group. In prior years, the Thai entities were accounted as associates to the group. The results and assets and liabilities of the Thai entities were incorporated in the group's financial statements using the equity method of accounting.

Over the years, management is able to demonstrate that it is able to exercise control to govern the financial and operating policies of these Thai entities so as to obtain benefits from the activities of these Thai entities and hence management has determined that is is more appropriate for these Thai entities to be accounted for as subsidiaries.

The effects of the change have been accounted for retrospectively and the comparative figures have been restated accordingly. The impact of the restatement on profit for the year for financial year ended May 31, 2010 is not significant.

The financial effects of the prior year adjustments on the 2010 and 2009 financial statements are as follows:

(i) Statement of financial position

	2010			2009		
	Previously stated $	**Prior year adjustments $**	**As restated $**	**Previously stated $**	**Prior year adjustments $**	**As restated $**
GROUP						
ASSETS						
Cash and cash equivalents	6,993,275	377,893	7,371,168	9,465,137	367,839	9,832,976
Trade receivables	39,129,966	354,108	39,484,074	32,394,289	544,231	32,938,520
Other receivables - current	11,198,710	(1,972,581)	9,226,129	4,932,815	(3,631,718)	1,301,097
Loans receivable from associates	14,014,410	(57,320)	13,957,090	4,440,800	(170,800)	4,270,000
Investment in associates	5,472,777	(1,403,169)	4,069,608	3,321,539	(1,312,935)	2,008,604
Property, plant and equipment	724,320	65,574	789,894	808,665	139,584	948,249
Other receivables - non-current	-	-	-	-	891,345	891,345
LIABILITIES AND EQUITY						
Trade payables	32,331,944	741,472	33,073,416	22,431,143	156,429	22,587,572
Other payables	10,007,925	(954,320)	9,053,605	6,408,509	(224,772)	6,183,737
Income tax payable	2,518,989	4,561	2,523,550	2,417,113	10,403	2,427,516
Currency translation reserve	56,621	261,095	317,716	(55,412)	349,882	294,470
Accumulated profits	22,990,595	(3,552,381)	19,438,214	13,297,298	(3,545,385)	9,751,913
Equity attributable to owners of the company	39,872,016	(3,291,286)	36,580,730	28,800,793	(3,195,503)	25,605,290
Non-controlling interests	1	(638,575)	(638,574)	(4,758)	(648,911)	(653,669)

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

48 RESTATEMENTS AND COMPARATIVE FIGURES (CONT'D)

(a) Prior year adjustments (Cont'd)

(ii) Consolidated statement of comprehensive income

	2010 Previously stated $	Prior year adjustments $	As restated $
Revenue	150,453,172	5,053,903	155,507,075
Cost of sales	(127,980,021)	(3,875,092)	(131,855,113)
Other operating income	2,705,105	203,693	2,908,798
Administrative expenses	(8,574,952)	(1,288,960)	(9,863,912)
Share of loss of associates	(74,964)	(51,353)	(126,317)
Income tax expense	(2,613,289)	(23,126)	(2,636,415)
Other comprehensive income			
Currency translation differences, representing other comprehensive income for the year	112,033	(104,511)	7,522
Profit attributable to:			
Owners of the company	11,383,145	(6,996)	11,376,149
Non-controlling interests	4,758	26,061	30,819
Total comprehensive income attributable to:			
Owners of the company	11,495,178	(95,783)	11,399,395
Non-controlling interests	4,758	10,337	15,095

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

48 RESTATEMENTS AND COMPARATIVE FIGURES (CONT'D)

(a) Prior year adjustments (Cont'd)

(iii) Statement of changes in equity

	2010 Previously stated $	2010 Prior year adjustments $	2010 As restated $	2009 Previously stated $	2009 Prior year adjustments $	2009 As restated $
GROUP						
Currency translation reserve	56,621	261,095	317,716	(55,412)	349,882	294,470
Accumulated profits	22,990,595	(3,552,381)	19,438,214	13,297,298	(3,545,385)	9,751,913
Equity attributable to owners of the company	39,872,016	(3,291,286)	36,580,730	28,800,793	(3,195,503)	25,605,290
Non-controlling interests	1	(638,575)	(638,574)	(4,758)	(648,911)	(653,669)

(iv) Consolidated statement of cash flows

	2010 Previously stated $	2010 Prior year adjustments $	2010 As restated $
Profit before tax	14,001,192	42,191	14,043,383
Operating activities			
Share of loss of associates	74,964	51,353	126,317
Depreciation of property, plant and equipment	287,017	83,761	370,778
Allowances for doubtful trade receivables	1,125,770	665,349	1,791,119
Allowances for doubtful other receivables	1,553,971	(635,410)	918,561
Trade receivables written off	20,070	2,449	22,519
Loss on disposal of property, plant and equipment	60,335	(5,568)	54,767
Interest income	(552,010)	(1,752)	(553,762)
Development properties	4,677,458	2,678,682	7,356,140
Trade receivables	(7,881,517)	(477,675)	(8,359,192)
Other receivables	(7,624,278)	(95,113)	(7,719,391)
Construction work-in-progress in excess of progress billings	(16,890,671)	(2,678,683)	(19,569,354)
Trade payables	9,900,801	585,043	10,485,844
Other payables	2,976,661	43,204	3,019,865
Utilisation of provision for maintenance costs	(815,566)	(1,695)	(817,261)
Interest paid	(3,499,260)	1	(3,499,259)
Income tax paid	(2,273,279)	(28,968)	(2,302,247)
Investing activities			
Proceeds on disposal of property, plant and equipment	24,168	5,704	29,872
Purchase of property, plant and equipment	(299,182)	(7,524)	(306,706)
Repayment of loan from associates	(9,573,610)	(113,480)	(9,687,090)
Interest received	356,422	(35,517)	320,905
Financing activities			
Decrease in pledged fixed deposits	725,687	(5,774)	719,913
Net decrease in cash and cash equivalents	(6,072,442)	70,578	(6,001,864)
Cash and cash equivalents at the beginning of year	3,394,357	211,747	3,606,104
Effect of foreign exchange rate changes	10,633	(66,298)	(55,665)
Overdrawn at end of year	(2,667,452)	216,027	(2,451,425)

NOTES TO FINANCIAL STATEMENTS

May 31, 2011

48 RESTATEMENTS AND COMPARATIVE FIGURES (CONT'D)

(b) Reclassifications

Certain reclassifications have been made to the prior years' financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statements of financial position. Comparatives have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	2010		2009	
	Previously stated $	After reclassification[1] $	Previously stated $	After reclassification[1] $
Group				
Construction work-in-progress in excess of progress billings	20,562,197	23,240,880	3,671,526	3,671,526
Development properties	50,077,459	47,398,776	53,050,415	53,050,415
Long-term deposits	-	729,900	-	729,900
Other payables	10,007,925	8,505,272	6,408,509	5,678,609
Current portion of finance guarantee liabilities	-	206,068	-	-
Financial guarantee liabilities	-	566,685	-	-
Company				
Long-term deposits	-	729,900	-	729,900
Other payables	29,687,024	27,173,022	13,081,367	12,351,467
Current portion of finance guarantee liabilities	-	723,393	-	-
Financial guarantee liabilites	-	1,060,709	-	-

(1) The amounts are before taking into account the prior year adjustments in (a) above.

SHAREHOLDERS' INFORMATION

As at 19 August 2011

Issued and fully paid-up capital	:	S$27,368,885.37
No. of shares issued	:	344,959,998 shares
Class of share	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-999	288	19.28	42,969	0.01
1,000-10,000	615	41.17	3,855,214	1.12
10,001-1,000,000	563	37.68	44,498,998	12.90
1,000,001 and above	28	1.87	296,562,817	85.97
Grand Total	**1,494**	**100.00**	**344,959,998**	**100.00**

TOP TWENTY LARGEST SHAREHOLDERS

S/No.	Name of Shareholders	No. of Shares Held	%
1	Hong Leong Finance Nominees Pte Ltd	83,099,750	24.09
2	Phua Chian Kin	37,960,534	11.00
3	Mayban Nominees (S) Pte Ltd	25,017,300	7.25
4	SBS Nominees Pte Ltd	22,032,000	6.39
5	CIMB Nominees (S) Pte Ltd	18,180,000	5.27
6	Lincoln Capital Pte Ltd	16,999,200	4.93
7	Morgan Stanley Asia (Singapore) Securities Pte Ltd	13,153,200	3.81
8	HSBC (Singapore) Nominees Pte Ltd	8,917,900	2.59
9	Phillip Securities Pte Ltd	7,356,692	2.13
10	Tay Kuek Lee	7,290,000	2.11
11	Kim Eng Securities Pte Ltd	7,035,156	2.04
12	Cheng Shao Shiong @ Bertie Cheng	6,850,000	1.99
13	4 P Investments Pte Ltd	6,680,924	1.94
14	UOB Kay Hian Pte Ltd	4,963,024	1.44
15	Ng Chin Hock	4,568,040	1.32
16	Lim & Tan Securities Pte Ltd	2,733,000	0.79
17	OCBC Nominees Singapore Private Limited	2,696,930	0.78
18	DBS Nominees Pte Ltd	2,654,330	0.77
19	OCBC Securities Private Limited	2,638,963	0.77
20	Ong Peck Eng	2,367,274	0.69
Total		**283,194,217**	**82.10**

SHAREHOLDERS' INFORMATION

As at 19 August 2011

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

	Direct Interest	%	Deemed Interest	%
Phua Chian Kin	180,904,754	52.44	13,970,924	4.05
Tay Kuek Lee	7,290,000	2.11	180,904,754	52.44

Note:-

Mr. Phua Chian Kin is deemed to have an interest in the 7,290,000 ordinary shares held by his spouse, Mdm. Tay Kuek Lee, and in the 6,680,924 ordinary shares held by 4 P Investments Pte Ltd where he is a shareholder. A total of 142,944,220 ordinary shares held by Mr. Phua Chian Kin are registered in the name of Hong Leong Finance Nominees Pte Ltd, CIMB Nominees (S) Pte Ltd, SBS Nominees Pte Ltd, Phillip Securities Pte Ltd, Mayban Nominees (S) Pte Ltd, and OCBC Nominees Singapore Private Limited.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 19 August 2011, approximately 38.96% 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 of the Singapore Exchange Securities Trading Limited.

WARRANTHOLDERS' INFORMATION

As at 19 August 2011

DISTRIBUTION OF WARRANTHOLDINGS - TEEW130228

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1-999	4	2.20	1,462	0.00
1,000-10,000	36	19.78	202,102	0.17
10,001-1,000,000	126	69.23	10,551,898	8.69
1,000,001 and above	16	8.79	110,595,468	91.14
Grand Total	**182**	**100.00**	**121,350,930**	**100.00**

TOP TWENTY LARGEST WARRANTHOLDERS

S/No.	Name of Warrantholders	No. of Warrants Held	%
1	Phua Chian Kin	46,473,618	38.30
2	CIMB Nominees (S) Pte Ltd	11,960,000	9.86
3	SBS Nominees Pte Ltd	9,384,000	7.73
4	Lincoln Capital Pte Ltd	7,000,900	5.77
5	Mayban Nominees (S) Pte Ltd	6,865,000	5.66
6	Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,880,000	4.84
7	Phillip Securities Pte Ltd	4,314,710	3.56
8	HSBC (Singapore) Nominees Pte Ltd	3,902,000	3.21
9	Cheng Shao Shiong @ Bertie Cheng	3,200,000	2.64
10	Koh Swee Yong	2,514,000	2.07
11	Tay Kuek Lee	2,405,340	1.98
12	Kua Phek Long	2,195,000	1.81
13	OCBC Securities Private Limited	1,198,900	0.99
14	Fok Chee Chiong	1,125,000	0.93
15	Ng Chin Hock	1,092,000	0.90
16	Foo Tiang Ann	1,085,000	0.89
17	Ng Toong Seng	880,000	0.73
18	Koh Soy Poon	740,000	0.61
19	Sim Geok Soon	571,450	0.47
20	Koh Cheoh Liang Vincent	558,000	0.46
Total		**113,344,918**	**93.41**

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

TEE INTERNATIONAL LIMITED
(Incorporated in Singapore with limited liability)
(Co. Reg. No.: 200007107D)

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of TEE International Limited ("the Company") will be held at York Hotel Singapore, 21 Mount Elizabeth, Singapore 228516 on 22 September 2011, Thursday, at 2.30p.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 financial year ended 31 May 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend (tax exempt one-tier) of 1.25 cents per ordinary share and special dividend (tax exempt one-tier) of 0.50 cents per ordinary share for the financial year ended 31 May 2011 (Year 2010: final dividend (tax exempt one-tier) of 1.20 cents per ordinary share and special dividend (tax exempt one-tier) of 1.00 cent per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 88 and Article 89 of the Articles of Association of the Company:-

   Mr. Lee Ah Fong (Retiring under Article 88) **(Resolution 3)**
   Er. Dr. Lee Bee Wah (Retiring under Article 89) **(Resolution 4)**

   * *Mr. Lee Ah Fong will, upon re-election as an Independent and Non-Executive Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee, Remuneration Committee and Executive Committee respectively and will be considered independent.*

   * *Er. Dr. Lee Bee Wah will, upon re-election as an Independent and Non-Executive Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and the Executive Committee respectively and will be considered independent.*

4. To re-appoint the following Directors of the Company 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 of the Company:-

   Mr. Bertie Cheng Shao Shiong **(Resolution 5)**
   Mr. Tan Boen Eng **(Resolution 6)**

   [See Explanatory Note (i)]

   * *Mr. Bertie Cheng Shao Shiong will, upon re-appointment as an Independent and Non-Executive Director of the Company, remain as the Non-Executive Chairman of the Company, Chairman of the Executive Committee and a member of the Nominating Committee and will be considered independent.*

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

5. To approve the payment of Director's fees of S$7,500 to Mr. Lee Ah Fong for the financial year ended 31 May 2011. **(Resolution 7)**

6. To approve the payment of Directors' fees of S$210,250 for the financial year ending 31 May 2012 to be paid quarterly in arrears (Year 2011: S$155,000). **(Resolution 8)**

7. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company 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 ELEVENTH ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as an Ordinary Resolution, 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 of the Company 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) options, 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 of the Company 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 Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:-

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) 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 to be issued other than on a pro-rata basis to 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 that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) 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 any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, 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 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.

[See Explanatory Note (ii)] **(Resolution 10)**

By Order of the Board

Ms. Lynn Wan Tiew Leng
Ms. Yeo Ai Mei
Company Secretaries

Singapore
7 September 2011

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

Explanatory Notes:-

(i) The effect of the Ordinary Resolutions 5 and 6 proposed in item 4 above, is to re-appoint Directors of the Company who are over 70 years of age.

(ii) The Ordinary Resolution 10 in item 9 above, if passed, will empower the Directors of the Company, effective 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 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 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 any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:-

1. A Member of the Company entitled to attend and vote at the Annual General 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. 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 set for the Annual General 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 21 October 2011 and 15 November 2011 respectively for the purpose of determining Members' entitlements to the final and special dividends to be proposed at the Eleventh Annual General Meeting of the Company ("11th AGM") which is scheduled to be held on 22 September 2011.

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 21 October 2011 and 15 November 2011 respectively will be registered to determine Members' entitlements to the proposed said dividends. Subject to the aforesaid, Members whose Securities Accounts maintain with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company at 5.00 p.m. on 21 October 2011 and 15 November 2011 respectively will be entitled to the proposed said dividends.

Payment of the final and special dividends, if approved by the Members at the 11th AGM will be made on 2 November 2011 and 6 December 2011 respectively.

TEE INTERNATIONAL LIMITED
(Incorporated in Singapore with limited liability)
(Co. Reg. No.: 200007107D)

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.

PROXY FORM

(Please see notes overleaf before completing this Form)

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 22 September 2011 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 financial year ended 31 May 2011		
2	Payment of proposed final dividend (tax exempt one-tier) and a special dividend (tax exempt one-tier)		
3	Re-election of Mr. Lee Ah Fong as an Independent and Non-Executive Director		
4	Re-election of Er. Dr. Lee Bee Wah as an Independent and Non-Executive Director		
5	Re-appointment of Mr. Bertie Cheng Shao Shiong as an Independent and Non-Executive Director		
6	Re-appointment of Mr. Tan Boen Eng as an Independent and Non-Executive Director		
7	Approval of Director's fees amounting to S$7,500 for Mr. Lee Ah Fong for the financial year ended 31 May 2011		
8	Approval of Directors' fees amounting to S$210,250 for the financial year ending 31 May 2012 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 ____________________ 2011

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

____

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

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A Member of the Company entitled to attend and vote at 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.

3. Where a Member appoints two proxies, the Member shall specify the proportion of his/her shares to be represented by each proxy, failing which the appointment shall be deemed to be in the alternative.

4. Completion and return of this instrument appointing a proxy shall not preclude a Member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. 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.

6. 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. 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 authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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 DIRECTORY

TEE INTERNATIONAL LIMITED

Co. Reg. No.: 200007107D

Block 2024, Bukit Batok Street 23,
#03-48, Singapore 659529
Tel: (65) 6561 1066
Fax: (65) 6565 1738
Email: enquiries@teeintl.com
Website: http://www.teeintl.com

SINGAPORE

Trans Equatorial Engineering Pte. Ltd.
PBT Engineering Pte. Ltd.
TEE Management Pte. Ltd.
Security Pro-Telco Pte. Ltd.
Nexfrontier Solutions Pte. Ltd.
TEE Development Pte. Ltd.
TEE Realty Pte. Ltd.
TEE Property Pte. Ltd.
Development 83 Pte. Ltd.
TEE Homes Pte. Ltd.

Block 2024, Bukit Batok Street 23
#03-48, Singapore 659529
Tel: (65) 6561 1066
Fax: (65) 6565 1738

Trisilco Folec Pte. Ltd.

82 Genting Lane, #A3-02,
Media Centre Annexe Building,
Singapore 349567
Tel: (65) 6654 1200
Fax: (65) 6747 8631

MALAYSIA

TEE M&E Engineering Sdn Bhd
(formerly known as Multi Amp Engineering Sdn Bhd)
Foremost Prestige Sdn Bhd
PBT Engineering Sdn Bhd
CMC Communications Sdn Bhd

No.D1-16-2, Jalan Dutamas 1
Taman Dutamas 43200 Balakong
Selangor Darul Ehsan, Malaysia
Tel: (603) 010 251 5730/781/932
Fax: (603) 012 372 4685

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

CMC Communications (Thailand) Co., Ltd.
(formerly known as Keppel Communications (Thailand) Co., Ltd.)

900/22 SVOA Tower,
Rama III Road,
Kwang Bangpongpang,
Khet Yannawa, Bangkok
Tel: (662) 682 7488
Fax: (662) 682 7998

Global Environmental Technology Co., Ltd.

No. 649/1 Moo 4, Sukhumvit Road,
Tambol Phraekasa, Amphur
Mueang Samutprakan,
Samutprakan Province 10280,
Thailand
Tel: (662) 709 2950/1/2/3
Fax: (662) 709 2955

BRUNEI

PBT Engineering Sdn Bhd

Unit No.1, 2nd Floor, Blk A,
Hassanin Complex, Lot 4879,
Spg 42, Jalan Muara
Kg Delima Satu,
Bandar Seri Begawan BB4713
Brunei Darussalam
Tel: (673) 233 7093/7431
Fax: (673) 233 7092

PHILIPPINES

Trans Equatorial Philippines, Inc.

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

Trisilco Folec Philippines, Inc.

Unit 3C & 3D, 3/F,
Country Space 1 Building,
Sen. Gil Puyat Avenue, Salcedo
Village, Makati City 1200
Tel: (632) 893 5085
Fax: (632) 892 2306

CAMBODIA

TEE Chem Pte. Ltd.

#32EO, Street 144
Sangkat Phsar Thmei III,
Khan Daun Penh,
Phnom Penh, Cambodia
Tel: (855) 11 338 833
Fax: (855) 23 997 817

VIETNAM

TEE Vietnam Co. Ltd.

Floor 3rd, Mekong Tower,
235-241 Cong Hoa Street,
Ward 13, Tan Binh District,
Ho Chi Minh City, Vietnam
Tel: (84) 8 3813 4298
Fax: (84) 8 3813 4287

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Co. Reg. No.: 200007107D

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