

We See
**BEYOND THE
NUMBERS**

TAI SIN ELECTRIC LIMITED
ANNUAL REPORT 2012



Tai Sin[®]

The Electric Solutions Specialist For Asia Since 1958

ABOUT US

Tai Sin Electric Cables Manufacturer Pte Ltd was established with foresight and determination as a cable manufacturing business in 1980. Today, after over 30 years of strategic expansion and diversification, the Group emerged as a leading and trusted electric solutions specialist for Asia. Listed on the Stock Exchange of Singapore Catalist (formerly known as SESDAQ) in 1998, the exceptional growth and operational excellence was rewarded with a transfer to the SGX Main Board in 2005.

Presently known as Tai Sin Electric Limited Group of Companies, the business is streamlined into four different clusters. In 2012, a newly acquired group in the business of Test and Inspection was added to the **Services** cluster offering alongside with **Manufacturing, Distribution, and Strategic Investment**. These clusters are well-designed to meet the specific needs of our diverse customers ranging from end-users to contractors, manufacturers, system integrators, engineers and consultants.

Having a substantial scale of operations in strategic locations continues to strengthen our position. The Group operates a highly successful network distributing electrical and control products, devices and accessories and solutions to a wide range of local and regional industries which includes Malaysia, Vietnam, Brunei and as far as New Zealand.

OUR VISION

To be the leading electric solutions group in the Asia Pacific region.

OUR MISSION

We are a transparent company driven by corporate governance and shareholder value dedicated in building people to increase knowledge and innovation. By being a customer-focused company ever improving on services and quality standards, we constantly forge strong partnerships for growth and stay true to our commitment of excellent solutions for the electric industry.

OUR VALUES

At Tai Sin, there are simple yet powerful values that shapes our culture and define the character of the company:

- Customer Commitment, Innovation & Reliability
- Open mindset
- Teamwork
- Sense of ownership
- Open culture
- Active contribution
- Continuous improvement
- Enterprising

They remain as the anchoring pillars and serve as a strong foundation that guides the Group in the course of the business today and in the years to come.

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Digits embody business performance, but what determine Tai Sin's worth go beyond these numbers. We see things that could not be quantified –

Our commitment to deliver effective solutions.

Our pursuit to identify and hone growth opportunities.

The inspiring strength that comes from our people.

These and all our attributes covers more than what one could measure and count.


FY2012 marked pivotal numbers for Tai Sin despite an uncertain operating environment. While numbers are significant, our focus remains on strengthening what has proven to keep us strong: people development, systems improvements and product line expansion.

Thus, the barometer of our success is afar from just profit and revenue. Our continued commitment to build a sustainable future for our customers and the Group is not just about making money; it's about Tai Sin, making a difference.

We See

focus in executing our strategies.





In the face of daunting operating environment, FOCUS enables Tai Sin to deliver strong performance. Guided by a diverse management team possessing in-depth knowledge in electrical solutions, we continue to strengthen our capabilities and broaden our product offering while upholding resilience, innovation prudence and excellence. As we move to 2013 and beyond, we stay focused, resolutely executing our strategies to achieve the sustainable future that we have envisioned.

We See

passion and team spirit in our people.





At Tai Sin, our people are our strength. Our dedicated staff and partners, they truly are our pillar of growth and foundation of success. We understand that it is through everyone's passion, determination, relevance and initiative that we are able to go the extra mile to strive for value-building possibilities. Together, we continue to improve and sustain Tai Sin's operational competitiveness both locally and regionally.

We See
the long road ahead.





Long term, sustainable growth is like a marathon, a great mental and physical strength is the key to succeed. Here at Tai Sin, we are slowly but surely building up our stamina for the long run. The investments on people, products and partners over the past years contributed to our achievement this 2012. Looking forward, Tai Sin will continue to sustain our fortitude to actively capitalise on opportunities and uphold the culture of excellence we have long exercised.

CHAIRMAN'S STATEMENT



Professor Lee Chang Leng Brian
Chairman

Dear Shareholders,

It gives me great pleasure to present the financial performance for the full year ended June 30, 2012.

Our Group posted a 13.06 percent increase in revenue from \$246.76 million to \$279.0 million amidst a competitive business environment.

The bulk of the revenue was derived from sales to the commercial & residential, and the industrial sectors. Singapore continued to be the major market for our products and services, accounting for 72.30 percent of the Group's revenue and more than 85.0 percent of pre-tax profit.

Net profit rose 73.81 percent to \$18.80 million from \$10.82 million, due mainly to the higher turnover.

An increase of \$3.60 million in other operating income also contributed to the higher net profit.

The amount includes payment from insurance claims of \$1.89 million for damaged buildings and related expenditure resulting from the February 2011 earthquake that affected the Group's operations in New Zealand and \$1.75 million from excess of fair value of net identifiable assets acquired over consideration arising from the acquisition of Cast Laboratories Pte Ltd and its subsidiaries during the year.

Increased business activity as well as higher staff costs and expenses related to the New Zealand earthquake and the acquisition of new subsidiaries, saw the Group's administrative, selling & distribution and other operating expenses rise by 20.82 percent to \$33.25 million.

We are pleased that with the better overall performance, earnings per share increased 73.23 percent to 4.40 cents from 2.54 cents a year ago. Net asset value per share rose to 28.55 cents from 25.19 cents in 2011. The higher earnings have allowed the Board to propose a final dividend of 1.5 cents per share for the year in recognition of the support and loyalty of our shareholders. This will bring the total payout to 2.1 cents for the 2012 financial year.

OPERATIONS REVIEW

Cable and Wire Segment

This business segment was the major contributor to turnover, accounting for 57.23 percent of Group revenue at \$159.68 million. Like in the previous year, sales were derived primarily from the commercial & residential, and industrial sectors. The stronger cable and wire performance contributed \$14.20 million to pre-tax profit, an increase of 95.91 percent compared to the previous year.

During the year under review, proactive and prudent copper purchasing management had resulted in better yield for this segment.

The strategic location of factories in Singapore, Malaysia and Vietnam also allowed the segment to continue to leverage on cost efficiency and more timely delivery, and help to reinforce Tai Sin's reputation for quality and reliability.

Electrical Material Distribution (EMD) Segment

The Electrical Material Distribution segment continued to make substantial contribution to profitability, being the second biggest segment in terms of sales.

CHAIRMAN'S STATEMENT

The Singapore subsidiaries' consistent performance was supported by strong sales to the oil & gas and chemical clusters. There was also an increase in exports during the year which helped to cushion the effect of lower sales to other industrial clusters.

By continuously developing a comprehensive portfolio of products, including energy-saving systems, the segment has been able to meet increasingly sophisticated demand and further strengthen its position in the market. The segment's efforts in capability enhancement through people development and investment in better IT infrastructure have also further endeared the Group to its loyal customer base.

Our subsidiary, Vynco Industries (NZ) Limited in Christchurch, New Zealand, has recovered from the February 2011 earthquake. The strategy of growing our current product portfolio with industrial safety products and precision sensing solutions as well as a new range of enclosures and wiring devices has helped us enter new market segments. This helped to turn in higher sales of \$16.68 million, up 11.05 percent from the previous year.

Over in Vietnam, revenue rose to \$14.48 million from \$12.34 million mainly due to the fulfilment of more cable & wire projects as well as the stability of the Vietnamese Dong.

This segment will continue to explore more ideas to establish new relationships and further reinforce existing partnership with customers and suppliers to ensure unwavering consistency in product and service delivery.

Going forward, the segment will also aim to expand its range of green products to meet the needs of an increasingly more environmentally-conscious market, especially in Singapore. It also expects its business to come more from the infrastructure and industrial sectors in the new financial year.

Other Segments

The Switchboard segment's revenue rose 45.17 percent to \$11.28 million due mainly to higher sales to public infrastructure projects in Brunei Darussalam. The result was commendable considering the size of the market there.

During the year under review, the Group had acquired 52.5 percent interests in Cast Laboratories Pte Ltd. The company's specialist services include building diagnostics, calibration and measurement, chemical, mechanical and non-destructive testing, and product certification. This new Test and Inspection segment made a contribution of \$12.93 million to the Group's revenue.

Highlight of Financial Position and Cash Flow

Trade receivables rose by \$20.19 million to \$85.11 million, from \$64.91 million for the previous year, as a result of higher sales. Other receivables increased by \$1.35 million, mainly from acquisition of subsidiaries. With higher receipts from customers, especially towards the end of the financial year, cash and bank balances were up by \$1.47 million.

Increased purchases by the cable and wire segment and acquisition of subsidiaries raised trade payables by \$3.91 million to \$26.63 million. Other payables increased by \$1.96 million mainly due to acquisition of subsidiaries offset by reversal of provision for onerous contracts.

Net cash from operating activities was \$14.32 million, mostly due to higher sales less bonus payout and income tax paid during the year.

For investing activities, higher net cash of \$2.80 million was used, mainly for purchase of plant, equipment and acquisition of subsidiaries, after accounting for proceeds from disposal of property, plant and equipment.

Investments during the year include the acquisition of 52.5 percent interests in Cast Laboratories Pte Ltd and its subsequent acquisition of the remaining 49 percent of the issued and paid-up share capital of Castconsult Sdn. Bhd. not already owned by Cast Laboratories Pte Ltd, and an increase in investment capital of US\$100,000 in Lim Kim Hai Electric (VN) Company Limited, a joint venture in Vietnam which is 90 percent owned by Tai Sin (Vietnam) Pte Ltd, a wholly-owned subsidiary of Tai Sin Electric Limited.

Financing activities took up net cash of \$11.42 million, largely for repayment of bank borrowings, finance leases, redeemable bond and payment of interests and dividends.

BUILDING RESILIENCE, REACHING OUT

Outlook & Strategy

The uncertainties hanging over the global economy can be expected to affect our markets in the short term. Singapore, our key market, is bracing for slower gross domestic product (GDP) growth of 1.5 – 2.5 percent for 2012. Markets in the region too are beginning to feel the impact of the slowdown in developed countries.

However, there are still building, construction and multi-billion dollar infrastructure projects, including the new lines in the country's MRT network, and new industrial investments, in the pipeline.

CHAIRMAN'S STATEMENT

Going forward, we will further endeavour to build on our core competencies by enhancing our capability to deliver high quality products and services to customers. Our investment over the last few years in people development, systems improvements and product line expansion, has helped to build resilience in our operations and put us in good stead for the future. At the same time, we will continue to invest in opportunities that can complement our core business and provide the Group with stable revenue streams.

Beyond Numbers

We are aware that our success depends on the sustainability of the wider eco-system. We are building a sustainable business eco-system that thrives on resilience, continuous learning, employee welfare, community engagement and environmental well-being.

Our corporate social responsibility effort will underpin the goal of the Group to become better known in the community for responsible growth. We have moved beyond the workplace and business to embrace the needs of specific social and environmental needs.

At Tai Sin, we value our employees and have people development programmes with planned career pathways, including continuous skills training and productivity improvements. More and more, we engage our employees to contribute to a better working environment in order to promote greater safety and health at the workplace.

Our staff is also encouraged to contribute to the community through giving and service.

At the business level, our teams are developing and providing sustainable solutions to help meet challenges faced by our various customer segments including commercial and residential buildings, industrial plants and infrastructures, and the chemical, oil and gas and marine industries.

Tai Sin's green journey began more than two years ago, and today our factory in Singapore is ISO 14001 certified and we have planned for our facilities in other countries to be similarly accredited, so that the entire Group's cable and wire value chain becomes an approved green supplier. Our electrical material distribution business units have been building up its line of eco-friendly products, equipment and system for several years now, including energy monitoring and conservation solutions, to meet the needs of increasingly more eco-conscious customers.

Internally, we practice responsible procurement, waste reduction, recycling and energy conservation, to constantly promote awareness of the importance of environmental protection.

CONCLUSION

With the economic uncertainties, we will adopt a more strategic approach in our business by focusing on the domestic market and our existing regional business territories, and by prudently managing expectations and minimising risks.

We believe that more than 50 years of brand presence and goodwill in the market and our steadfast commitment to the highest possible standards of product quality, ethics and people management will help us to see through the short-term difficulties and emerge stronger when economic conditions improve.

On behalf of the Board, I extend our sincere appreciation to all our valued customers and business partners for their continued support and co-operation for the Group. We would also like to take this opportunity to thank our management and staff for their dedication and hard work over the years and look forward to their further contributions. Our thanks also go to all our stakeholders and shareholders for their loyal support and we would like to assure them of our continued commitment to build a sustainable future for the Group.

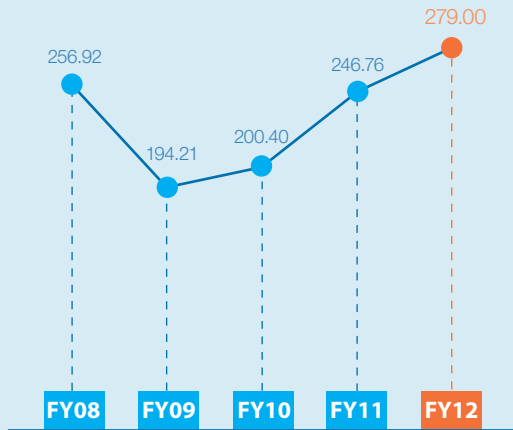
Professor Lee Chang Leng Brian
Chairman

September 21, 2012

Singapore

FINANCIAL HIGHLIGHTS

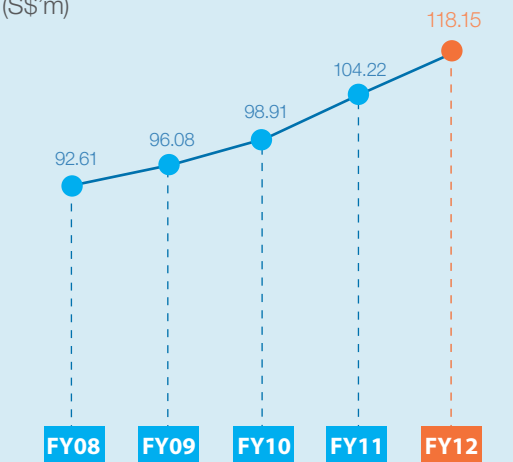
Turnover
(S\$m)



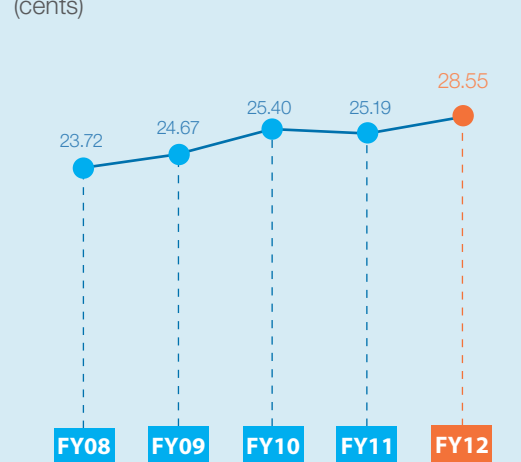
Profit Before Income Tax
(S\$m)



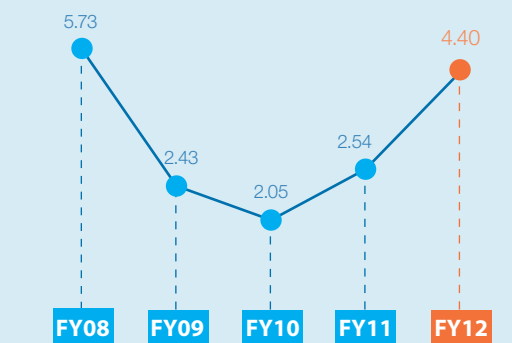
Shareholder's Funds
(S\$m)



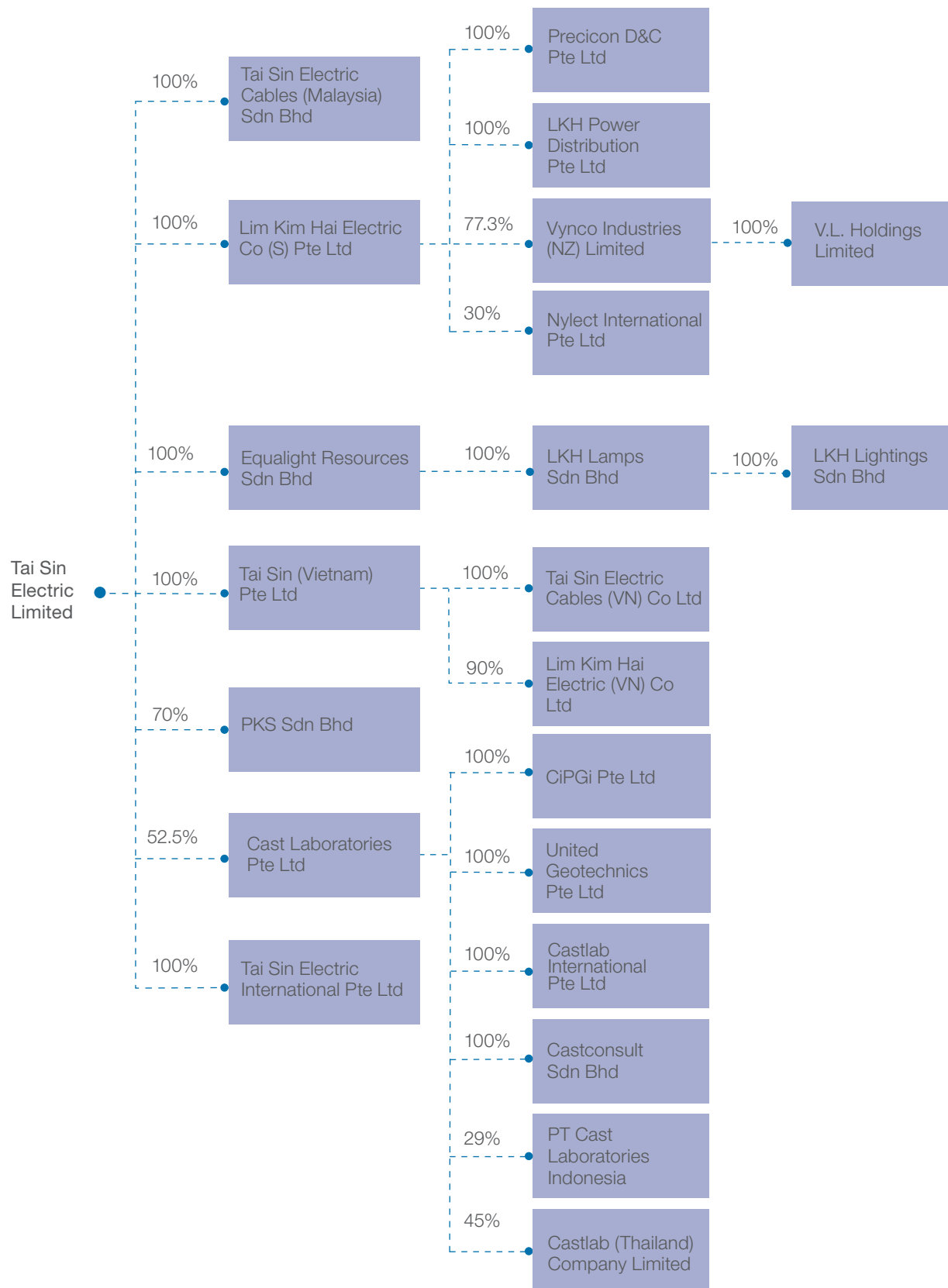
Net Asset Value Per Share
(cents)



EPS
(cents)



CORPORATE STRUCTURE



CORPORATE INFORMATION

Board of Directors

Lee Chang Leng Brian
Non-Executive Chairman

Lim Chye Huat @ Bobby Lim Chye Huat
Managing Director

Lim Boon Hock Bernard
Executive Director

Richard Wee Liang Huat @ Richard Wee Liang Chiat
Non-Executive Director

Tay Joo Soon
Non-Executive Director

Audit Committee

Tay Joo Soon
Chairman

Lee Chang Leng Brian
Richard Wee Liang Huat @ Richard Wee Liang Chiat

Nominating Committee

Richard Wee Liang Huat @ Richard Wee Liang Chiat
Chairman

Lee Chang Leng Brian
Tay Joo Soon
Lim Chye Huat @ Bobby Lim Chye Huat

Remuneration and Share Option Committee

Richard Wee Liang Huat @ Richard Wee Liang Chiat
Chairman

Lee Chang Leng Brian
Tay Joo Soon

Secretaries

Mrs. Low nee Tan Leng Fong
Tan Shou Chieh

Company Registration Number

198000057W

Registered Office

24 Gul Crescent, Jurong Town

Singapore 629531

Tel: 6861 3401 / 6672 9292

Fax: 6861 4084

Email: ir@taisin.com.sg

Share Registrars & Share Transfer Office

B.A.C.S Private Limited

63 Cantonment Road

Singapore 089758

Tel: 6593 4848

Auditors

Deloitte & Touche LLP

Certified Public Accountants

6 Shenton Way #32-00

DBS Building Tower Two

Singapore 068809

Partner-In-Charge:

Rankin Brandt Yeo

Date of Appointment: October 25, 2010

Principal Bankers

United Overseas Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank

Malayan Banking Berhad

DBS Bank Ltd

Oversea-Chinese Banking Corporation Limited

CIMB Bank Berhad

BOARD OF DIRECTORS

Lee Chang Leng Brian

Prof. Lee Chang Leng Brian was appointed an Independent Non-Executive Director in August 2002, and has since been serving as our Chairman from November 2003. He is a member of the Audit, Nominating, and Remuneration and Share Option Committee. Prof. Lee has also served as Vice President and member of the Board of Trustees and Council of the Institution of Electrical Engineers, United Kingdom. He is a Fellow of the Institution of Engineering and Technology, United Kingdom; and Institution of Engineers, Singapore. Prof. Lee is also a registered Professional Engineer in Singapore and a Chartered Engineer in the United Kingdom. Prof. Lee holds Bachelor of Engineering and Master of Engineering Science degrees in electrical engineering from the University of New South Wales, Sydney, Australia. He has had 18 years of engineering and manufacturing experience in the electrical and electronic industry in Australia and Singapore at both senior technical and management levels prior to joining the Nanyang Technological University as the founding dean of the School of Electrical and Electronic Engineering. He is an Independent Non-Executive Director of New Toyo International Holdings Ltd, a public listed company.

Lim Chye Huat @ Bobby Lim Chye Huat

Mr. Bobby Lim Chye Huat was appointed the Managing Director in October 1997 and is responsible for the overall management, strategic directions and business development of the Group. He is also a member of the Nominating Committee of the Company. Mr. Lim has over four decades of experience in the electrical and engineering business. Prior to his current position, Mr. Lim was the Managing Director of Lim Kim Hai Electric Co (S) Pte Ltd from 1972 to 1997. He is the immediate past Chairman of The National St. John Council and the Lighthouse School (formerly known as Singapore School of the Visually Handicapped) Management Committee. He is also an Honorary Fellow of Singapore Institute of Engineering Technologies and a member of the Chartered Management Institute, UK.

Lim Boon Hock Bernard

In September 1997, Mr. Bernard Lim was appointed as the Executive Director. Since his appointment as the Chief Operating Officer of the Group in June 2003, he oversees the general operations of the Group and execution of strategies and policies adopted by the Board. He also plays a key role in the strategic planning and product development of the Group. Mr. Lim holds a Master of Business Administration degree from the University of Strathclyde in the United Kingdom.

Richard Wee Liang Huat @ Richard Wee Liang Chiat

Mr. Richard Wee Liang Chiat was appointed as Independent Non-Executive Director in September 1997. He also sits as the Chairman of the Nominating and Remuneration and Share Option Committee, and as a member of the Audit Committee of the Company. Mr. Wee is the Director and Chairman of the Audit Committee of Hubline Berhad as well as the Chairman and Managing Director of Eastern Oxygen Industries Sdn Bhd. Mr. Wee graduated with a Diploma in Management Development Programme from the Asian Institute of Management in Manila, the Philippines, and he has been a member of the Malaysian Institute of Management since 1985.

Tay Joo Soon

Mr. Tay Joo Soon was appointed as a Non-Executive Independent Director in April 2007. He is the Chairman of the Audit Committee and is a member of the Nominating and Remuneration and Share Option Committee of the Company. Mr. Tay also runs his own firm, Tay Joo Soon & Co., as a proprietor since it was founded in 1970. Currently a practising Certified Public Accountant, he has amassed in-depth knowledge from over 40 years of experience in the fields of accounting, auditing, taxation and company secretarial work in diverse industries, including manufacturing and retailing. Mr. Tay sits on the Board of Shanghai Asia Holdings Limited, a listed company and Jurong Cement Limited. Mr. Tay is a Fellow of the Institute of Certified Public Accountants of Singapore, Fellow of the Institute of Chartered Accountants in Australia, Member of The Malaysian Institute of Certified Public Accountants and Member of CPA Australia.

Lin Chen Mou

Mr. Lin Chen Mou joined the Company in 1983 and was appointed as Factory Manager in the following year. Currently the General Manager of Group Manufacturing (Cable Division), Mr. Lin brings more than three decades of cable manufacturing experience to the production, technical and procurement aspects of the Group's Cable Manufacturing Operations. Mr. Lin holds a Bachelor degree in Law from the University of Chinese Culture in Taiwan.

Lim Chai Lai @ Louis Lim Chai Lai

Mr. Louis Lim Chai Lai is the Chairman of Lim Kim Hai Electric Co (S) Pte Ltd as at 1 July 2008. He joined Lim Kim Hai Electric in 1967 and has more than four decades of experience in the electrical distribution business. As the Chairman of Lim Kim Hai Electric Co (S) Pte Ltd, he makes strategic decisions for the businesses of Lim Kim Hai Electric and its subsidiaries, formulating policies along with other duties and responsibilities. Mr. Lim is currently the President of the Singapore Electrical Trades Association (SETA), an association representing electrical retailers and electrical contractors in Singapore, and he is also the immediate past President of Specialist Trade Alliance of Singapore (STAS).

Chia Ah Heng

Mr. Chia Ah Heng is the Managing Director of Lim Kim Hai Electric Co (S) Pte Ltd as at 1 July 2008. He joined Lim Kim Hai Electric in 1969 and has more than four decades of sales and management experience in the electrical distribution business. His responsibilities include setting the overall strategic direction, mission and policy; overseeing the financial, general administration and quality systems of the company and its subsidiaries.

Ong Wee Heng

Mr. Ong Wee Heng is the Executive Director / General Manager of Lim Kim Hai Electric Co (S) Pte Ltd and its subsidiaries and is responsible for the effective implementation of business and strategic plans of the Company's Distribution and Services Business Clusters. He has more than three decades of sales and management experience in the electrical distribution and industrial automation business. Mr. Ong holds a Master of Business Administration degree from the Macquarie University, Australia, and a Master of Professional Accounting degree from the University of Southern Queensland in Australia.

Lim Lian Eng Sharon

Ms. Sharon Lim Lian Eng is the Company's Senior Manager of Group Information Technology. Her responsibilities include managing and delivering systems to meet the business requirements for the Group. She is also the General Manager – Operations of Lim Kim Hai Electric Co (S) Pte Ltd. She is responsible for planning, developing and implementing strategies for operational management and development to meet performance plans and budget. Since graduating from the University of Glamorgan, UK with a First Class Honours degree in Computer Science, Ms. Lim has amassed over 20 years of experience in business information systems development and implementation. She also holds a Masters degree in Health Service Management from Flinders University, Australia.

KEY MANAGEMENT

Pang Yew Choy Andy

Mr. Andy Pang Yew Choy is currently the company's Country Director for Vietnam. He is responsible for project business development in Vietnam. He joined Lim Kim Hai Electric in 1988 as a Project Sales Engineer and was promoted to his present position. He has more than 20 years of experience in project tender and management covering mainly electrical and power contracting business in the commercial, industrial and building industries.

Chang Chai Woon

Mr. Chang Chai Woon is the Executive Director of PKS Sdn Bhd. He is the Managing Director of HSE Engineering Sdn Bhd, a company principally involved in mechanical and electrical contracting works in Brunei, and has more than 32 years of experience in the electrical and engineering business.

Ng Shu Goon Tony

Mr. Tony Ng is the Executive Director and General Manager of PKS Sdn Bhd. He joined the company in 1989 and is responsible for the sales, manufacturing and marketing function of PKS Sdn Bhd. He has more than 25 years of experience in the electrical industry.

John Vale

Mr. John Vale is the Chief Executive Officer and founder of Vynco Industries (NZ) Limited. Mr. Vale's responsibilities as the Chief Executive Officer include formulating the overall strategic direction and policies for Vynco while overseeing Vynco's daily management and operations in New Zealand.

Simon Vale

Mr. Simon Vale is the appointed General Manager of Vynco Industries (NZ) Limited since 2004. Based in Auckland, Mr. Vale oversees the commercial, manufacturing, logistics and warehousing operations and is overall responsible for the profitability of the Company. He graduated with a Bachelor of Business Administration from Canterbury University, Christchurch, NZ and had previously held pivotal roles in financial institutions in London such as Goldman Sachs and the Royal Bank of Scotland from 1997 to 2002.

CORPORATE GOVERNANCE

The Board of Directors of Tai Sin Electric Limited is committed to upholding the spirit and letter of the 2005 Code of Corporate Governance and promoting greater transparency to safeguard the interests of all its shareholders. The Company believes in taking a balanced approach given the size of the business. This report outlines the Company's corporate governance policies and practices with specific reference to the 2005 Code of Corporate Governance.

BOARD OF DIRECTORS

Principle 1: The Board's Conduct of its Affairs

Principle 2: Board Composition and Balance

Principle 3: Role of Chairman and Group Managing Director

Principle 6: Access to Information

The Board oversees the business affairs and risk governance of the Group, reviews and evaluates the financial performance, and approves the Group's strategic plans, major investments and funding decisions. The Company has adopted internal guidelines setting out matters that require the Board's approval.

The Board's main functions are setting of overall Group business strategies and direction, monitoring and reviewing the operating and financial performance of the Group, overseeing the process of risk management, ensuring the implementation of sound internal controls and safeguarding the Group's assets.

The Board members comprise businessmen and professionals with financial backgrounds. This provides the management with the benefit of an independent, diverse and objective perspective of issues that are brought before the Board.

To assist in the execution of its responsibilities, the Board has established an Audit Committee, Nominating Committee and Remuneration and Share Option Committee. These committees function with specific terms of reference. The number of meetings held during the financial year ended June 30, 2012 and the attendance of the directors are as follows:

	Board	Audit	Remuneration and Share Option	Nominating
No. of meetings held	4	4	1	1
Directors	No of Meetings Attended			
Lee Chang Leng Brian	4	4	1	1
Lim Chye Huat @ Bobby Lim Chye Huat	4	N.A.	N.A.	1
Lim Boon Hock Bernard	4	N.A.	N.A.	N.A.
Richard Wee Liang Huat @ Richard Wee Liang Chiat	2	2	1	1
Tay Joo Soon	4	4	1	1

The Board comprises five directors as follows:

Three Non-Executive And Independent Directors

Lee Chang Leng Brian (Chairman)

Richard Wee Liang Huat @ Richard Wee Liang Chiat

Tay Joo Soon

Two Executive Directors

Lim Chye Huat @ Bobby Lim Chye Huat

Lim Boon Hock Bernard

This composition complies with the Code's requirement that at least one-third of the Board should be made up of independent directors.

The Company has a separate Chairman and Group Managing Director. The Chairman bears responsibility for Board proceedings. The Chairman ensures that board meetings are held when necessary. The Group Managing Director is the most senior executive in the Company who bears executive responsibility for the management of the Company and Group.

CORPORATE GOVERNANCE

To ensure that the Board is able to fulfill its responsibilities, management provides Board members with monthly management accounts. All relevant information on material events and transactions are circulated to directors as and when they arise. The directors are kept informed by the management on the status of on-going activities between meetings. The Company Secretary attends Board meetings when required and in his absence, the Group Corporate Development Manager assists the Board to ensure that Board procedures, rules and regulations relating thereto are complied with. Where a decision is required between Board meetings, a directors' resolution is circulated with supporting papers for approval, in accordance with the Articles of Association of the Company.

Each director has direct access to the Company's senior management and the Company Secretaries. There are also procedures in place which allow directors, either as a group or individually, in the furtherance of their duties, to seek independent professional advice at the expense of the Company.

BOARD COMMITTEES

Nominating Committee ("NC")

Principle 4: Board Membership

Principle 5: Board Performance

The Nominating Committee comprises:

- Richard Wee Liang Huat @ Richard Wee Liang Chiat (Chairman) *
- Lee Chang Leng Brian *
- Tay Joo Soon *
- Lim Chye Huat @ Bobby Lim Chye Huat

* Independent Director

The primary role of the NC is to:

- i. Review the structure, size and composition and ensure that the Board has the appropriate mix and expertise;
- ii. Identify candidates and review nominations for the appointment of new directors;
- iii. Make recommendations to the Board on all board appointments and re-nomination;
- iv. Determine on an annual basis whether or not a director is independent in accordance with the guidelines under the Code; and
- v. Review the Board's performance and assess the effectiveness of the Board as a whole, as well as the contribution by each member of the Board.

The NC has reviewed and is of the opinion that the current composition and size of the Board is appropriate, taking into account the scope and nature of operations of the Group in the year under review. Assessment parameters for directors' performance include the attendance record of the directors at Board and Committee meetings, their level of participation at such meetings and the quality of contribution to Board processes, business strategies and performance of the Group.

The directors (except the Group Managing Director) submit themselves for re-election at regular intervals as required under the Articles of Association of the Company which provide that at least one-third of the directors for the time being shall retire as directors at each Annual General Meeting. The Articles also provide for the appointment of a Group Managing Director by the Board for a fixed term not exceeding 5 years.

Information on shareholdings in the Company and its subsidiaries held by each director is set out in the "Directors' Report" section of the Annual Report.

Remuneration and Share Option Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure of Remuneration

CORPORATE GOVERNANCE

The Remuneration and Share Option Committee comprises:

- Richard Wee Liang Huat @ Richard Wee Liang Chiat (Chairman) *
- Lee Chang Leng Brian *
- Tay Joo Soon *

* Independent Director

The RC's written terms of reference include:

- Propose a framework of remuneration and approve recommendations on remuneration policies and packages for directors and key executives;
- Structure a proportion of executive directors' remuneration to link rewards to performance;
- Review and recommend to the Board the terms of renewal of directors' service contracts; and
- Administer the Tai Sin Share Option Scheme approved by the shareholders on August 1, 2001.

The RC's primary role is to review and recommend to the Board, an appropriate and competitive framework of remuneration for the Board and key executives of the Group. If required, the RC seeks expert advice in discharging its duties.

The annual directors' fees paid to non-executive directors, are recommended by the RC and endorsed by the Board. Factors taken into account for non-executive directors' remuneration include the effort, time spent and contribution from the respective director. Directors' fees are subject to approval of shareholders at the Annual General Meeting.

No director is involved in deciding his own remuneration.

Breakdown of directors' remuneration of Tai Sin Electric Limited for the financial year ended June 30, 2012.

Name of Director	Remuneration (\$'000)	Director's Fees	Salary & CPF	Bonus and Other Variable Performance Components	Total
Lim Boon Hock Bernard	782	–	33%	67%	100%
Lim Chye Huat @ Bobby Lim Chye Huat	466	–	78%	22%	100%
Lee Chang Leng Brian	44	100%	–	–	100%
Richard Wee Liang Huat @ Richard Wee Liang Chiat	42	100%	–	–	100%
Tay Joo Soon	42	100%	–	–	100%

For the financial year ended June 30, 2012, the top five key executives of the Group (who are not also directors of the Company) are as follows:

Remuneration Band	Key Executives	Director's Fees	Salary & CPF	Bonus and Other Variable Performance Components	Total
\$250,000 to below \$350,000	Pang Yew Choy Andy	3%	73%	24%	100%
	Lin Chen Mou	6%	71%	23%	100%
	Ong Wee Heng	8%	74%	18%	100%
Below \$250,000	Chia Ah Heng	7%	75%	18%	100%
	Lim Chai Lai @ Louis Lim Chai Lai	7%	76%	17%	100%

CORPORATE GOVERNANCE

Chia Ah Heng and Lim Chai Lai @ Louis Lim Chai Lai are both immediate family members of Lim Chye Huat @ Bobby Lim Chye Huat.

For the financial year ended June 30, 2012, Lim Lian Eng Sharon, who is an immediate family member of Lim Chye Huat @ Bobby Lim Chye Huat received remuneration within the band of \$150,000 to below \$250,000, which comprised 80% of Salary & CPF and 20% of Bonus and Other Variable Performance Components.

Audit Committee ("AC")

Principle 10: Accountability
Principle 11: Audit Committee
Principle 12: Internal Controls
Principle 13: Internal Audit

The Audit Committee comprises:

- Tay Joo Soon (Chairman) *
- Lee Chang Leng Brian *
- Richard Wee Liang Huat @ Richard Wee Liang Chiat *

* Independent Directors

The AC performs the following functions:

- i. Review the annual audit plans of the external and internal auditors, their findings and recommendations;
- ii. Review the adequacy and effectiveness of internal controls by considering written reports from internal and external auditors, and management responses and actions to correct any deficiencies;
- iii. Review the Group's quarterly results announcements and annual consolidated financial statements in conjunction with the external auditor's comments before submitting to the Board for approval;
- iv. Review interested person transactions;
- v. Review the independence of external auditors, their fees and recommend the nomination of the external auditors for appointment or re-appointment.

Apart from the functions listed above, the AC has the explicit authority to conduct investigations into any matters within its scope, including having full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings. The AC is given reasonable resources to enable it to discharge its functions properly.

The AC meets annually with the internal and external auditors, without the presence of the Company's management to review the adequacy of audit arrangements.

The AC has reviewed and is satisfied that the external auditors have not provided any non-audit services to the Group during the financial year ended June 30, 2012 that will prejudice their independence and objectivity.

The Group's internal controls, including financial, operational and compliance controls, and risk management policies and systems maintained by management (collectively, "internal controls") are designed to provide reasonable assurance to the integrity and reliability of the financial information and to safeguard and maintain accountability for its assets.

The Company outsourced its internal audit function to an external professional firm that reports to the AC and administratively to the Managing Director. The Internal Auditor has appropriate standing within the Group and meets the standards of the Professional Practice of Internal Auditing set by the Institute of the Internal Auditors. The AC reviews and approves the annual internal audit plans and resources to ensure that the internal audit function has the necessary resources to adequately perform its duties.

The AC has approved and implemented a Whistle-Blowing Policy stipulating the channel by which employees of the Group may, in confidence, raise concerns about possible improprieties and malpractices in all matters including financial reporting. In promoting fraud control awareness, the Whistle-Blowing Policy is disseminated to all existing and newly recruited employees by the respective human resource department of the companies within the Group.

CORPORATE GOVERNANCE

The AC, assisted by the internal and external auditors has reviewed the adequacy and effectiveness of the Group's internal controls and together with the Board, is satisfied that there have been no major weakness in the existing system of internal controls. Nevertheless, the system of internal controls is designed to manage, rather than eliminate risks, and therefore cannot provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and the statutory audit conducted by the external auditors to address critical risk areas, the Board, with the concurrence of the AC, is satisfied that the system of internal controls, including financial, operational and compliance controls, were adequate to meet the needs of the Group's existing business objectives as at June 30, 2012.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Board believes in timely communication of information to shareholders and the public. Announcements are issued on an immediate basis where required under the SGX-ST Listing Manual. Material price sensitive information including quarterly and full year results are released through SGXNET. All shareholders of the Company receive the Annual Report and notice of the Annual General Meeting. The Notice is also advertised in the newspapers and released through SGXNET.

Shareholders may appoint one or two proxies to attend and vote in their place, in accordance with the Articles of Association of the Company. During the Annual General Meeting, the shareholders are given the opportunity to speak and seek clarifications concerning the Group's business and affairs. The external auditors and the Board will be in attendance at the Annual General Meeting to address questions raised.

DEALING IN SECURITIES

The Company has adopted an Internal Code Governing Dealings In Securities in line with the guidelines issued by the SGXST. This Internal Code provides guidance and prescribes the internal regulations with regard to dealings in the Company's securities by its officers.

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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 June 30, 2012.

1 DIRECTORS

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

Executive

Lim Chye Huat @ Bobby Lim Chye Huat (Managing Director)
Lim Boon Hock Bernard

Non-executive

Lee Chang Leng Brian (Chairman)
Richard Wee Liang Huat @ Richard Wee Liang Chiat
Tay Joo Soon

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, except for the options mentioned in paragraph 5 of the Report of the Directors.

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 of the company and related corporations as recorded in the Register of Directors' Shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and company in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At July 1, 2011	At June 30, 2012	At July 1, 2011	At June 30, 2012
<u>Tai Sin Electric Limited</u>	<u>Number of shares</u>			
Lim Chye Huat @ Bobby Lim Chye Huat	30,057,197	31,935,771	21,101,666	22,420,520
Lim Boon Hock Bernard	41,119,047	43,688,986	1,728,571	1,836,606
Richard Wee Liang Huat @ Richard Wee Liang Chiat	3,000,000	3,000,000	–	–
Tay Joo Soon	500,000	500,000	–	–

The directors' interests in the shares and options of the company at July 21, 2012 were the same as at June 30, 2012.

REPORT OF THE DIRECTORS

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director of the company 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

On August 1, 2001, the shareholders of the company approved the Tai Sin Share Option Scheme (the "Scheme"). The Scheme is administered by a committee whose members as at June 30, 2012 are:

Richard Wee Liang Huat @ Richard Wee Liang Chiat (Chairman)

Tay Joo Soon

Lee Chang Leng Brian

(a) *Options to take up unissued shares*

On April 8, 2002 ("Offering Date"), options were granted pursuant to the Scheme to 141 employees (collectively the "Participants") of the company to subscribe for 17,680,000 ordinary shares in the company at the subscription price of \$0.125 per ordinary share ("Offering Price") with no discount. 16,970,000 options were accepted by the Participants.

The options granted to employees may be exercised during the period from May 8, 2003 to May 7, 2013, both dates inclusive, by notice in writing accompanied by a remittance for the full amount of the Offering Price (subject to adjustments under certain circumstances).

The Offering Price was equal to the average of the last dealt price for a share, with reference to the daily official list published by the Singapore Exchange Securities Trading Limited for the last 5 consecutive market days immediately preceding the Offering Date.

The Participants may in addition to the Scheme participate in other share option schemes implemented by the company or any of its subsidiaries, subject to the prior approval in writing to the committee.

All options had been either exercised or forfeited during the financial year ended June 30, 2007.

During the financial year, no options to take up unissued shares of the company or any corporation in the group were granted.

(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 options to take up unissued shares.

REPORT OF THE DIRECTORS

- (c) The information on Participants who received 5% or more of the total number of options available under the Scheme is as follows:

Name of participants	Options granted during the financial year	Aggregate options granted since commencement of Scheme to the end of the financial year	Aggregate options exercised since commencement of Scheme to the end of the financial year	Aggregate options outstanding at the end of the financial year
<u>Employees</u>				
Lin Chen Mou	–	1,250,000	(1,250,000)	–
Lim Ewe Lee	–	1,500,000	(1,500,000)	–
Lai Kon Seng	–	1,500,000	(1,500,000)	–
Ng Shu Goon Tony	–	1,500,000	(1,500,000)	–

No options under the Scheme were granted to controlling shareholders or their associates.

6 AUDIT COMMITTEE

The Audit Committee of the company is chaired by Mr Tay Joo Soon, an independent director, and includes Lee Chang Leng Brian and Richard Wee Liang Huat @ Richard Wee Liang Chiat, both independent directors. The Audit Committee has met four times during the current financial year and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

- the audit plans and results of the internal auditors' examination and evaluation of the group's internal accounting controls;
- the group's financial and operating results and accounting policies;
- the statement 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 directors' of the company and external auditors' report on those financial statements;
- the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group;
- the co-operation and assistance given by management to the group's external and internal auditors; and
- the re-appointment of the external auditors of the group.

The Audit Committee has full access to and has the co-operation of 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 its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the 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.

REPORT OF THE DIRECTORS

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Chye Huat @ Bobby Lim Chye Huat

Lim Boon Hock Bernard

Singapore
September 21, 2012

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 29 to 89 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 June 30, 2012, 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

Lim Chye Huat @ Bobby Lim Chye Huat

Lim Boon Hock Bernard

Singapore
September 21, 2012

INDEPENDENT AUDITORS' REPORT

To the Members of Tai Sin Electric Limited

Report on the Financial Statements

We have audited the financial statements of Tai Sin Electric Limited (the "company") and its subsidiaries (the "group") which comprise the statements of financial position of the group and the company as at June 30, 2012, 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 29 to 89.

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 the 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 June 30, 2012 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
September 21, 2012

STATEMENTS OF FINANCIAL POSITION

June 30, 2012

		Group		Company	
	Note	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
ASSETS					
Current assets					
Cash and bank balances	6	19,492	18,022	10,838	8,552
Trade receivables	7	85,107	64,913	41,420	36,160
Other receivables	8	2,693	1,343	3,841	6,014
Inventories	9	63,592	65,912	38,281	40,426
Total current assets		170,884	150,190	94,380	91,152
Non-current assets					
Subsidiaries	10	–	–	31,395	26,696
Associates	11	4,078	3,266	–	–
Property, plant and equipment	12	28,576	24,062	7,887	7,706
Investment properties	13	1,211	1,221	–	–
Leasehold prepayments	14	712	758	–	–
Other receivables	8	60	–	–	–
Intangible assets	15	2,468	41	–	–
Deferred tax assets	16	179	225	–	–
Total non-current assets		37,284	29,573	39,282	34,402
Total assets		208,168	179,763	133,662	125,554
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdrafts and short-term bank borrowings	17	37,062	37,224	18,317	24,925
Trade payables	18	26,627	22,718	10,398	9,010
Other payables	19	9,522	7,564	2,204	2,117
Current portion of finance leases	20	720	31	–	–
Derivative financial instruments	21	110	222	–	148
Current portion of long-term borrowings	22	884	302	–	–
Income tax payable		3,547	2,154	2,490	1,220
Total current liabilities		78,472	70,215	33,409	37,420
Non-current liabilities					
Non-current portion of finance leases	20	690	133	–	–
Long-term borrowings	22	1,028	2,224	–	–
Deferred tax liabilities	16	1,878	1,007	419	280
Deferred liabilities		77	–	–	–
Total non-current liabilities		3,673	3,364	419	280
Capital, reserves and non-controlling interests					
Share capital	23	51,723	49,488	51,723	49,488
Treasury shares	24	(950)	(950)	(950)	(950)
Reserves	25	67,372	55,682	49,061	39,316
Equity attributable to the shareholders of the company		118,145	104,220	99,834	87,854
Non-controlling interests		7,878	1,964	–	–
Total equity		126,023	106,184	99,834	87,854
Total liabilities and equity		208,168	179,763	133,662	125,554

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended June 30, 2012

	Note	Group	
		2012 \$'000	2011 \$'000
Revenue	26	278,998	246,760
Cost of sales		(227,901)	(206,843)
Gross profit		51,097	39,917
Other operating income	27	4,443	840
Selling and distribution expenses		(15,204)	(13,671)
Administrative expenses		(16,530)	(13,369)
Other operating expenses		(1,511)	(483)
Finance costs	28	(1,328)	(984)
Share of profit of associates		753	778
Profit before income tax		21,720	13,028
Income tax expense	29	(2,919)	(2,211)
Profit for the year	30	18,801	10,817
Other comprehensive (loss) income:			
Exchange differences on translation of foreign operations		(130)	(979)
Changes in share of other comprehensive income (loss) of an associate		30	(69)
Other comprehensive loss for the year, net of tax		(100)	(1,048)
Total comprehensive income for the year		18,701	9,769
Profit attributable to:			
Shareholders of the company		18,189	10,509
Non-controlling interests		612	308
		18,801	10,817
Total comprehensive income attributable to:			
Shareholders of the company		18,110	9,432
Non-controlling interests		591	337
		18,701	9,769
<u>Earnings per share</u>			
Basic (cents)	31	4.40	2.54
Diluted (cents)	31	4.40	2.54

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended June 30, 2012

	Note	Share capital \$'000	Treasury shares \$'000	Reserves			Accumulated profits \$'000	Equity attributable to shareholders of the company \$'000	Non-controlling interests \$'000	Total equity \$'000
				Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Other reserve \$'000				
<u>Group</u>										
Balance at July 1, 2010		47,319	(950)	3,791	(666)	(442)	49,861	98,913	1,927	100,840
Total comprehensive income for the year		–	–	–	(1,077)	–	10,509	9,432	337	9,769
Issue of share capital	23	2,169	–	–	–	–	(2,169)	–	–	–
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	(300)	(300)
Final dividend for the previous year paid	32	–	–	–	–	–	(1,726)	(1,726)	–	(1,726)
Interim dividend for the year paid	32	–	–	–	–	–	(2,399)	(2,399)	–	(2,399)
Balance at June 30, 2011		49,488	(950)	3,791	(1,743)	(442)	54,076	104,220	1,964	106,184
Total comprehensive income for the year		–	–	–	(79)	–	18,189	18,110	591	18,701
Issue of share capital	23	2,235	–	–	–	–	(2,235)	–	–	–
Acquisition of additional interests in a subsidiary		–	–	–	–	61 ^(a)	–	61	(61)	–
Capital contribution by non-controlling interests		–	–	–	–	–	–	–	13	13
Non-controlling interests from acquisition of subsidiaries	34	–	–	–	–	–	–	–	5,696	5,696
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	(325)	(325)
Final dividend for the previous year paid	32	–	–	–	–	–	(1,763)	(1,763)	–	(1,763)
Interim dividend for the year paid	32	–	–	–	–	–	(2,483)	(2,483)	–	(2,483)
Balance at June 30, 2012		51,723	(950)	3,791	(1,822)	(381)	65,784	118,145	7,878	126,023

Note:

^(a) In 2012, the Group increased its equity interest in a subsidiary from 51% to 100%. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid was recognised directly in equity.

STATEMENTS OF CHANGES IN EQUITY

Year ended June 30, 2012

				Reserves		
	Note	Share capital \$'000	Treasury shares \$'000	Revaluation reserve \$'000	Accumulated profits \$'000	Total equity \$'000
<u>Company</u>						
Balance at July 1, 2010		47,319	(950)	2,295	35,183	83,847
Total comprehensive income for the year		–	–	–	8,132	8,132
Issue of share capital	23	2,169	–	–	(2,169)	–
Final dividend for the previous year paid	32	–	–	–	(1,726)	(1,726)
Interim dividend for the year paid	32	–	–	–	(2,399)	(2,399)
Balance at June 30, 2011		49,488	(950)	2,295	37,021	87,854
Total comprehensive income for the year		–	–	–	16,226	16,226
Issue of share capital	23	2,235	–	–	(2,235)	–
Final dividend for the previous year paid	32	–	–	–	(1,763)	(1,763)
Interim dividend for the year paid	32	–	–	–	(2,483)	(2,483)
Balance at June 30, 2012		51,723	(950)	2,295	46,766	99,834

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30, 2012

	2012 \$'000	2011 \$'000
Operating activities		
Profit before income tax	21,720	13,028
Adjustments for:		
Depreciation expense	3,250	2,586
Amortisation expense	140	17
Interest income	(23)	(21)
Interest expense	1,328	984
Gain on disposal of property, plant and equipment	(37)	(7)
Property, plant and equipment written off	1,071	1
Inventories written off	285	302
Allowance for inventories obsolescence	276	86
Bad debts written off	184	–
Allowance for (Reversal of) doubtful receivables	37	(347)
Reversal of provision for onerous contracts	(817)	–
Fair value adjustments on derivative financial instruments taken to profit or loss	(112)	145
Excess of fair values of net identifiable assets over consideration (Note 34)	(1,754)	–
Share of profit of associates	(753)	(778)
Operating cash flows before movement in working capital	24,795	15,996
Trade receivables	(8,967)	(7,654)
Other receivables	(125)	(139)
Contract work-in-progress	89	–
Inventories	1,593	(12,443)
Trade payables	129	3,732
Other payables	(1,688)	1,321
Deferred liabilities	(5)	–
Cash generated from operations	15,821	813
Income tax paid	(1,497)	(2,088)
Net cash from (used in) operating activities	14,324	(1,275)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30, 2012

	2012 \$'000	2011 \$'000
Investing activities		
Acquisition of subsidiaries (Note 34)	(109)	–
Purchase of property, plant and equipment ^(a)	(2,865)	(2,131)
Proceeds from disposal of property, plant and equipment	164	279
Leasehold prepayments	–	(1)
Purchase of intangible assets	(17)	(41)
Interest received	23	21
Net cash used in investing activities	(2,804)	(1,873)
Financing activities		
Proceeds from short-term bank borrowings	116,838	123,243
Repayment of short-term bank borrowings	(118,554)	(111,951)
Repayment of finance lease obligations	(388)	(85)
Repayment of long-term bank borrowings	(3,018)	(449)
Repayment of redeemable bond	(700)	–
Interest paid	(1,328)	(984)
Dividend paid	(4,246)	(4,125)
Dividend paid to non-controlling interests	(25)	(300)
Net cash (used in) from financing activities	(11,421)	5,349
Net increase in cash and cash equivalents	99	2,201
Cash and cash equivalents at beginning of year	16,660	14,129
Effects of exchange rate changes on the balance of cash held in foreign currencies	138	330
Cash and cash equivalents at end of year ^(b)	16,897	16,660

Notes:

(a) Purchase of property, plant and equipment

During the financial year, the group acquired property, plant and equipment with an aggregate cost of \$3,230,000 (2011 : \$2,323,000) of which \$365,000 (2011 : \$192,000) was acquired by means of finance leases. Cash payment of \$2,865,000 (2011 : \$2,131,000) were made to purchase property, plant and equipment.

(b) Cash and cash equivalents at end of year

The cash and cash equivalents consist of the following:

	2012 \$'000	2011 \$'000
Cash and bank balances (Note 6)	19,492	18,022
Bank overdrafts (Note 17)	(2,595)	(1,362)
Total	16,897	16,660

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

1 GENERAL

The company (Registration No. 198000057W) is incorporated in Singapore with its principal place of business and registered office at 24 Gul Crescent, Jurong Town, Singapore 629531. 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 that of cable and wire manufacturer and dealer in such products and investment holding.

The principal activities of the subsidiaries and associates are stated in Notes 10 and 11 respectively to the financial statements.

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 June 30, 2012 were authorised for issue by the Board of Directors on September 21, 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been 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 and the company have 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 July 1, 2011. 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 24 (Revised) *Related Party Disclosures*

FRS 24 (Revised) *Related Party Disclosures* has been adopted beginning July 1, 2011 and has been applied retrospectively. The revised Standard clarifies the definition of a related party and consequently the following has no longer been identified as related to the group:

- Entities with common directors. The transactions with these entities in prior year are included in the comparatives in Note 5 to the financial statements.

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

Amendments to FRS 1 *Presentation of Financial Statements* - Amendments relating to Presentation of Items of Other Comprehensive Income ("OCI")

The amendment on Other Comprehensive Income ("OCI") presentation will require the group to present in separate groupings, OCI items that might be recycled i.e., reclassified to profit or loss (e.g., those arising from cash flow hedging, foreign currency translation) and those items that would not be recycled (e.g. revaluation gains on property, plant and equipment under the revaluation model). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is a choice to present OCI items before tax or net of tax.

Changes arising from these amendments to FRS 1 will take effect from financial years beginning on or after July 1, 2012, with full retrospective application.

When the entity adopts the amendments, it will have to present revaluation gains on property, plant and equipment and the corresponding tax effects separately from other OCI items that might be recycled to profit or loss.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amendments to FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation-Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2014, with full retrospective application.

When the group adopts FRS 110, entities it currently consolidates may not qualify for consolidation, and entities it currently does not consolidate may qualify for consolidation. The group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after January 1, 2014, and the group is currently estimating the extent of additional disclosures needed.

FRS 113 *Fair Value Measurements*

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 *Share-based Payment*, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets*.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

FRS 113 will be effective prospectively from annual periods beginning on or after January 1, 2013. Comparative information is not required for periods before initial application.

Management anticipates that the adoption of the above amendments to FRS and FRSs 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.

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 and 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.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation 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. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. 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 or jointly controlled entity.

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.

BUSINESS COMBINATIONS – The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interest in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

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 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 premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

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.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in active markets 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 rate method, except for short-term receivables where the recognition of interest would be immaterial.

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.

For financial assets, 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.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 120 days, 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 and other receivables where the carrying amount is reduced through the use of an allowance account. When trade or other receivables are uncollectible, these are 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.

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.

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).

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

Year ended June 30, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative financial instruments

The group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. The group does not use derivative financial instruments for speculative purposes. Further details of derivative financial instruments are disclosed in Note 21 to the financial statements.

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 unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Financial guarantee contracts

Financial guarantee contract liabilities are measured initially at their fair values and 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*.

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 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.

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.

The group as lessor

Rental income from operating leases 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.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Inventories comprise electrical and electronic components and products, lights and lighting components and cable and wire products for trading by the various subsidiaries and raw materials, work-in-progress and finished goods for the company and other manufacturing entities. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories for trading is calculated on the weighted-average basis. The cost of raw materials for manufacturing entities is calculated on the first-in-first-out basis. Work-in-progress and finished goods for manufacturing entities are calculated using the weighted-average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost or valuation less accumulated depreciation and any impairment losses. Revaluations for freehold properties and leasehold land and buildings are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such property is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss.

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

Freehold properties	-	2%
Leasehold land and buildings	-	1.67% to 10.4%
Office equipment and furniture	-	7.5% to 100%
Plant and machinery	-	10% to 20%
Motor vehicles	-	15% to 20%

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

Depreciation is not provided on freehold land.

Fully depreciated assets still in use are retained in the financial statements.

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 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. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to accumulated profits.

INVESTMENT PROPERTY - Investment property, which is property held to earn rentals, is carried at cost less accumulated depreciation and any impairment losses. Depreciation is charged so as to write off the cost of the investment property over its estimated useful life at an annual rate of 2% using the straight-line method.

The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

INTANGIBLE ASSETS - Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated impairment losses, on the same basis as intangible assets acquired separately.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives. The amortisation period and method are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events or circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets relating to customer relationships and proprietary application software acquired in a business combination have finite useful lives and are measured at cost less accumulated amortisation and impairment losses. These intangible assets are amortised to profit or loss on a straight-line basis over their estimated useful lives as follows:

Customer relationships	-	9 years
Proprietary application software	-	5 years

Patents, trademarks and technical fees which are amortised using the straight-line method over their useful lives of between 3 to 20 years.

Software costs that are directly associated with identifiable software controlled by the Group that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Internally developed software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates, and government grant) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 10 years.

The period and method of amortisation of the software are reviewed at least at each financial year end. The effects of any revision of the amortisation period or method are included in the profit or loss for the period in which the changes arise. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. 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 obligations 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 that 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.

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.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Insurance recovery claim

Insurance recovery claim is recognised when the right to receive the claim has been established.

Rendering of services

Revenue from rendering services that are project-based is recognised when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed.

Revenue from rendering of services that are of short duration is recognised upon billings raised for performance of services.

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' right to receive payment have been established.

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 contribution. 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.

SHARE-BASED PAYMENTS - The group issues equity-settled share-based payments to qualifying employees. Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of equity instruments that will eventually vest.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 on 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 differences associated with such investments and interest 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 and 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.

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 in 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 and statement of changes in equity 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 rate 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 the 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.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the derivative financial instruments accounting policy above.

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 of equity under the header of foreign currency translation reserve.

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 and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents comprise cash on hand and demand deposits and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Management is of the view that there are no critical judgements, apart from those involving estimates (see below) that will have a significant effect on the amounts recognised in the financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

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

(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 receivables

Allowance for doubtful receivables of the group is based on an assessment of the collectibility of receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including their current creditworthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the counterparties with which the group contracted were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

The allowance and carrying amount of doubtful receivables at the end of the reporting period are disclosed in Note 7 to the financial statements.

ii) Provision for onerous contracts

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.

An assessment is made at each reporting date whether any major contracts are deemed onerous and provisions are made accordingly. Provisions for onerous contracts represent the estimated losses arising from the difference between the committed selling prices and estimated cost of sales for the unfulfilled sales quantities committed in respect of contracts for which delivery has substantially commenced by the end of the financial year.

The provision for onerous contracts at the end of the reporting period is disclosed in Note 19 to the financial statements.

iii) Allowance for inventories

The policy for allowance for inventories for the group is based on management's judgement and evaluation of the saleability and the aging analysis of the individual inventory item. A considerable amount of judgement is required in assessing the ultimate realisation of these inventories, including the current market price and movement trend of each inventory. The carrying amount of inventories at the end of the reporting period is disclosed in Note 9 to the financial statements.

iv) Impairment of investments in subsidiaries and associates

Management of the company performs impairment assessment of the recoverable amount of the investments in subsidiaries and associates at the end of each reporting period to determine whether there is any indication that its subsidiaries and associates are impaired. Where there is an indicator of impairment, the recoverable amounts of investment in subsidiaries and associates would be determined based on higher of fair value less costs to sell and value-in-use calculations. The value-in-use calculations require the use of judgements and estimates.

The carrying amount of investments in and advances to subsidiaries at end of the reporting period was \$31,395,000 (2011 : \$26,696,000), which is net of an impairment loss of \$11,600,000 (2011 : \$11,040,000).

The carrying amount of investments in associates at the end of the reporting period is disclosed in Note 11 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

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

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

v) Fair value of freehold land, freehold properties, leasehold land and leasehold buildings

The group has recorded its freehold land at valuation.

The group's freehold properties, leasehold land and buildings are stated at cost or valuation less accumulated depreciation and impairment loss. Where there is an indication of impairment, the recoverable amounts of the freehold land, leasehold land and leasehold buildings would be determined by management using independent valuers.

The group has recorded its freehold land, freehold properties, leasehold land and leasehold buildings at \$21,515,000 as at June 30, 2012 (2011 : \$21,667,000). In making its judgement, management engaged professional third party valuers in 2009 to perform a valuation exercise on the land and buildings to ensure that the fair value reflects the current economic conditions in 2009 and have updated their estimates based on latest property prices in current year.

Management has assessed the fair value of the properties as at June 30, 2012 to approximate their carrying amount.

vi) Impairment of investment properties

The group's investment properties are stated at cost less accumulated depreciation and impairment loss. Where there is an indication of impairment, the recoverable amount of investment property would be determined by management using independent valuers.

The estimated market value may differ from the price at which the investment property could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within management's control, such as market conditions.

The carrying amount of the investment properties as at the end of the reporting period was \$1,211,000 (2011 : \$1,221,000). No impairment is deemed to be necessary by management.

vii) Assessment of the impact to the group from Canterbury earthquake

The group has operations in Canterbury, New Zealand. During the financial year ended June 30, 2011, as a result of the earthquakes and aftershocks in Canterbury, the group had suffered some damage to its land and buildings. The group also suffered damage to its office equipment, machinery, furniture and fittings, inventories and business interruption, all of which are covered under the group's insurance policy.

An insurance claim is currently in progress with \$1,892,000 of claims received in relation to the damaged properties and inventories and this has been included in other operating income. The additional amount claimed against the insurer of \$1,038,000 has not been included in the financial statements as it is not virtually certain.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

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

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

viii) Fair value of customer relationships

Management engaged a professional valuer to assist in estimating the fair value of certain assets acquired from Cast Laboratories Pte Ltd, including machinery and equipment, customer relationships and certain intellectual properties, as detailed in Note 34 to the financial statements.

In estimating the fair value of the customer relationships, the income approach, utilising a Multi Period Excess Earnings Method ("MPEEM") was applied. The MPEEM is a form of discounted cash flow method where the cash flow attributable to a particular intangible asset is isolated by identifying, and deducting, portions of the total cash flow that are attributable to other assets. The net cash flow related to the subject intangible asset is then discounted at an appropriate rate of return to estimate the fair value of the subject intangible asset. The discounted cash flow method used to estimate the value of the intellectual properties is dependent on several variable parameters and projections including revenue, expenses, working capital requirements, capital expenditures requirements, useful life of the intellectual properties, discount rate, growth rate and terminal value, which are based on management's estimates.

Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the customer relationships.

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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	106,013	83,508	56,042	50,589
Financial liabilities				
Amortised cost	75,648	67,570	30,900	35,217
Derivative financial instruments	110	222	–	148

(b) Financial risk management policies and objectives

The group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the group. Management reviews the overall financial risk management on specific areas, such as market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash.

The group uses a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- short-term forward foreign contracts to manage the foreign currency exchange rate risk.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

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

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

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.

i) Foreign exchange risk management

The group operates regionally, giving rise to significant exposure to market risk from changes in foreign exchange rates. Exposures to foreign exchange risks are managed as far as possible by natural hedge of matching assets and liabilities.

The group's exposure to foreign exchange risk arises mainly from transactions denominated in United States dollar and other foreign currencies relative to the Singapore dollar.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities that are not denominated in the functional currencies of the respective group entities are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United States dollar	10,839	12,980	4,186	6,519	8,284	6,988	1,529	5,412
Euro	1,654	1,272	425	52	901	400	–	–
Singapore dollar	149	134	904	1,263	–	–	–	–

Management enters into short-term forward foreign currency exchange contracts to manage foreign currency exchange rate risk. The group's commitments on forward foreign exchange contracts at year end are disclosed in Note 21.

The company has a number of investments in 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 Singapore dollar against the relevant foreign currencies after factoring in the impact of forward foreign exchange contracts. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the Singapore dollar appreciates (depreciates) by 10% against the relevant foreign currency, profit before income tax will increase (decrease) by:

	United States Dollar impact		Euro impact		Singapore Dollar impact	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Profit or loss	656	225	(85)	(50)	(101)	(113)
Company						
Profit or loss	676	(246)	90	40	–	–

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

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

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

i) Foreign exchange risk management (Cont'd)

The impact to profit or loss is mainly attributable to the exposure outstanding on receivables and payables at the end of the reporting period in the group.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

ii) Interest rate risk management

The group's exposure to the risk of changes in interest rates relates mainly to bank borrowings. The group actively reviews its debt portfolio to achieve the most favourable interest rates available.

The interest rates and terms of repayment for bank borrowings, finance leases and long-term borrowings of the group are disclosed in Notes 17, 20 and 22 to the financial statements.

A significant portion of the group's borrowings are on a fixed rate interest basis. Accordingly, future fluctuation in interest rate is not expected to have any significant impact on the profit or loss of the group.

The interest rates and repricing period for fixed deposits are disclosed in Note 6 to the financial statements.

Management has considered the total outstanding borrowings as well as their current interest rate environment and does not expect the effect of changes in interest rate on these borrowings to be significant.

Summary quantitative data of the group's interest-bearing financial instruments can be found in Section (iv) of this note.

iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables of the group consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The company is exposed to a concentration of credit risk as trade receivables amounting to about 9% (2011 : 11%) are due mainly from a key customer with good payment history.

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

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade receivables are disclosed in Note 7 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

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

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

iii) Credit risk management (Cont'd)

The credit risk for gross trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<u>By geographical areas</u>				
Singapore	66,300	48,751	40,688	34,775
Malaysia	8,974	7,704	120	63
Brunei	3,543	1,726	82	95
New Zealand	2,669	2,382	–	–
Vietnam	3,515	3,418	201	924
Thailand	137	659	111	574
Japan	326	443	327	443
Indonesia	780	394	447	18
Others	249	268	–	56
Total gross trade receivables	86,493	65,745	41,976	36,948

iv) Liquidity risk management

The group maintains sufficient cash and cash equivalents, availability of adequate committed funding lines from financial institutions and internally generated cash flows to finance their activities. The group finances their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

Liquidity and interest risk analyses

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 liabilities in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

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

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

iv) Liquidity risk management (Cont'd)

	Weighted average effective interest rate % p.a.	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	Adjustments \$'000	Total \$'000
Group					
2012					
Non-interest bearing	–	35,187	77	–	35,264
Finance lease liability (fixed rate)	4.69	770	721	(81)	1,410
Fixed interest rate instruments	3.98	39,456	1,069	(1,551)	38,974
		75,413	1,867	(1,632)	75,648
2011					
Non-interest bearing	–	27,656	–	–	27,656
Finance lease liability (fixed rate)	14.95	35	154	(25)	164
Fixed interest rate instruments	2.62	38,509	2,282	(1,041)	39,750
		66,200	2,436	(1,066)	67,570
Company					
2012					
Non-interest bearing	–	12,583	–	–	12,583
Fixed interest rate instruments	1.45	18,583	–	(266)	18,317
		31,166	–	(266)	30,900
2011					
Non-interest bearing	–	10,292	–	–	10,292
Fixed interest rate instruments	1.53	25,306	–	(381)	24,925
		35,598	–	(381)	35,217

The maximum amount that the company could be forced to settle under the corporate guarantee in relation to credit facilities granted to subsidiaries in Note 33 is \$60,079,000 (2011 : \$52,038,000). The earliest period that the guarantee could be called is within 1 year (2011 : 1 year) from the end of the reporting period. The company considers that it is more likely than not that no amount will be payable under the arrangement.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

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

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

iv) Liquidity risk management (Cont'd)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipate that the cash flow will occur in a different period.

		Weighted average effective interest rate % p.a.	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustments \$'000	Total \$'000
<u>Group</u>							
2012							
Non-interest bearing	–		104,977	55	5	–	105,037
Fixed interest rate instruments	0.84		984	–	–	(8)	976
			105,961	55	5	(8)	106,013
2011							
Non-interest bearing	–		82,999	–	–	–	82,999
Fixed interest rate instruments	0.79		513	–	–	(4)	509
			83,512	–	–	(4)	83,508
<u>Company</u>							
2012							
Non-interest bearing	–		56,042	–	–	–	56,042
2011							
Non-interest bearing	–		50,589	–	–	–	50,589

Derivative financial instruments

The fair value of the gross settled foreign exchange forward contracts which are on demand or within one year payable amounted to \$110,000 (2011: \$222,000) in liabilities as at June 30, 2012.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

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

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

v) Fair values of financial assets and financial liabilities

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

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

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).

The fair value of the group's derivative financial instruments is classified as Level 2. There were no movements between different levels during the year.

(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 17, 20 and 22 (net of cash and cash equivalents) and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated profits as disclosed in Notes 23 to 25.

The group is required by covenants imposed by banks to maintain a maximum gearing ratio for its credit facilities. The group is in compliance with its externally imposed capital requirements for the financial years ended June 30, 2012 and 2011.

The Board of Directors reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk of characteristics of the underlying assets.

The group's overall strategy remains unchanged from 2011.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

5 RELATED PARTY TRANSACTIONS

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.

During the year, the group entered into the following significant transactions with related parties:

	Group	
	2012	2011
	\$'000	\$'000
Sales to associates	(3,119)	(5,065)
Purchases from an associate	16	—
Purchases of plant and equipment from an associate	14	—
Interest income from an associate	(4)	—
Management fee from an associate	(6)	—
Redemption of redeemable bond from a director	700	—
Acquisition of interests in subsidiaries from a director (Note 34)	800	—

Companies in which key management have interests:

Sales	(1,888)	(1,435)
Purchases	363	3,139
Purchases of plant and equipment	28	—
Freight and handling charges	537	715

Compensation of directors and key management personnel

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

	Group	
	2012	2011
	\$'000	\$'000
Short-term benefits	4,595	3,868
Post-employment benefits	150	125
	4,745	3,993

6 CASH AND BANK BALANCES

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	18,516	17,513	10,838	8,552
Fixed deposits	976	509	—	—
	19,492	18,022	10,838	8,552

The fixed deposits bear interest ranging from 0.20% to 2.87% (2011 : 0.45% to 0.80%) per annum and are due within 12 months. The fixed deposits can be converted to a known amount of cash at minimum charges at short notice.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

6 CASH AND BANK BALANCES (CONT'D)

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

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
United States dollar	1,015	1,239	300	635
Euro	76	21	–	–
Singapore dollar	7	1	–	–

7 TRADE RECEIVABLES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Outside parties	83,460	63,711	39,905	34,320
Less: Allowance for doubtful receivables	(1,386)	(832)	(556)	(788)
	82,074	62,879	39,349	33,532
Related parties (Note 5)	1,054	642	82	95
Subsidiaries (Note 10)	–	–	963	1,448
Associates (Note 11)	1,979	1,392	1,026	1,085
	85,107	64,913	41,420	36,160

The average credit period on sales of goods is 30 to 120 days (2011 : 30 to 120 days). No interest is charged on the trade receivables.

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Management believes that there is no further allowance required in excess of the allowance for doubtful receivables as there has been no significant change in credit quality and the amounts of receivables (net of allowances) are still considered recoverable.

The table below is an analysis of trade receivables as at June 30:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Not past due and not impaired	51,833	41,562	27,629	23,384
Past due but not impaired (i)	18,574	10,658	–	–
	70,407	52,220	27,629	23,384
Past due and reviewed for impairment				
- collectively assessed (ii)	15,283	13,230	14,345	13,313
Less: Allowance for impairment	(583)	(537)	(554)	(537)
	14,700	12,693	13,791	12,776
Impaired receivables – individually assessed (ii), (iii):				
- Past due more than 6 months and no response to repayment demands	803	295	2	251
Less: Allowance for impairment	(803)	(295)	(2)	(251)
	–	–	–	–
Total trade receivables, net	85,107	64,913	41,420	36,160

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

7 TRADE RECEIVABLES (CONT'D)

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(i) Aging of receivables that are past due but not impaired				
< 3 months	12,922	9,478	–	–
3 months to 6 months	2,680	1,094	–	–
6 months to 12 months	1,737	86	–	–
> 12 months	1,235	–	–	–
	18,574	10,658	–	–

(ii) These amounts are stated before any deduction for impairment losses.

(iii) These receivables are not secured by any collateral or credit enhancements.

Movements in the allowance for doubtful receivables:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Balance at beginning of the year	832	1,152	788	1,126
Increase in allowance due to acquisition	884	–	–	–
Amounts written off during the year	(364)	–	(232)	–
Currency realignment	(3)	27	–	–
Charge (Credit) to profit or loss	37	(347)	–	(338)
Balance at end of the year	1,386	832	556	788

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

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
United States dollar	1,963	1,357	202	980
Euro	241	29	–	–
Singapore dollar	197	562	–	–

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

8 OTHER RECEIVABLES

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Subsidiaries (Note 10)	–	–	3,777	5,861
Associates (Note 11)	233	–	–	–
Non-controlling interests	13	–	–	–
Advances to staff	495	116	7	16
Prepayments	547	559	50	133
Leasehold prepayments (current portion) (Note 14)	14	14	–	–
Deposits	360	65	7	4
Advance to suppliers	425	146	–	–
Insurance claims	199	368	–	–
Tax recoverable	7	–	–	–
Others	460	75	–	–
Total	2,753	1,343	3,841	6,014
Less: Non-current other receivables	(60)	–	–	–
Current other receivables	2,693	1,343	3,841	6,014

The amounts due from subsidiaries, associates, non-controlling interests and advances to staff are unsecured, interest-free and repayable on demand.

The fair value of the non-current portion approximates its carrying amount.

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

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
United States dollar	1,208	3,923	1,027	3,797
Euro	108	2	–	–
Singapore dollar	700	700	–	–

9 INVENTORIES

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Raw materials	13,241	13,682	10,799	11,489
Work-in-progress	9,232	9,506	5,040	5,772
Finished goods, at net realisable value	34,877	35,995	16,818	18,260
Goods-in-transit	6,242	6,729	5,624	4,905
	63,592	65,912	38,281	40,426

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

9 INVENTORIES (CONT'D)

Inventories with a carrying amount of \$8.41 million (2011 : \$7.51 million) have been pledged as security for certain of the group's bank overdrafts and short-term bank borrowings (Note 17) and long-term borrowings (Note 22).

There was an allowance for inventories obsolescence of \$276,000 (2011 : \$86,000) made by the group during the current year. In 2012, \$285,000 (2011 : \$302,000) of inventories were written off as they were assessed to be not saleable.

10 SUBSIDIARIES

	Company	
	2012	2011
	\$'000	\$'000
Unquoted equity shares, at cost	28,202	23,913
Less: Impairment loss	(1,959)	(2,170)
	26,243	21,743
Deemed investment ^(a)	3,256	2,491
Advances	11,537	11,332
Less: Allowance for impairment loss	(9,641)	(8,870)
	31,395	26,696

The advances to subsidiaries are unsecured, interest-free, substantially non-trade in nature and are deemed to be part of the net investments as they are not expected to be repaid in the foreseeable future.

Impairment loss is recognised for certain subsidiaries for which the recoverable amounts are estimated to be less than the carrying amount of the cost of investment due to the continuing losses of these subsidiaries. An impairment loss of \$11,600,000 (2011 : \$11,040,000) has been recorded by the group on its investments in the subsidiaries, arising from the excess of the cost of investment over the carrying value of the net assets which approximates its recoverable value.

^(a) The deemed investment arises from the fair value of corporate guarantees given to subsidiaries to secure the bank facilities.

Movements in the allowance for impairment loss:

	Company	
	2012	2011
	\$'000	\$'000
Balance at beginning of the year	11,040	11,571
Amounts written off during the year	(211)	(972)
Charge to profit or loss	771	441
Balance at end of the year	11,600	11,040

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

10 SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of company	Principal activities/ Country of incorporation and operation	Effective equity interest held by the group	
		2012	2011
		%	%
Tai Sin Electric Cables (Malaysia) Sdn. Bhd. ^(c)	Cable and wire manufacturer and dealer in such products/ Malaysia	100	100
PKS Sdn Bhd ^(b)	Electrical switchboards feeder pillars and components manufacturer and dealer in such products/ Brunei	70	70
Equalight Resources Sdn. Bhd. ^(c)	Investment holding/ Malaysia	100	100
LKH Lamps Sdn. Bhd. (subsidiary of Equalight Resources Sdn. Bhd.) ^(c)	Manufacture and sale of lights and lighting components/ Malaysia	100	100
LKH Lightings Sdn. Bhd. (subsidiary of LKH Lamps Sdn. Bhd.) ^(c)	Trading of lights and lighting components/ Malaysia	100	100
Yat Lye Pte Limited ^{(a) (g) (i)}	Retailer contractor and provision of sanitary and plumbing services/ Singapore	–	100
Tai Sin (Vietnam) Pte Ltd ^(a)	Intermediate investment holding/ Singapore	100	100
Tai Sin Electric Cables (VN) Company Limited (subsidiary of Tai Sin (Vietnam) Pte Ltd) ^(d)	Cable and wire manufacturer and dealer in such products/ Vietnam	100	100
Lim Kim Hai Electric (VN) Company Limited (subsidiary of Tai Sin (Vietnam) Pte Ltd) ^(d)	Trading of electrical products/ Vietnam	90	90
Lim Kim Hai Electric Co (S) Pte Ltd ^(a)	Distributor of electrical products and investment holding/ Singapore	100	100

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

10 SUBSIDIARIES (CONT'D)

Name of company	Principal activities/ Country of incorporation and operation	Effective equity interest held by the group	
		2012 %	2011 %
Precicon D&C Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) ^(a)	Distributor of electrical products/ Singapore	100	100
Tai Sin Electric International Pte Ltd ^{(a) (h)}	Dormant/ Singapore	100	100
Vynco Industries (NZ) Limited (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) ^(e)	Distributor of electrical products and investment holding/ New Zealand	77.3	77.3
V.L. Holdings Limited (subsidiary of Vynco Industries (NZ) Limited) ^(e)	Property investment company/ New Zealand	77.3	77.3
LKH Power Distribution Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) ^(a)	Distributor of electrical products/ Singapore	100	100
LKH Electric Middle East (FZE) (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) ^{(a) (i)}	Distributor of electrical and electronic components/ United Arab Emirates	—	100
Cast Laboratories Pte Ltd ^(a)	Laboratories for tests, experiments and researches and provision of quality consultancy services and investment holding/ Singapore	52.5	—
CiPGi Pte Ltd (subsidiary of Cast Laboratories Pte Ltd) ^(a)	Provision of technical testing services, analysis services, construction and infrastructure maintenance activities/ Singapore	52.5	—
Castconsult Sdn Bhd (subsidiary of Cast Laboratories Pte Ltd) ⁽ⁱ⁾	General construction and technical engineering/ Malaysia	52.5	—
Castlab International Pte Ltd (subsidiary of Cast Laboratories Pte Ltd) ^(a)	Investment holding and management services to related companies/ Singapore	52.5	—
United Geotechnics Pte Ltd (subsidiary of Cast Laboratories Pte Ltd) ^(a)	Laboratories testing, experiments and researches on all kinds of substance and materials, and the provisions of quality consultancy services/ Singapore	52.5	—

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

10 SUBSIDIARIES (CONT'D)

- (a) Audited by Deloitte & Touche LLP, Singapore.
- (b) Audited by member firms of Deloitte Touche Tohmatsu Limited.
- (c) Audited by member firms of Ernst & Young.
- (d) Audited by DTL Auditing Company, a member firm of Crowe Horwath International.
- (e) Audited by BDO Christchurch.
- (f) Audited by Chong & Associates, Malaysia.
- (g) For purposes of consolidation, unaudited management accounts were used as the results of the subsidiary were not considered to be significant.
- (h) In the financial year ended June 30, 2011, Tai Sin Electric International Pte Ltd was transferred from Precicon D&C Pte Ltd to the company.
- (i) The subsidiary was placed under voluntary liquidation on January 10, 2012, and was deemed dissolved on September 8, 2012.
- (j) The subsidiary was liquidated during the year.

11 ASSOCIATES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Unquoted equity shares, at cost	2,033	1,800	–	–
Share of post-acquisition results and reserves, net of dividends received	2,045	1,466	–	–
	4,078	3,266	–	–

Details of the group's associates and its significant investments are as follows:

Name of associates	Principal activities/ Country of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
		2012 %	2011 %	2012 %	2011 %
<u>Held by Lim Kim Hai Electric Co (S) Pte Ltd</u>					
Nylect International Pte Ltd ^(a)	Investment holding/ Singapore	30	30	30	30
<u>Held by Nylect International Pte Ltd</u>					
Nylect Engineering Pte Ltd ^(a)	Mechanical and electrical design and installation/ Singapore	100	100	100	100
PT Nylect Engineering ^(b)	Mechanical and electrical design and installation/ Indonesia	70	70	70	70

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

11 ASSOCIATES (CONT'D)

Name of associates	Principal activities/ Country of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
		2012 %	2011 %	2012 %	2011 %
<u>Held by Nylect International Pte Ltd (cont'd)</u>					
Nylect Technology Ltd ^(b)	Mechanical and electrical design and installation/ Vietnam	100	100	100	100
Shanghai Nylect Engineering Co., Ltd ^(a)	Mechanical and electrical design and installation/ People's Republic of China	100	100	100	100
<u>Held by Nylect Engineering Pte Ltd</u>					
NEPL Pte Ltd ^(a)	Mechanical and electrical design and installation/ Singapore	100	100	100	100
Nylect Engineering (M) Sdn. Bhd. ^(b)	Mechanical and electrical design and installation/ Malaysia	70	70	70	70
PT Nylect Engineering ^(b)	Mechanical and electrical design and installation/ Indonesia	30	30	30	30
<u>Held by Cast Laboratories Pte Ltd</u>					
PT Cast Laboratories Indonesia ^(d)	Provision of oil and gas, non-construction, testing and analysis services/ Indonesia	29	—	29	—
Castlab (Thailand) Company Limited ^(c)	Provision of specialised, geotechnics services/ Thailand	45	—	45	—

(a) Audited by RSM Chio Lim LLP, Singapore and member firms of RSM International.

(b) Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(c) Audited by IAC Audit Limited, Thailand.

(d) Not required to be audited by the law of its country of incorporation. For the purpose of consolidation, unaudited management accounts were used as the results of the associates were not considered to be significant.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

11 ASSOCIATES (CONT'D)

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

	2012 \$'000	2011 \$'000
Total assets	28,299	22,771
Total liabilities	(14,795)	(11,883)
Net assets	13,504	10,888
Group's share of associates' net assets	4,078	3,266
Revenue	38,050	33,526
Profit for the year	2,455	2,594
Group's share of profit for the year	753	778

The financial year end of associates are December 31, which is not co-terminous with that of the group. The equity accounting for the results of the associates is based on the unaudited consolidated financial statements for the period ended June 30, 2012.

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Freehold properties \$'000	Leasehold land and buildings \$'000	Office equipment and furniture \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Total \$'000
<u>Group</u>							
Cost or valuation:							
At July 1, 2010	1,319	2,213	18,428	4,869	19,048	1,736	47,613
Currency realignment	(73)	112	(388)	24	(499)	(36)	(860)
Additions	–	–	56	872	1,025	370	2,323
Disposals	–	–	–	(731)	(130)	(124)	(985)
Write-offs	–	–	–	(9)	(20)	–	(29)
At June 30, 2011	1,246	2,325	18,096	5,025	19,424	1,946	48,062
Currency realignment	(23)	(24)	(48)	(43)	(73)	(9)	(220)
Additions	–	–	28	1,244	1,477	481	3,230
Acquisition of subsidiaries (Note 34)	–	–	1,085	504	3,670	533	5,792
Disposals	–	–	–	(441)	(331)	(251)	(1,023)
Write-offs	–	(1,162)	(8)	(38)	(30)	–	(1,238)
At June 30, 2012	1,223	1,139	19,153	6,251	24,137	2,700	54,603
Comprising:							
June 30, 2012							
At cost	–	1,139	3,437	6,251	24,137	2,700	37,664
At valuation	1,223	–	15,716	–	–	–	16,939
	1,223	1,139	19,153	6,251	24,137	2,700	54,603
June 30, 2011							
At cost	–	2,325	2,365	5,025	19,424	1,946	31,085
At valuation	1,246	–	15,731	–	–	–	16,977
	1,246	2,325	18,096	5,025	19,424	1,946	48,062

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land \$'000	Freehold properties \$'000	Leasehold land and buildings \$'000	Office equipment and furniture \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Total \$'000
<u>Group</u>							
Accumulated depreciation:							
At July 1, 2010	–	64	1,925	3,129	15,969	916	22,003
Currency realignment	–	5	(35)	4	(249)	(11)	(286)
Depreciation	–	46	1,074	683	550	195	2,548
Disposals	–	–	–	(488)	(130)	(95)	(713)
Write-offs	–	–	–	(8)	(20)	–	(28)
At June 30, 2011	–	115	2,964	3,320	16,120	1,005	23,524
Currency realignment	–	–	(13)	(26)	(67)	(6)	(112)
Depreciation	–	–	1,126	899	854	332	3,211
Disposals	–	–	–	(374)	(309)	(213)	(896)
Write-offs	–	(115)	(4)	(23)	(25)	–	(167)
At June 30, 2012	–	–	4,073	3,796	16,573	1,118	25,560
Impairment:							
At July 1, 2010	504	–	–	–	–	–	504
Currency realignment	(28)	–	–	–	–	–	(28)
At June 30, 2011	476	–	–	–	–	–	476
Currency realignment	(9)	–	–	–	–	–	(9)
At June 30, 2012	467	–	–	–	–	–	467
Carrying amount:							
At June 30, 2012	756	1,139	15,080	2,455	7,564	1,582	28,576
At June 30, 2011	770	2,210	15,132	1,705	3,304	941	24,062

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and buildings \$'000	Office equipment and furniture \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Total \$'000
<u>Company</u>					
Cost or valuation:					
At July 1, 2010	6,277	1,407	12,361	985	21,030
Additions	48	54	943	–	1,045
Disposals	–	(44)	(122)	–	(166)
At June 30, 2011	6,325	1,417	13,182	985	21,909
Additions	3	71	795	227	1,096
Disposals	–	(8)	(208)	(90)	(306)
At June 30, 2012	6,328	1,480	13,769	1,122	22,699
Comprising:					
June 30, 2012					
At cost	1,428	1,480	13,769	1,122	17,799
At valuation	4,900	–	–	–	4,900
	6,328	1,480	13,769	1,122	22,699
June 30, 2011					
At cost	1,425	1,417	13,182	985	17,009
At valuation	4,900	–	–	–	4,900
	6,325	1,417	13,182	985	21,909
Accumulated depreciation:					
At July 1, 2010	920	1,336	10,782	523	13,561
Depreciation	363	53	290	102	808
Disposals	–	(44)	(122)	–	(166)
At June 30, 2011	1,283	1,345	10,950	625	14,203
Depreciation	366	34	388	105	893
Disposals	–	(9)	(185)	(90)	(284)
At June 30, 2012	1,649	1,370	11,153	640	14,812
Carrying amount:					
At June 30, 2012	4,679	110	2,616	482	7,887
At June 30, 2011	5,042	72	2,232	360	7,706

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The group's freehold land, freehold properties, leasehold land and buildings comprise the following:

Location	Title	Description
24 Gul Crescent Jurong Town Singapore 629531	Leasehold (52 years from August 1, 1980)	Factory building
22 Gul Crescent Jurong Town Singapore 629530	Leasehold (28 years 7 months from December 31, 2004)	Factory building
11 Gul Lane Jurong Town Singapore 629410	Leasehold (51 years 16 days from July 16, 1981)	Factory building
53 Kallang Place Singapore 339177	Leasehold (60 years from April 1, 1976)	Industrial building
27 Gul Avenue Singapore 629667	Leasehold (60 years from July 1, 1979)	Factory building
PTD 37433 & 37434 Off Jalan Perindustrian Senai 3 Kawasan Perindustrian Senai Fasa 2 81400 Senai, Johor Bahru Johor Darul Takzim Malaysia	Freehold	Factory building
Lot 67A Jalan Gebeng 1/6 Gebeng Industrial Estate 26080, Kuantan Pahang Darul Makmur Malaysia	Leasehold (66 years from July 25, 1998)	Factory building
Lot B Kawasan Perindustrian Beribi 1 Jalan Gadong BE1118 Bandar Seri Begawan Negara Brunei Darussalam	Leasehold (20 years from July 1, 1992)	Factory building
No. 20 VSIP II, Street 2, Vietnam Singapore Industrial Park 2 Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province, Vietnam	Leasehold (50 years from June 29, 2006)	Factory building
388, 390 & 396 Tuam Street New Zealand	Freehold	Freehold Land
27 Defu Lane Singapore 539380	Leasehold (35 years from February 1, 1979)	Factory building
18 Boon Lay Way #02-136 TradeHub 21 Singapore 609966	Leasehold (60 years from December 10, 2003)	Industrial building

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The group engaged independent valuers, Associated Property Consultants Pte Ltd, C H Williams Talhar & Wong (S) Sdn Bhd, RE Group Associates Sdn Bhd and Henry Butcher (Malaysia) Sdn Bhd to determine the fair value of the properties. The fair values are determined by reference to open market values. The dates of the revaluation were May 19, 2009, April 6, 2009 and September 15, 2008 for the various properties.

Management has assessed the fair value of the properties as at June 30, 2012 and 2011 to approximate their carrying amount.

The carrying amount of leasehold land and buildings at end of year that would have been included in the financial statements had they been carried at cost less accumulated depreciation is \$9.04 million and \$1.19 million (2011 : \$9.46 million and \$1.25 million) for the group and company respectively.

The carrying amount of motor vehicles, plant and machinery under finance leases for the group as at June 30, 2012 is \$1,782,000 (2011 : \$53,000).

The carrying amount of assets pledged to the bank (Note 22) as at June 30, 2012 is \$3.74 million (2011 : \$3.88 million).

13 INVESTMENT PROPERTIES

	Group \$'000
Cost:	
At July 1, 2010 and June 30, 2011	1,530
Addition through acquisition of subsidiaries	29
At June 30, 2012	<u>1,559</u>
Accumulated depreciation:	
At July 1, 2010	271
Depreciation for the year	38
At June 30, 2011	<u>309</u>
Depreciation for the year	39
At June 30, 2012	<u>348</u>
Carrying amount:	
At June 30, 2012	<u><u>1,211</u></u>
At June 30, 2011	<u><u>1,221</u></u>

The group's investment properties comprise the following:

Location	Title	Description
63 Hillview Avenue #10-21 Singapore 669569 ("Property A")	Freehold	Flatted factory unit
Unit No. 6-4, 6 th floor Diamond Tower Pangsapuri Garden City Jalan Merdeka, 75000 Melaka Malaysia ("Property B")	Leasehold (99 years from July 28, 1997)	Condominium unit

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

13 INVESTMENT PROPERTIES (CONT'D)

The fair value of the investment property ("Property A") as at May 14, 2009 amounted to \$1,800,000 and had been determined on the basis of valuations carried out by an independent valuer having an appropriate recognised professional qualification. It took into account recent experience in the location and category of the properties being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and was performed in accordance with International Valuation Standard.

During the year, the group added an investment property ("Property B"), through the acquisition of subsidiaries. The fair value of the investment property ("Property B") as at June 9, 2010 amounted to \$32,000 and had been determined on the basis of valuations carried out by an independent valuer having an appropriate recognised professional qualification. It took into account recent experience in the location and category of the properties being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and was performed in accordance with International Valuation Standard.

Management has assessed the fair value of the properties based on latest transacted property prices in the same location and noted that the fair value of \$1,800,000 and \$32,000 for "Property A" and "Property B" respectively were reasonable.

The property rental income from the group's investment properties which are leased out under operating lease amounted to \$72,000 (2011 : \$52,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to \$19,000 (2011 : \$19,000).

14 LEASEHOLD PREPAYMENTS

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Leasehold prepayments	726	772	–	–
Less: Current portion included as prepayment (Note 8)	(14)	(14)	–	–
	712	758	–	–

Leasehold prepayments comprise prepaid land rentals for use of land in Vietnam and Malaysia. These are charged to profit or loss on a straight-line basis over the term of the relevant lease of approximately 50 and 55 years respectively.

The carrying amount of certain prepaid land rentals pledged to the bank for a certain subsidiary as at June 30, 2012 are \$Nil (2011 : \$537,000).

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

15 INTANGIBLE ASSETS

	Customer relationships \$'000	Proprietary software \$'000	Internally developed software \$'000	Patents, trademarks and technical fees \$'000	Total \$'000
<u>Group</u>					
Cost:					
At July 1, 2010	–	–	–	145	145
Additions	–	–	–	41	41
Currency realignment	–	–	–	(4)	(4)
At June 30, 2011	–	–	–	182	182
Additions through acquisition of subsidiaries (Note 34)	2,114	219	217	–	2,550
Additions	–	–	17	–	17
Currency realignment	–	–	–	(3)	(3)
At June 30, 2012	2,114	219	234	179	2,746
Accumulated amortisation:					
At July 1, 2010	–	–	–	130	130
Currency realignment	–	–	–	(6)	(6)
Amortisation for the year	–	–	–	17	17
At June 30, 2011	–	–	–	141	141
Currency realignment	–	–	–	(3)	(3)
Amortisation for the year	98	25	–	17	140
At June 30, 2012	98	25	–	155	278
Carrying amount:					
At June 30, 2012	2,016	194	234	24	2,468
At June 30, 2011	–	–	–	41	41

16 DEFERRED TAX ASSETS (LIABILITIES)

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Deferred tax assets	179	225	–	–
Deferred tax liabilities	(1,878)	(1,007)	(419)	(280)

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

16 DEFERRED TAX ASSETS (LIABILITIES) (CONT'D)

The major components giving rise to deferred tax assets and liabilities recognised by the group and the company and movements thereon during the year:

Deferred tax assets

	Provisions \$'000	Accelerated tax depreciation \$'000	Tax losses \$'000	Total \$'000
<u>Group</u>				
At July 1, 2010	157	(291)	410	276
Credit (Charge) to profit or loss	14	212	(251)	(25)
Currency realignment	(1)	–	(25)	(26)
At June 30, 2011	170	(79)	134	225
Credit (Charge) to profit or loss	(119)	106	(33)	(46)
Currency realignment	(1)	4	(3)	–
At June 30, 2012	50	31	98	179

The deferred tax assets relate to temporary differences and tax losses arising from overseas subsidiaries.

Deferred tax liabilities

	Accelerated tax depreciation \$'000	Revaluation of properties \$'000	Total \$'000
<u>Group</u>			
At July 1, 2010	(329)	(539)	(868)
Charge to profit or loss	(158)	–	(158)
Currency realignment	6	13	19
At June 30, 2011	(481)	(526)	(1,007)
Acquisition of subsidiaries	(803)	–	(803)
Charge to profit or loss	(70)	–	(70)
Currency realignment	(2)	4	2
At June 30, 2012	(1,356)	(522)	(1,878)

	Provisions \$'000	Accelerated tax depreciation \$'000	Revaluation of properties \$'000	Total \$'000
<u>Company</u>				
At July 1, 2010	–	(322)	(97)	(419)
Credit to profit or loss	139	–	–	139
At June 30, 2011	139	(322)	(97)	(280)
Charge to profit or loss	(139)	–	–	(139)
At June 30, 2012	–	(322)	(97)	(419)

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

17 BANK OVERDRAFTS AND SHORT-TERM BANK BORROWINGS

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Bank loan – secured	4,508	14	–	–
Bank overdrafts	2,595	1,362	–	–
Trust receipts and bills payable to banks	29,959	35,848	18,317	24,925
	37,062	37,224	18,317	24,925

The group's bank overdrafts and short-term bank borrowings are secured by the following:

- i) legal charge over leasehold and freehold factory land and buildings of certain subsidiaries;
- ii) negative pledge over all assets of a subsidiary;
- iii) corporate guarantee of RM57.70 million (\$22.96 million) [2011 : RM57.70 million (\$23.43 million)], B\$1.0 million (\$1.0 million) [2011 : B\$1.0 million (\$1.0 million)], US\$10.0 million (\$12.80 million) [2011 : US\$10.0 million (\$12.33 million)] and \$23.32 million (2011 : \$15.32 million) by the company (Note 33). The corporate guarantees also cover the long-term borrowings in Note 22;
- iv) personal guarantees by directors of certain subsidiaries;
- v) debenture over all assets of a subsidiary;
- vi) corporate guarantee of NZ\$475,000 (\$478,000) [2011 : NZ\$475,000 (\$485,000)] and \$600,000 (2011 : \$Nil) by certain subsidiaries; and
- vii) specific debentures over two units of machineries of a subsidiary of RM1.0 million (\$398,000).

The bank overdrafts and short-term bank borrowings bear fixed interest rates ranging from 1.5% to 12.0% (2011 : 1.2% to 18.0%) per annum and are due within 12 months.

The bank overdrafts and short-term bank borrowings are all denominated in the functional currencies of the respective entities.

18 TRADE PAYABLES

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Outside parties	25,883	22,399	8,845	8,416
Related parties (Note 5)	744	319	–	–
Subsidiaries (Note 10)	–	–	1,553	594
	26,627	22,718	10,398	9,010

The average credit period on purchases of goods is 90 days (2011 : 90 days).

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

18 TRADE PAYABLES (CONT'D)

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

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
United States dollar	9,802	12,939	8,284	6,988
Euro	1,654	1,272	901	400
Singapore dollar	118	134	–	–

19 OTHER PAYABLES

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Accruals	7,249	4,383	1,529	1,036
Provision for directors' fees	186	182	128	122
Provision for onerous contracts	–	817	–	817
Customer's deposit	962	1,809	19	18
Sundry payables	825	373	98	124
Subsidiary (Note 10)	–	–	430	–
Non-controlling interests	300	–	–	–
	9,522	7,564	2,204	2,117

The amounts due to subsidiary and non-controlling interests are unsecured, interest-free and repayable on demand.

Provision for onerous contracts

	Group and Company	
	2012	2011
	\$'000	\$'000
Balance at beginning of year	817	817
Credit to profit or loss	(817)	–
Balance at end of year	–	817

Management assesses for fixed price onerous contracts for which deliveries are expected to be made after the year end. The provision for onerous contracts at the end of the reporting period is \$Nil (2011 : \$817,000). All deliveries made during the financial year which have incurred losses are charged to cost of sales in profit or loss in the current reporting period.

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

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
United States dollar	1,037	41	–	–
Singapore dollar	31	–	–	–

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

20 OBLIGATION UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Amounts payable under finance leases:				
Within one year	770	35	720	31
In the second to fifth year inclusive	721	154	690	133
	1,491	189	1,410	164
Less: Future finance charges	(81)	(25)	N/A	N/A
Present value of leases	1,410	164	1,410	164
Less: Amount due for settlement within 12 months (shown under current liabilities)			(720)	(31)
Amount due for settlement after 12 months			690	133

The group enters into finance leasing arrangements for certain of its motor vehicles, plant and machinery. All leases are denominated in the functional currencies of the respective entities.

The carrying amounts of the group's finance lease payables at June 30, 2012 and 2011 approximate their fair value.

The rates of interest for the finance leases range from 3.71% to 14.95% (2011 : 14.95%) per annum.

21 DERIVATIVE FINANCIAL INSTRUMENTS

	2012		2011	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
<u>Group</u>				
Forward foreign exchange contracts	–	(110)	–	(222)
<u>Company</u>				
Forward foreign exchange contracts	–	–	–	(148)

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

21 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

The group utilises currency derivatives to hedge significant future transactions. The instruments purchased are primarily denominated in the currencies of the group's principal markets.

Details of the group's forward foreign currency contracts outstanding as at the end of the reporting period are as follows:

	Foreign currency		Notional contract value		Fair value	
	2012	2011	2012	2011	2012	2011
	FC'000	FC'000	\$'000	\$'000	\$'000	\$'000
<u>Group</u>						
Buy Euro						
Less than 12 months	1,230	925	2,082	1,722	(105)	(65)
Buy United States dollar						
Less than 12 months	75	3,302	98	4,214	(3)	(157)
Sell Singapore dollar						
Less than 12 months	252	–	250	–	(2)	–
<u>Company</u>						
Buy United States dollar						
Less than 12 months	–	3,166	–	4,038	–	(148)

The fair value of forward foreign exchange contracts for the group and company amounted to \$110,000 (2011 : \$222,000) and \$Nil (2011 : \$148,000) respectively in liabilities. These amounts are based on quoted market prices for equivalent instruments at the end of the reporting period. Changes in the fair value of the forward foreign exchange contracts are recorded in profit or loss immediately.

22 LONG-TERM BORROWINGS

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Long-term loans - secured	1,912	2,526	–	–
The borrowings are repayable as follows:				
On demand or within one year	884	302	–	–
Second to fifth year inclusive	1,028	2,224	–	–
	1,912	2,526	–	–
Less: Amount due for settlement within one year (shown under current liabilities)	(884)	(302)	–	–
Amount due for settlement after one year	1,028	2,224	–	–

The secured long-term loans bear interest at fixed rates ranging from 5.47% to 7.82% (2011 : 6.30% to 7.82%) per annum.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

22 LONG-TERM BORROWINGS (CONT'D)

The average term of borrowings entered into is 5 years and the carrying amount of the group's borrowings at June 30, 2012 and 2011 approximates its fair value.

All borrowings are denominated in the functional currencies of the respective entities.

The loans are secured by the following:

- i) legal charge over leasehold land and buildings of certain subsidiaries;
- ii) negative pledge over all assets of a subsidiary;
- iii) corporate guarantees by the company (see Notes 17 and 33);
- iv) personal guarantees by directors of certain subsidiaries;
- v) debenture over all assets of a subsidiary;
- vi) corporate guarantee of NZ\$475,000 (\$478,000) [2011 : NZ\$475,000 (\$485,000)] and \$600,000 (2011 : \$Nil) by certain subsidiaries; and
- vii) specific debentures over two units of machineries of a subsidiary of RM1.0 million (\$398,000).

23 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	\$'000
Issued and paid up capital:		
At July 1, 2010	392,205,000	47,319
Issue of share capital pursuant to scrip dividend (Note 32)	10,329,700	2,169
At June 30, 2011 and July 1, 2011	402,534,700	49,488
Issue of share capital pursuant to scrip dividend (Note 32)	13,970,732	2,235
At June 30, 2012	416,505,432	51,723

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

24 TREASURY SHARES

	Group and Company	
	Number of ordinary shares	\$'000
At July 1, 2010, June 30, 2011 and June 30, 2012	2,727,000	950

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

25 RESERVES

Other Reserves

Other reserves include share of post acquisition reserve of an associate and reserves arising from the acquisition of additional interests in subsidiaries.

In accordance with the relevant laws and regulations in People's Republic of China, the associate of the group is required to appropriate a minimum of 10% of the net profit after taxation after deducting losses carried forward reported in the statutory accounts to the statutory reserve until the balance of such reserve reached 50% of its registered share capital.

The amount to be set aside is determined by the Board of Directors annually in accordance with the relevant regulations. This reserve cannot be used for purposes other than those for which it is created and is not distributed as cash dividends but it can be used to offset losses or be capitalised as capital.

Revaluation Reserves

The revaluation reserves are not available for distribution to the company's shareholders.

26 REVENUE

	Group	
	2012	2011
	\$'000	\$'000
Sales of goods	266,072	246,760
Rendering of services	12,926	–
	<u>278,998</u>	<u>246,760</u>

27 OTHER OPERATING INCOME

	Group	
	2012	2011
	\$'000	\$'000
Gain on disposal of property, plant and equipment	37	7
Interest income from deposits	23	21
Rental income	78	52
Doubtful receivables recovered	–	347
Insurance recovery claim	1,892	–
Import tax refund	47	–
Scrap sales	459	227
Excess of fair value of net identifiable assets acquired over consideration	1,754	–
Others	153	186
	<u>4,443</u>	<u>840</u>

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

28 FINANCE COSTS

	Group	
	2012	2011
	\$'000	\$'000
Interest expense	1,328	984

29 INCOME TAX EXPENSE

	Group	
	2012	2011
	\$'000	\$'000
Income tax		
Current	3,167	1,999
(Over) Under provision in prior years	(365)	29
	2,802	2,028
Deferred income tax		
Current	112	185
Under (Over) provision in prior years	5	(2)
	117	183
Total income tax expense	2,919	2,211

Domestic income tax is calculated at 17% (2011 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Group	
	2012	2011
	\$'000	\$'000
Profit before income tax	21,720	13,028
Income tax expense at domestic rate of 17% (2011 : 17%)	3,692	2,215
Non-allowable items	(347)	(131)
Deferred tax benefits not recognised	147	78
Utilisation of deferred tax benefits previously not recognised	(1)	–
(Over) Under provision of taxation in prior years	(360)	27
Tax rebates	(228)	(114)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(8)	231
Group relief	(174)	(26)
Productivity and Innovation Credit enhanced deduction	(130)	(216)
Others	328	147
	2,919	2,211

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

29 INCOME TAX EXPENSE (CONT'D)

The subsidiaries have tax loss carryforwards, unutilised investment allowance and temporary differences from capital allowance available for offsetting against future taxable income as follows:

	Group	
	2012	2011
	\$'000	\$'000
<u>Tax loss carryforwards</u>		
Balance at beginning of year	9,361	9,258
Adjustment	(1,116)	(10)
Currency realignment	(152)	(590)
Arising during the year	318	737
Amount utilised during the year	(639)	(34)
Balance at end of year	7,772	9,361
<u>Unutilised investment allowance</u>		
Balance at beginning of year	1,593	1,686
Currency realignment	(33)	(93)
Balance at end of year	1,560	1,593
<u>Unutilised capital allowance</u>		
Balance at beginning of year	1,977	1,929
Adjustment	(15)	140
Currency realignment	(41)	(106)
Arising during the year	101	32
Amount utilised during the year	(10)	(18)
Balance at end of year	2,012	1,977
Total	11,344	12,931
Deferred tax benefits on above:		
Recorded	189	223
Unrecorded	2,647	2,895

Deferred tax benefit varies from the Singapore statutory rate as they include deferred tax on overseas operations.

Certain deferred tax benefits have not been recognised as it is not probable that the relevant subsidiaries will have taxable profits in the foreseeable future to utilise the tax loss carryforwards and temporary differences from capital allowances.

The realisation of the future income tax benefit from the remaining tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to conditions imposed by law including the retention of majority shareholders as defined.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

30 PROFIT FOR THE YEAR

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

	Group	
	2012	2011
	\$'000	\$'000
Directors' remuneration:		
of the company	1,677	867
of the subsidiaries	1,672	1,852
Total directors' remuneration	3,349	2,719
Directors' fee	221	188
Non-audit fees:		
Paid to auditors of the company	23	20
Cost of inventories recognised as expense	216,876	206,843
Foreign currency exchange adjustment loss	182	338
Fair value adjustments on derivative financial instruments	36	145
Property, plant and equipment written off	1,071	1
Inventories written off	285	302
Bad debts written off	184	–
(Reversal of) Allowance for doubtful receivables	37	(347)
Amortisation of leasehold prepayments	14	15
Employee benefits expense	25,471	23,623
Cost of defined contribution plans included in employee benefits expense	1,757	1,642

31 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the company is based on the following data:

Earnings

	Group	
	2012	2011
	\$'000	\$'000
Earnings for the purpose of calculation of basic and diluted earnings per share (profit for the year attributable to equity holders of the company)	18,189	10,509

Number of shares

Number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share after consideration of scrip dividend issued	413,778,432	413,778,432
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NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

32 DIVIDENDS

During the financial year ended June 30, 2012, the company declared and paid dividends totalling \$6.481 million. Details were as follows:

- (a) Final tax-exempt dividend of 1.0 cent per ordinary share in respect of the financial year ended June 30, 2011 totalling \$3.998 million. \$1.763 million of the dividend was paid via cash and the remaining \$2.235 million was paid via the issue of scrip dividend (Note 23).
- (b) Interim tax-exempt dividend of 0.6 cent per ordinary share in respect of the financial year ended June 30, 2012 totalling \$2.483 million.

During the financial year ended June 30, 2011, the company declared and paid dividends totalling \$6.294 million. Details are as follows:

- (a) Final tax-exempt dividend of 1.0 cent per ordinary share in respect of the financial year ended June 30, 2010 totalling \$3.895 million. \$1.726 million of the dividend was paid via cash and the remaining \$2.169 million was paid via the issue of scrip dividend (Note 23).
- (b) Interim tax-exempt dividend of 0.6 cent per ordinary share in respect of the financial year ended June 30, 2011 totalling \$2.399 million.

Subsequent to June 30, 2012, the directors of the company recommended that a final tax-exempt dividend be paid at 1.5 cent per ordinary share totalling \$6.207 million for the financial year ended June 30, 2012. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

33 CONTINGENT LIABILITIES

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Corporate guarantee in relation to credit facilities granted to subsidiaries (Notes 17 and 22)	–	–	60,079	52,038
Financial support granted to subsidiaries	–	–	1,071	1,340
Performance guarantees (secured)	127	13	–	–
Performance guarantees (unsecured) [ⓐ]	4,361	4,837	2,932	3,654
	4,488	4,850	64,082	57,032

[ⓐ] The performance guarantees of the group in 2012 and 2011 are covered by corporate guarantee provided by the company.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

34 ACQUISITION OF SUBSIDIARIES

On January 12, 2012, the group entered into a conditional Investment Agreement ("IA") to acquire 52.5% of the issued and fully paid-up share capital of Cast Laboratories Pte Ltd ("Cast Lab") for a total purchase consideration of \$4,500,000 and to regulate the affairs of Cast Lab and the respective rights of its shareholders on the terms and conditions set out in the IA. The IA was completed on January 31, 2012.

Cast Lab was incorporated in Singapore on February 16, 1981 with its principal activities being provision of technical testing services, analysis services, construction and infrastructure maintenance activities. Cast Lab and its subsidiaries ("Cast Lab Group") offer independent testing, inspection and certification services as well as heat treatment and specialised geotechnical services in Singapore with regional presence in Malaysia, Indonesia and Thailand.

The group has acquired the Cast Lab Group for various reasons, the primary reason being to diversify the business activities of the group.

Identifiable assets and liabilities at the date of acquisition

	Fair value \$'000
Cash and bank balances	4,598
Trade and other receivables	12,948
Contract work-in-progress	89
Property, plant and equipment	5,792
Investment property	29
Intangible assets	2,550
Investment in associates	19
Trade and other payables	(8,093)
Income tax payable	(80)
Bank overdrafts	(207)
Other bank borrowings	(494)
Deferred tax liabilities	(803)
Redeemable bond	(700)
Long-term bank borrowings	(2,429)
Finance lease payables	(1,269)
Net assets	<u>11,950</u>

The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of \$12,948,000 had gross contractual amounts of \$13,832,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected is \$884,000.

Excess of fair value of net identifiable assets over consideration arising on acquisition

Consideration transferred	4,500
Plus : Non-controlling interests	5,696
Less : Fair value of identifiable net assets acquired	(11,950)
Excess of fair value of net identifiable assets over consideration	<u>(1,754)</u>

The non-controlling interests (47.5%) in Cast Lab Group recognised at the acquisition date was measured by reference to the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets and amounted to \$5,696,000.

The excess of fair value of net identifiable assets over consideration of \$1,754,000 is primarily due to the estimated fair value of the customer relationships included in intangible assets.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

34 ACQUISITION OF SUBSIDIARIES (CONT'D)

Net cash outflow on acquisition of subsidiaries

Total consideration, satisfied by cash	4,500
Less : Cash and cash equivalent acquired	(4,391)
Net cash flows arising from acquisition of subsidiaries	<u>109</u>

Impact of acquisitions on the results of the group

Included in the profit for the year is \$171,000 attributable to the additional business generated by the Cast Lab Group. Revenue for the period amounted to \$12.93 million.

Had the business combination during the year been effected at July 1, 2011, the revenue of the group would have been \$294.80 million, and the profit for the year would have been \$17.65 million.

35 COMMITMENTS

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Commitment to purchase fixed quantum of copper from suppliers at market rates at date of delivery	37,725	45,445	37,725	45,445

36 OPERATING LEASE COMMITMENTS

The group as lessee

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Minimum lease payments under operating leases recognised as an expense in the year	1,336	775	299	264

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

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Future minimum lease payments payable:				
Within one year	2,018	738	333	280
In the second to fifth year inclusive	3,460	2,023	1,328	1,102
After five years	8,889	8,265	4,973	4,384
Total	14,367	11,026	6,634	5,766

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

36 OPERATING LEASE COMMITMENTS (CONT'D)

Operating lease payments represent rentals payable for certain of its factory and office premises and equipment. Leases are negotiated for an average term of 40 years and rentals are fixed for an average of 2 years.

The lease of land is subject to annual adjustment to market rate with any increase capped at a percentage of the immediate preceding year's rental.

Certain leases have varying terms and are subject to revisions to reflect current market rental and value. The operating lease commitments estimated above were in respect of these leases determined assuming the same rental expense fixed as at end of the reporting period till the end of the lease.

The group as lessor

The group rents out its investment properties under operating leases. Rental income earned during the year was \$72,000 (2011 : \$52,000) (Note 13).

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

	Group	
	2012	2011
	\$'000	\$'000
Future minimum lease receivables:		
Within one year	35	70
In the second to fifth year inclusive	–	35
Total	35	105

37 SEGMENT INFORMATION

Information reported to the group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is categorised as follows:

- (i) cable and wire;
- (ii) switchboard;
- (iii) lamp and lighting products;
- (iv) electrical material distribution;
- (v) test and inspection; and
- (vi) others

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

37 SEGMENT INFORMATION (CONT'D)

Accordingly, the above are the group's reportable segments under FRS 108. Information regarding the group's reportable segments is presented below. There is no change to amounts reported for the prior year as the segment information reported internally is provided to the group's chief operating decision maker on a similar basis.

	Cable and wire \$'000	Switchboard \$'000	Lamp and lighting products \$'000	Electrical material distribution \$'000	Test and inspection \$'000	Others \$'000	Elimination \$'000	Total \$'000
<u>Segment revenue and results</u>								
<u>2012</u>								
REVENUE								
External sales	159,677	11,283	951	94,161	12,926	–	–	278,998
Inter-segment sales	13,065	–	–	10	–	–	(13,075)	–
Total revenue	172,742	11,283	951	94,171	12,926	–	(13,075)	278,998
RESULT								
Segment result	15,164	966	(753)	4,945	240	1,710	–	22,272
Interest expense	(968)	–	(76)	(148)	(136)	–	–	(1,328)
Interest income	–	4	–	15	4	–	–	23
Share of profit of associates	–	–	–	691	62	–	–	753
Income tax expense								(2,919)
Non-controlling interests								(612)
Profit attributable to shareholders of the company								18,189

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

37 SEGMENT INFORMATION (CONT'D)

	Cable and wire \$'000	Switchboard \$'000	Lamp and lighting products \$'000	Electrical material distribution \$'000	Test and inspection \$'000	Others \$'000	Elimination \$'000	Total \$'000
<u>Segment revenue and results (Cont'd)</u>								
<u>2011</u>								
REVENUE								
External sales	143,765	7,774	977	94,239	–	5	–	246,760
Inter-segment sales	12,651	–	–	31	–	–	(12,682)	–
Total revenue	156,416	7,774	977	94,270	–	5	(12,682)	246,760
RESULT								
Segment result	7,928	400	(351)	5,422	–	(186)	–	13,213
Interest expense	(691)	–	(87)	(206)	–	–	–	(984)
Interest income	9	–	–	12	–	–	–	21
Share of profit of an associate	–	–	–	778	–	–	–	778
Income tax expense								(2,211)
Non-controlling interests								(308)
Profit attributable to shareholders of the company								<u>10,509</u>

Revenue reported above represents revenue generated from external customers. There were inter-segment sales of \$13,075,000 (2011 : \$12,682,000) during the year.

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents profit earned by each segment without allocation of income tax expense and non-controlling interests. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

37 SEGMENT INFORMATION (CONT'D)

	Cable and wire \$'000	Switchboard \$'000	Lamp and lighting products \$'000	Electrical material distribution \$'000	Test and inspection \$'000	Others \$'000	Total \$'000
SEGMENT ASSETS							
<u>Segment assets:</u>							
<u>2012</u>							
Segment assets	124,536	5,923	2,430	47,510	23,377	127	203,903
Interest in associates	–	–	–	3,988	90	–	4,078
Unallocated segment assets							187
Consolidated total assets							<u>208,168</u>
<u>2011</u>							
Segment assets	116,559	4,262	3,180	52,055	–	216	176,272
Interest in associate	–	–	–	3,266	–	–	3,266
Unallocated segment assets							225
Consolidated total assets							<u>179,763</u>

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than the deferred tax assets.

	Cable and wire \$'000	Switchboard \$'000	Lamp and lighting products \$'000	Electrical material distribution \$'000	Test and inspection \$'000	Others \$'000	Total \$'000
<u>Other segment information:</u>							
<u>2012</u>							
Additions to non-current assets	1,338	150	2	1,060	697	–	3,247
Depreciation and amortisation	1,213	434	49	1,108	600	–	3,404
Non-cash expenses (income) other than depreciation and amortisation	(419)	(43)	312	1,372	–	(2)	1,220
<u>2011</u>							
Additions to non-current assets	1,128	206	2	1,028	–	–	2,364
Depreciation and amortisation	1,155	407	49	992	–	–	2,603
Non-cash expenses (income) other than depreciation and amortisation	24	139	(54)	231	–	178	518

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2012

37 SEGMENT INFORMATION (CONT'D)

Geographical information

The group operates in five principal geographical areas – Singapore, Malaysia, Brunei, New Zealand and Vietnam.

The group's revenue from external customers and information about its segment assets (non-current assets excluding investments in associates and deferred tax assets) by geographical location are detailed below:

	Revenue \$'000	Non-current assets \$'000
<u>2012</u>		
Singapore	201,729	24,230
Malaysia	24,340	4,756
Brunei	13,369	141
New Zealand	15,479	2,106
Vietnam	14,759	1,794
Others	9,322	–
	<u>278,998</u>	<u>33,027</u>
<u>2011</u>		
Singapore	180,400	16,266
Malaysia	22,726	4,448
Brunei	7,970	424
New Zealand	14,927	3,032
Vietnam	12,350	1,906
Others	8,387	6
	<u>246,760</u>	<u>26,082</u>

INFORMATION REQUIRED UNDER THE LISTING MANUAL

INTERESTED PERSON TRANSACTIONS

In compliance with Rule 907 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is disclosed that:-

- (a) The Company did not seek a shareholders' general mandate pursuant to Rule 920 of the Listing Manual for recurrent interested party transactions during the financial year under review.
- (b) The aggregate value of all interested persons transactions (excluding any transaction which is less than \$100,000) during the financial year ended June 30, 2012 were as follows:-

Name of interested person	Nature of transactions	Aggregate value of
		all interested person transactions during the financial year under review
Lim Chye Huat @ Bobby Lim Chye Huat	Acquisition of shares in Cast Laboratories Pte Ltd by the Company.	\$800,000
Lim Chye Huat @ Bobby Lim Chye Huat	Redemption of Redeemable Bond in Cast Laboratories Pte Ltd.	\$700,000
		<u>\$1,500,000</u>

MATERIAL CONTRACTS

There are no material contracts (including loans) of the Company and its subsidiaries involving the interest of the chief executive officer or any director or controlling shareholders, either still subsisting at the end of the financial year ended June 30, 2012 or if not then subsisting, entered into since the end of the previous financial year.

ANALYSIS OF SHAREHOLDINGS

As at September 21, 2012

ISSUED AND FULLY PAID-UP CAPITAL (INCLUDING TREASURY SHARES)	:	\$50,773,358
ISSUED AND FULLY PAID-UP CAPITAL (EXCLUDING TREASURY SHARES)	:	\$51,723,555
NUMBER OF SHARES ISSUED (EXCLUDING TREASURY SHARES)	:	413,778,432
NUMBER/PERCENTAGE OF TREASURY SHARES	:	2,727,000 (0.66%)
CLASS OF SHARES	:	ORDINARY SHARES FULLY PAID
VOTING RIGHTS	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS AS AT 21ST SEPTEMBER 2012

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 999	154	4.37	67,692	0.02
1,000 - 10,000	1,451	41.13	9,051,987	2.19
10,001 - 1,000,000	1,877	53.20	107,840,976	26.06
1,000,001 and above	46	1.30	296,817,777	71.73
Total	3,528	100.00	413,778,432	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 21ST SEPTEMBER 2012

No.	Name of shareholders	No. of shares	%
1	LIM BOON HOCK BERNARD	43,271,576	10.46
2	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	31,935,771	7.72
3	LIM BOON CHIN BENJAMIN	28,786,868	6.96
4	GOH SOO LUAN	22,420,520	5.42
5	LIM CHAI LAI @ LOUIS LIM CHAI LAI	15,300,049	3.70
6	LIM HIANG LAN	13,413,430	3.24
7	LIM LIAN HIONG	13,065,857	3.16
8	LIM PHEK CHOO CONSTANCE	11,636,000	2.81
9	LIM BOON HOH BENEDICT	11,125,000	2.69
10	LIM LIAN ENG	8,284,312	2.00
11	CHAN KUM LIN CAROLYN	8,014,285	1.94
12	CHEN SHYH YI	6,617,335	1.60
13	GERALDINE CHENG HUA YONG	6,223,904	1.50
14	CHIA AH HENG	6,161,500	1.49
15	YEN TSUNG HUA	5,122,140	1.24
16	GERALD CHENG KAI YONG	4,490,095	1.08
17	AU AH YIAN	3,601,470	0.87
18	LIM BOON SAN LIONEL	3,322,095	0.80
19	LOW CHOON KIAT PAUL	3,188,937	0.77
20	OCBC SECURITIES PRIVATE LTD	3,110,466	0.75
		249,091,610	60.20

FREE FLOAT OF EQUITY SECURITIES

On the basis in information available to the Company approximately 41.31% of the equity securities of the company excluding preference shares and convertible securities are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of a listed issuer's equity securities to be held by the public.

ANALYSIS OF SHAREHOLDINGS

As at September 21, 2012

LIST OF SUBSTANTIAL SHAREHOLDERS AND THEIR SHAREHOLDINGS AS AT 21ST SEPTEMBER 2012 BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares	
	Shareholdings registered in the name of Substantial Shareholders or their Nominees	Shareholdings in which Substantial Shareholders are deemed to have an interest
Mr. Lim Chye Huat @ Bobby Lim Chye Huat ⁽¹⁾	31,935,771	22,420,520
Mdm. Goh Soo Luan ⁽²⁾	22,420,520	31,935,771
Mr. Lim Boon Hock Bernard ⁽³⁾	43,688,986	1,836,606
Mdm. Pang Yoke Chun ⁽⁴⁾	1,836,606	43,688,986
Mr. Lim Boon Chin Benjamin	28,786,868	NIL
Mr. Lim Chai Lai @ Louis Lim Chai Lai ⁽⁵⁾	15,300,049	8,014,285
Mdm. Chan Kum Lin Carolyn ⁽⁶⁾	8,014,285	15,300,049

Notes:-

- (1) Mr. Lim Chye Huat @ Bobby Lim Chye Huat is deemed to have an interest in the 22,420,520 shares held by his wife, Mdm. Goh Soo Luan.
- (2) Mdm. Goh Soo Luan is deemed to have an interest in the 31,935,771 shares held by her husband, Mr. Lim Chye Huat @ Bobby Lim Chye Huat.
- (3) Mr. Lim Boon Hock Bernard is deemed to have an interest in the 1,836,606 shares held by his wife, Mdm. Pang Yoke Chun and her nominee.
- (4) Mdm. Pang Yoke Chun is deemed to have an interest in the 43,688,986 shares held by her husband, Mr. Lim Boon Hock Bernard and his nominee.
- (5) Mr. Lim Chai Lai @ Louis Lim Chai Lai is deemed to have an interest in the 8,014,285 shares held by his wife, Mdm. Chan Kum Lin Carolyn.
- (6) Mdm. Chan Kum Lin Carolyn is deemed to have an interest in the 15,300,049 shares held by her husband, Mr. Lim Chai Lai @ Louis Lim Chai Lai.

NOTICE OF ANNUAL GENERAL MEETING

TAI SIN ELECTRIC LIMITED (Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Tai Sin Electric Limited will be held at Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Tuesday, October 30, 2012 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Accounts for the year ended June 30, 2012 together with the Auditors' Report thereon.
2. To declare a final one-tier tax exempt dividend of \$0.015 per ordinary share for the year ended June 30, 2012.
3. To approve the payment of \$128,000 as Directors' fees for the year ended June 30, 2012. (2011 : \$122,000)
4. To approve the payment of up to \$128,000 as Directors' fees for the year ending June 30, 2013.
5. To re-elect Mr. Richard Wee Liang Huat @ Richard Wee Liang Chiat, the Director retiring by rotation pursuant to the Articles of Association of the Company.
6. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-
 - (a) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Prof. Lee Chang Leng Brian who is over 70 years of age, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
 - (b) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Tay Joo Soon who is over 70 years of age, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
7. To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-

8. **Authority to issue new shares and/or convertible instruments**

"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, approval be and is hereby given to the Directors to issue shares in the capital of the Company whether by way of rights, bonus or otherwise ("shares") and/or make or grant offers, agreements or options that might or would require shares to be issued ("Instruments") including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time, to such persons, upon such terms and conditions and for such purposes, as the Directors may in their absolute discretion deem fit, provided that:-

- (i) the aggregate number of shares to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company;
- (ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of issued shares shall be based on the total number of issued shares excluding treasury shares of the Company at the time this Resolution is passed, after adjusting for:-
 - (a) new shares arising from the conversion or exercise of any convertible securities or employee share options that are outstanding when this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of shares; and

NOTICE OF ANNUAL GENERAL MEETING

TAI SIN ELECTRIC LIMITED (Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

- (iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution 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 is required by law to be held, whichever is the earlier."

9. **Authority to issue new shares pursuant to Scrip Dividend Scheme**

"That the Directors of the Company be and are hereby authorised for the purposes of, in connection with or where contemplated by the Tai Sin Electric Limited Scrip Dividend Scheme to:-

- (i) allot and issue from time to time shares in the capital of the Company ("Shares") and/or make or grant offers, agreements or options that might or would require Shares in the capital of the Company to be issued during the continuance of this authority or thereafter, at any time and upon such terms and conditions and to or with such persons as the Directors of the Company may, in their absolute discretion, deem fit; and
- (ii) issue Shares in the capital of the Company in pursuance of any offer, agreement, or option made or granted by the Directors of the Company while such authority was in force (notwithstanding that such issues of such Shares pursuant to the offer, agreement or option may occur after the expiration of the authority contained in this Resolution)."

10. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

Mrs Low nee Tan Leng Fong
Tan Shou Chieh
Secretaries

Singapore, October 10, 2012

Notes:

- (1) A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 24 Gul Crescent, Jurong Town, Singapore 629531 not less than 48 hours before the time for holding the Meeting.
- (2) The ordinary resolution proposed in item 4 above, is to facilitate payment of Directors' fees to Non-executive Directors on a current year basis, for the financial year ending 30 June 2013 ("FY 2013").

The amount of Directors' fees specified in item 4 is calculated based on, among other things, the present number of Directors and the expected number of Board and Committee meetings for FY 2013.

The Company's practice in the past has been to obtain shareholders' approval at each Annual General Meeting for the payment of Directors' fees in arrears, that is, for the previous financial year just ended. As our Annual General Meetings are normally held in the fourth month after the previous financial year end, a Non-executive Director will only receive payment for services rendered during the previous financial year some 16 months after the start of the previous financial year.

In order to ensure that the Company is able to attract and retain the right calibre of Directors necessary to contribute effectively to the Board, the Company recognises that in addition to the right level of remuneration, timely payment to Directors is also needed.

Approval is now being sought for the payment of Directors' fees for the current financial year, so that our Non-executive Directors can be paid on a continuing "as-earned" basis, rather than in arrears after the financial year ends. If shareholders' approval is obtained for this proposal, it is our intention that payment of Directors' fees to the Non-executive Directors be pro-rated or apportioned accordingly and made on or after the last day of each quarter in FY 2013 in respect of the period then ended. If, for unforeseen reasons, payments are required to be made to Directors in excess of the amount proposed in item 4, the Company will revert to shareholders for approval at the subsequent Annual General Meeting before any such payments are made.

The actual amount paid in respect of FY 2013 to Non-executive Directors as Directors' fees will be disclosed in the Notice of next year's Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

TAI SIN ELECTRIC LIMITED (Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

- (3) Mr. Richard Wee Liang Huat @ Richard Wee Liang Chiat, is considered to be an independent director by the Board of Directors, and if re-elected under item 5 above, will remain as an Audit Committee Member.
- (4) Prof. Lee Chang Leng Brian is considered to be an independent director by the Board of Directors, and if re-appointed under item 6(a) above, will remain as an Audit Committee Member.
- (5) Mr. Tay Joo Soon is considered to be an independent director by the Board of Directors, and if re-appointed under item 6(b) above, will remain as the Audit Committee Chairman.
- (6) The ordinary resolution proposed in item 8 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue new shares or instruments convertible into shares in the Company subject to the limits imposed by the Resolution, for such purposes as they consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.
- (7) The ordinary resolution proposed in item 9 above, if passed, will authorise the Directors of the Company to issue shares pursuant to the Tai Sin Electric Limited Scrip Dividend Scheme principally to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

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TAI SIN ELECTRIC LIMITED

(Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy shares of Tai Sin Electric Limited, this Annual Report is forwarded to them at the request of their 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.

I/We _____ (Name)

of _____ (Address)

being a member/members of Tai Sin Electric Limited hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of shareholdings represented

and / or (delete as appropriate)

--	--	--	--

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held on October 30, 2012 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated with an "X" hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions relating to:	For	Against
1.	Adoption of Accounts and Reports		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees for year ended 30 June 2012		
4.	Approval of Directors' Fees for year ending 30 June 2013		
5.	Re-election of Mr. Richard Wee Liang Huat @ Richard Wee Liang Chiat as a Director		
6.	(a) Re-appointment of Prof. Lee Chang Leng Brian as a Director		
	(b) Re-appointment of Mr. Tay Joo Soon as a Director		
7.	Re-appointment of Auditors and fixing their remuneration		
8.	As special business - approving the Mandate for the Directors to issue new shares and/or convertible instruments		
9.	As special business - authorising the Directors to issue new shares pursuant to the Tai Sin Electric Limited Scrip Dividend Scheme		

Dated this _____ day of _____ 2012.

Total Number of Shares Held

Signature(s) of Member(s)/Common Seal

**IMPORTANT:
PLEASE READ NOTES OVERLEAF**



NOTES:

1. 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 on his behalf.
2. Where a member appoints two proxies, he shall specify the proportion of his shares to be represented by each proxy and if no proportion is specified, the first named proxy shall be deemed to represent all of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A proxy need not be a member of the Company.
4. 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), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and also in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 24 Gul Crescent, Jurong Town, Singapore 629531 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 of 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.
7. 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.
8. The Company shall be entitled to reject any instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument. 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.

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CORPORATE HEADQUARTERS

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CiPGi PTE LTD (Formerly known as CPG Laboratories Pte Ltd)

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MALAYSIA

TAI SIN ELECTRIC CABLES (MALAYSIA) SDN BHD

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Email: info@lkhamps.com
Website: www.lkhamps.com

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NEW ZEALAND

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