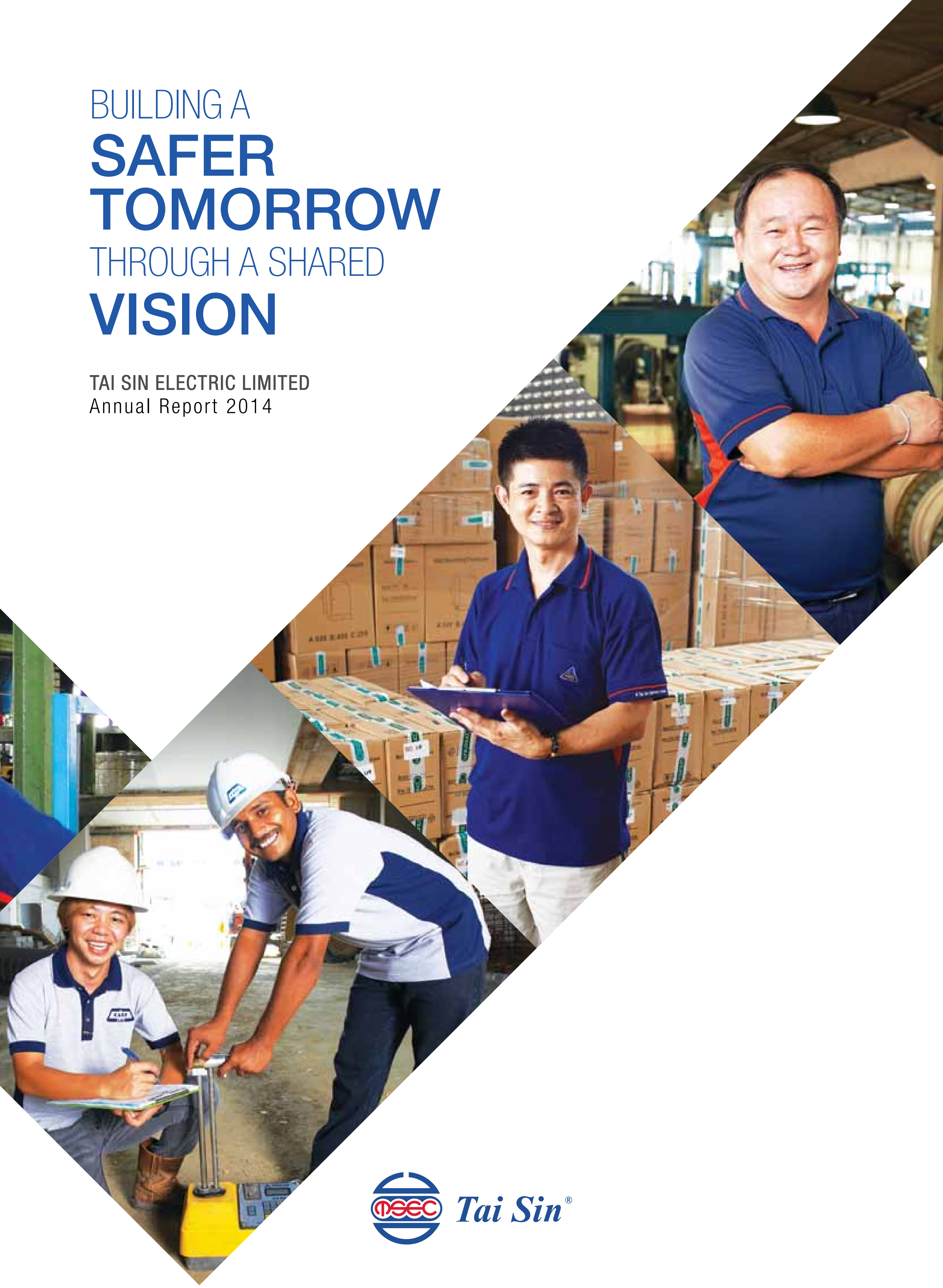
BUILDING A
SAFER TOMORROW
THROUGH A SHARED
VISION

TAI SIN ELECTRIC LIMITED
Annual Report 2014



Tai Sin®

CONTENTS

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, Tai Sin has emerged as a leading and trusted Industrial Group in Southeast Asia. Listed on the Stock Exchange of Singapore, 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 Business Divisions namely Manufacturing, Distribution, Services and Strategic Investment. These divisions are well designed to meet the specific needs of our diverse customers ranging from end-users to contractors, manufacturers, system integrators, engineers and consultants. The business mix of the divisions has allowed the Group to continue to achieve growth during difficult times.

The Group operates a highly successful network distributing electrical and control products, accessories and solutions to a wide range of local and regional industries which includes Malaysia, Vietnam, Brunei and Indonesia.

BUILDING A SAFER TOMORROW
THROUGH A SHARED VISION

A sustainable, safer tomorrow is well within reach. And for Tai Sin, it is already ripe for the taking.

Harnessing all strength from its core, Tai Sin imbibes integrity through its high regard for loyalty through the upholding of corporate honesty and its ultimate expression, the practice of good business ethics.

Putting product quality and service excellence in precedence, Tai Sin exudes reliability seen through the consistent fulfillment of our corporate duties.

Tai Sin defines unity by embracement of teamwork through customer partnership. Our partnership is marked by mutual respect; we make good at communicating and acquiring knowledge from our patrons. This had allowed achievement to be experienced, not only by us, but also by our customers whom we aim to efficiently serve.

Guided by these core principles, Tai Sin caters to three key venues: our business as defined by profitability and cost saving, the environment that imbues in Tai Sin a consciousness that takes into consideration of the environmental impact of our proposed solutions and, of course, the society that we exist for.

All these configure to build a stronghold of sustainability that allows Tai Sin to achieve a more efficient and safer tomorrow.

OUR RENEWED GROUP CORPORATE VISION

OUR MISSION

We Are Committed In Contributing To A Safer Tomorrow Through Our Products And Services. We Believe In Sustainable Development For Our Business And People, While Protecting The Environment And Contributing To Society

OUR VISION

To Be A Leading Industrial Group That Contributes To A Safer Tomorrow

OUR CORE VALUES

INTEGRITY

We Treasure Loyalty, Uphold Honesty, And Practise Good Business Ethics

RELIABILITY

We Uphold Service Excellence, Take Pride In Our Product Quality And Ensure Commitments Are Duly Fulfilled

UNITY

We Embrace Teamwork, Harmony And Mutual Respect With Our Customers, Suppliers, And Employees

BUSINESS DIVISIONS

MANUFACTURING DIVISION

Cable & Wire (C&W) Segment

- Tai Sin Electric Limited
- Tai Sin Electric Cables (Malaysia) Sdn Bhd
- Tai Sin Electric Cables (VN) Co Ltd

Switchboard (SB) Segment

- PKS Sdn Bhd

DISTRIBUTION DIVISION

Electrical Material Distribution (EMD) Segment

- Lim Kim Hai Electric Co (S) Pte Ltd
- Precicon D&C Pte Ltd
- LKH Power Distribution Pte Ltd
- Lim Kim Hai Electric (VN) Co Ltd

SERVICES DIVISION

Test & Inspection (T&I) Segment

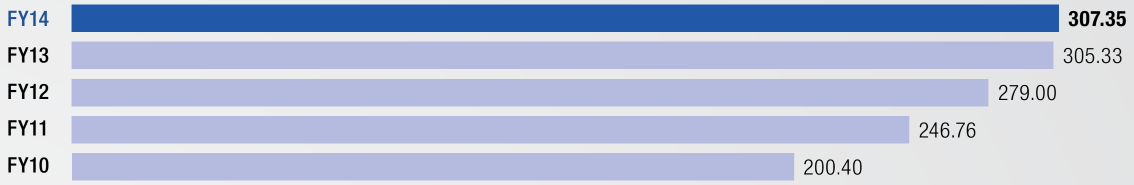
- CAST Laboratories Pte Ltd
- CiPGi Pte Ltd
- CASTconsult Sdn Bhd
- PT CAST Laboratories Indonesia

STRATEGIC INVESTMENT DIVISION

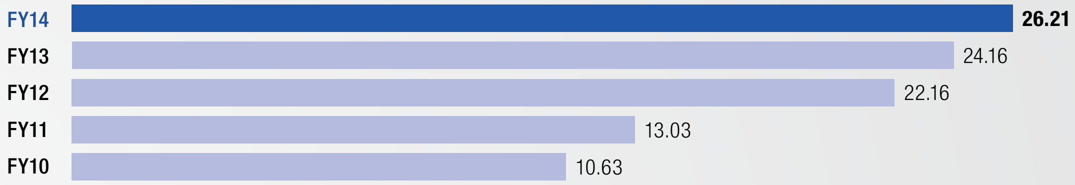
- Nylect International Pte Ltd
- Tai Sin Electric International Pte Ltd
- Tai Sin (Vietnam) Pte Ltd
- LKH Electric (M) Sdn Bhd

FINANCIAL HIGHLIGHTS

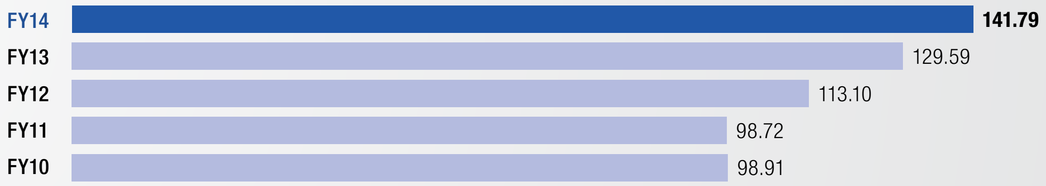
TURNOVER
(S$'m)



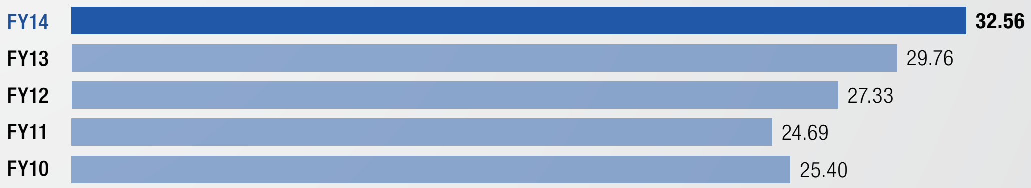
PROFIT BEFORE INCOME TAX
(S$'m)



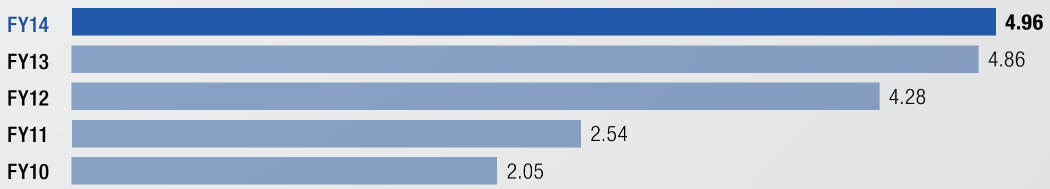
SHAREHOLDER'S FUNDS
(S$'m)



NET ASSET VALUE PER SHARE
(cents)



EPS
(cents)



CABLE & WIRE SEGMENT

MISSION

We are committed to a safer environment through being a responsible and dependable cable producer.

VISION

To be a leading quality cable producer in Southeast Asia.

CORE VALUES

INTEGRITY

We treasure loyalty, uphold honesty, and practise good business ethics.

RELIABILITY

We uphold service excellence, take pride in our product quality and ensure commitments are duly fulfilled.

UNITY

We embrace teamwork, harmony and mutual respect with our customers, suppliers, and employees.

The Cable & Wire (C&W) Segment comprises three companies, namely Tai Sin Electric Limited, Tai Sin Electric Cables (Malaysia) Sdn Bhd and Tai Sin Electric Cables (VN) Co Ltd. This segment is primarily involved in the design, development, manufacture and trading of cables and wires. With staff strength of 270 and a total gross floor area of 23,210 square metres across Singapore, Malaysia and Vietnam, this segment has the capability to manufacture 1,600 metric tonnes of copper monthly.

This segment stocks a wide range of Power, Control, Instrumentation and Fire Resistant & Flame Retardant Cables for use in all areas of electrical and instrumentation installation for commercial, residential, industrial and infrastructure projects.

SEGMENT INFORMATION

Total staff strength:	270
Total gross floor area:	23,210 square metres
Total production capacity (max):	1,600 metric tonnes of copper monthly

SWITCHBOARD SEGMENT

MISSION

We are committed to providing a one-stop, integrated switchgear solution. With our experience, we will continue to provide customisable switchgear that are both innovative and of exceptional quality to our customers in commercial & residential buildings, infrastructure, industrial and oil & gas industries.

VISION

To be the leading manufacturer of low voltage switchgears in Brunei.

CORE VALUES

INTEGRITY
We treasure loyalty, uphold honesty, and practise good business ethics.

RELIABILITY
Strong commitment to meeting, fulfilling and surpassing the requirements of the customer.

UNITY
We believe in building a competent team that maintains a high level of service.

The Switchboard (SB) Segment is represented by PKS Sdn Bhd (PKS). It was set up in Brunei Darussalam in 1989 to engage in the design and manufacture of high quality switchgears. Since its incorporation, PKS has grown from strength to strength in line with the Brunei government's call for national industrialisation, and has over the last 20 years established a solid reputation as one of the leading players in the switchgear manufacturing arena.

PKS carries a wide range of switchgear products for use in large buildings and industrial installations. These include low voltage main and sub switchboards, distribution boards and control panels, amongst others. All the products undergo stringent quality controls to ensure a high standard of market competitiveness.

SEGMENT INFORMATION

Total staff strength:	50
Total gross floor area:	2,560 square metres

ELECTRICAL MATERIAL DISTRIBUTION SEGMENT

MISSION

We are committed to providing 'Safe And Save' electric solutions through partnership with stakeholders.

VISION

To be a leading electric solutions provider in Southeast Asia.

CORE VALUES

INTEGRITY

We uphold honesty, practise good business ethics and comply to country laws and regulations at all times.

We develop individual and team character and virtue in the workplace, create and maintain a culture of integrity.

RELIABILITY

We take ownership and initiative; to drive continuous improvement, innovation, active contribution with professionalism.

We take pride in providing good quality of work, and ensure that all our commitments are duly fulfilled.

We uphold service excellence and quality.

UNITY

We embrace teamwork and establish customer partnership.

We work as a team harmoniously with respect and cultivating strong relationship.

We believe in learning and communication to encourage new ideas and changes.

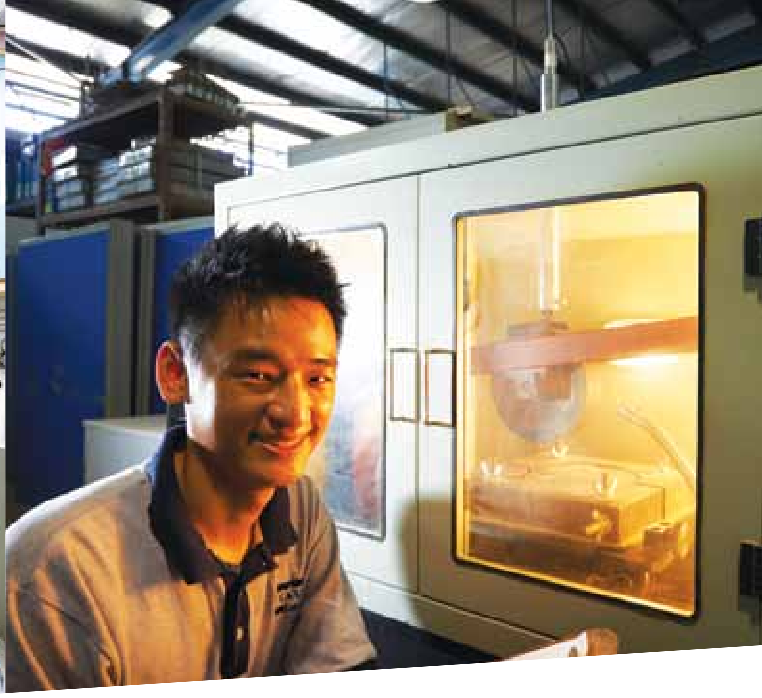
The Electrical Material Distribution (EMD) Segment comprises four companies, namely Lim Kim Hai Electric Co (S) Pte Ltd, LKH Power Distribution Pte Ltd, Precicon D&C Pte Ltd and Lim Kim Hai Electric (VN) Co Ltd.

This Segment focuses on maintenance, repair and operations (MRO) with electrical needs for various industries including the oil & gas cluster. It also specialises in industrial automation, panel, switchboard, power quality products & systems and power transmission solutions including cabling and electrical accessories, as well as lighting and energy monitoring solutions.

This Segment enjoys a long, illustrious history stretching back to 1958. Today, together with its subsidiaries and 200 staff, it has established itself as Singapore's leading distributor of electrical, control products and accessories.

SEGMENT INFORMATION

Total staff strength:	200
Total gross floor area:	8,910 square metres



TEST & INSPECTION SEGMENT

MISSION

We are committed to a safer environment through providing reliable testing and inspection services.

VISION

To be a leading testing and inspection provider in Southeast Asia.

CORE VALUES

INTEGRITY

We uphold honesty and ethical business conduct.

We ensure reliable and accurate test results by reporting factually at all times.

RELIABILITY

We take pride in providing quality work.

We are committed to service excellence and professionalism.

UNITY

We embrace collaborative partnerships within our company and with our customers.

We believe in sustainability for our business, people, the environment and society.

The Test & Inspection (T&I) Segment, which provides more than 250 accredited testing services for materials ranging from concrete to soil and asphalt premixes, is anchored primarily by CAST Laboratories Pte Ltd (CAST Lab) and its three subsidiaries, namely, in Singapore; CiPGi Pte Ltd, in Malaysia; CASTconsult Sdn Bhd and in Indonesia; PT CAST Laboratories Indonesia.

CAST Lab was established in 1981 as a small concrete testing facility. Today, CAST Lab group employs over 480 staff and has established itself as a highly trusted testing laboratory group in the region that is recognised by government bodies and industry leaders.

This segment provides independent testing, inspection and certification services that meet local and international standards. The creditability and accuracy of its reports is why many companies in Singapore, Malaysia and Indonesia rely upon its comprehensive range of services.

SEGMENT INFORMATION

Total staff strength:	480
Total gross floor area:	4,710 square metres

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report that Tai Sin Group registered commendable results for the financial year ended June 30, 2014.

This was achieved against a backdrop of continued economic uncertainty and a more competitive market.

With improved contributions from the Cable & Wire (C&W) and Test & Inspection (T&I) Segments, Group turnover increased marginally to $307.35 million as compared to the previous year's $305.33 million.

The C&W Segment continued to be the main contributor, contributing 57.03% to the Group's turnover. During the year under review, this segment registered more sales from commercial, industrial and housing projects in Singapore as well as from the exports sector. This is in comparison with the previous year when its revenue came mainly from the infrastructure sector.

The T&I Segment, which grew from the acquisition of CAST Laboratories Pte Ltd and its subsidiaries (CAST Lab Group) in 2012, also contributed significantly to overall performance. This segment turned in a profit in comparison to the previous financial year. Streamlining of jobs, reduction in labour as well as reduced losses from the ongoing LTA contracts, all contributed to the increase in profit for this segment.

Meanwhile, our Electrical Material Distribution (EMD) Segment continued to perform commendably but this segment's full year sales and profit suffered a decline. This is due to the disposal of Vynco Industries (NZ) Limited during the year.

Group profit before income tax grew 8.51% to $26.21 million for the year under review, from $24.16 million in the previous year. Net profit was $22.85 million, a rise of 8.22%. Earnings per share reached 4.96 cents, from 4.86 cents for the year before.

Financially, the Group's position continues to look healthy with a creditable balance sheet. Our cash and cash equivalents amounted to $22.23 million at the end of the financial year, compared with $23.57 million previously. Bank overdrafts and short-term bank borrowings were reduced from $36.11 million to $25.59 million.

The net asset value of the Group continued to be strong at equivalent of 32.56 cents per share, compared to 29.76 cents per share previously.

OPERATIONS REVIEW

Cable & Wire (C&W) Segment

The C&W Segment saw its revenue reach $175.28 million, an increase of 3.56% compared to the previous year.

Singapore remains as the biggest market for this Segment. Sales from the commercial & residential sector rose by 30%. This sector's business continued to do well, as the cooling measures introduced by the government affected primarily private developments. Sales from the industrial sector was up 19%, while revenue from the infrastructure sector slid 35% due to the completion of deliveries for existing contracts secured earlier.

This Segment's turnover growth is also attributable to a rise in cable and wire exports to Myanmar, Cambodia and Australia. Steady revenue year-on-year was due to delivery of consistently high quality and reliable customised products for a wide range of applications that meet stringent international safety standards for infrastructure, industrial, commercial, residential, offshore and marine projects.

This Segment has also been more innovative in its sales approach not only to realise better yield from contracts, but to provide greater customer satisfaction. This has been achieved by maximising the core production capabilities of its regional Tri-Plant Axis strategy to supply customers with products according to their needs and expectations.

Electrical Material Distribution (EMD) Segment

Sales revenue from this segment totaled $91.10 million, a decline of 5.23% from the previous financial year, as it includes only 6 months of revenue from Vynco Industries (NZ) Limited, which was fully divested on December 31, 2013. The disposal of Vynco also impacted this Segment's gross profit for the year.

Going forward, this Segment expects continued growth in financial year 2015 albeit at a slower pace as the Electronics Cluster's performance is slated to taper off.

Overall, this Segment has been re-aligning its business development strategy. Instead of supplying only components and products, it now offers packaged total solutions with value-added services to ensure higher customer satisfaction. It is also positioned to ensure it has a good spread of brands, products and services to provide clients with one-stop service convenience.

At the same time, this Segment has been sourcing for a wider range of products, accessories and systems to enable the bundling of a wider choice of solutions to clients and to establish a more sustainable business model. Included in this Segment's strategic thrust is the focus on developing green solution packages for environmentally-conscious building and facilities owners in both the public and private sectors.

Test & Inspection (T&I) Segment

For this financial year, it has achieved an increase of 5.81% in turnover to $29.39 million compared to the previous financial year. Profit before income tax exceeded $2 million within two years of our consolidation of this Segment's accounts under the Group in 2012.

This Segment's growth was driven by continued strength in Singapore's construction sector and additional contributions from the local shipyards. Besides, the pavement and site testing units achieved significantly higher sales revenue without substantial increase in direct costs. Within the region, contracts from its oil & gas customers located in Bintulu, Sarawak also contributed positively to this Segment's bottom line.

To provide for this Segment's expanding operations, CAST Lab Group in June 2014 entered into an agreement to purchase a property in Tuas Avenue 8 for $7.65 million.

In Singapore, the T&I Segment plans to widen its offering of calibration and mechanical testing services and is in the process of expanding its laboratory facilities. To grow its Malaysian business, it will add non-destructive testing (NDT) to the range of cube and material testing and soil investigation services that it already offers in the country.

Singapore will remain its key market, but it intends to continue expanding into the region. In Malaysia, it will leverage on its client connections to tap on the oil and gas maintenance market in Bintulu, Sarawak.

For the Indonesian market, T&I plans to use Batam as the springboard to introduce more services to the rest of the country, including Sumatra, Java and Kalimantan. It has also set its sights on markets in Indochina, with the view to leverage on the client relationship and synergy of other Tai Sin Group entities in those countries.

CHANGES TO GROUP OPERATING UNITS

During the year under review, there were several changes to some of the Group's operating units.

On December 31, 2013, the Group's wholly-owned subsidiary Lim Kim Hai Electric (S) Pte Ltd disposed of its entire 77.29% interest in Vynco Industries (NZ) Limited for NZ$2.5 million.

In March 2014, CAST Lab Group disposed of its entire 45% shareholding in CAST (Thailand) Co Ltd.

In April 2014, CAST Lab Group acquired an additional 66% interest in PT CAST Laboratories Indonesia, bringing its total shareholding in the company to 95%.

By June 30, 2014, we initiated the voluntary liquidation of two inactive Malaysian companies, namely Equalight Resources Sdn Bhd and LKH Lamps Sdn Bhd, both wholly-owned subsidiaries of Tai Sin Group.

CHAIRMAN'S STATEMENT

MANAGEMENT CHANGES

On July 1, 2013, several top management changes took place at the Group and subsidiary levels.

Mr. Bobby Lim stepped down as Managing Director as part of the Group's succession planning. His duties and responsibilities were taken over by Mr. Bernard Lim, who was promoted to the position of Chief Executive Officer (CEO). Mr. Bobby Lim continues to serve in the capacity of Executive Director to facilitate the transition.

At the subsidiary level, Mr. Ong Wee Heng, Executive Director and General Manager of Lim Kim Hai Electric Co (S) Pte Ltd was promoted to CEO, taking over from Mr. Chia Ah Heng (whose position then was Managing Director). Mr. Chia assumed the position of Deputy Chairman from thereon to assist with the transition.

Subsequent to the financial year end, on July 1, 2014, Ms. Sharon Lim Lian Eng was promoted to Chief Information Officer (CIO). She retains her duties and responsibilities as General Manager – Operations of Lim Kim Hai Electric Co. (S) Pte Ltd. Her additional duties as CIO include contributing to the Group's business strategies and further developing its information technology needs to support business growth.

REVISITING CORE VALUES, STREAMLINING SEGMENT OPERATIONS

In line with changes to the top management, the Group is developing the next chapter of its growth strategy. As part of this process, various Business Segments have completed a six-month comprehensive review of their respective vision, mission and core values.

With the vision of becoming "A leading industrial group that contributes to a safer tomorrow", this corporate mantra commits the Group to supply products and solutions that contribute to a safer living and working environment, and to be environmentally-friendly and socially responsible for the sustainable development of its business and the community that it serves.

In addition, the Group's core values require every employee to uphold Integrity (honest and ethical practices), Reliability (professionalism, ownership, service excellence and quality) and Unity (respect, teamwork & harmony, communication and customer partnership) in their business dealings.

Every business segment in the Group has further streamlined its business operations to support this new corporate thrust. We have divested whatever business units that have become incompatible with the Group's new vision and core values.

We are also reviewing our business models with new growth-oriented engines and equipping ourselves to build synergies and leverage on each other's strengths and connections. The new models are to be replicated to help the segments venture into previously unexplored markets by offering total solution packages to clients through our numerous offices in the region.

A "Thinking As One" culture is being promoted across the entire Group to ensure sustainability. Greater emphasis has been placed on enhancing internal communication across and within divisions, streamlining processes, sharing of resources, and improving customer relations.


BOOSTING PEOPLE SKILLS, RAISING PRODUCTIVITY

In revving up the growth engines, the Group has made sure that existing management and support teams are continually updated and re-trained where necessary to further enhance their knowledge and competency in their respective work areas.

We are mindful that especially in services where monitoring and auditing are required, the teams involved have to be regularly refreshed and equipped to use state-of-the-art equipment and understand new measurement standards to carry out their work professionally.

Training needs assessment and analysis have been done across the Group to determine the requirements for every aspect of our operations in the years ahead. Where necessary, external expertise and consultancy services have been engaged to guide and implement our upgrading efforts.

With the prevailing tight labour market and high levy environment in Singapore, we have streamlined and right-sized our foreign manpower on top of the policy of retaining good local employees. This has resulted in smoother operations and some cost savings.

The Group's human capital effort is well complemented by on-going investment in process improvements and equipment and systems upgrading, which have so far efficiently utilised whatever government support schemes that are available to us, including the Productivity and Innovation Credit (PIC).

Besides adding new automated machines in the C&W Segment, new equipment have been introduced in other business segments to further improve intra-office information flow and communication, as well as more effective inventory control, higher efficiency in services to clients, better internal reporting and faster invoicing.

SUPPORTING A "CARE & SHARE" COMMUNITY

As a growing Group with about 1,000 employees, it is necessary for us to continue nurturing the corporate soul. In addition to ensuring all our personnel are well recognised and rewarded, and their well-being cared for through a workplace health programme, the management and staff have drawn up a new direction for the Group's Corporate Social Responsibility (CSR) effort.

The new Tai Sin Group CSR programme focuses on three areas, namely providing social and material support for the needy, promoting a healthy living society and protecting the environment.

A Group CSR Champion has been appointed and is supported by a CSR committee within every business segment, each headed by a chairman, with an advisor and a coordinator to galvanise the energies of its members and staff to support the Group's long-term community service activities.

CHAIRMAN'S STATEMENT

BUSINESS OUTLOOK REMAINS UNCERTAIN

While we have undertaken comprehensive planning to ensure the sustainability of our Group's business, we remain concerned about the on-off recovery in the Eurozone, uncertain growth prospects in the developed and key emerging markets, and geopolitical developments that can have an impact on our business.

Going forward, we expect the number of projects in the government's infrastructure pipeline to provide opportunities for our three business segments.

For financial year 2015, we expect revenue to remain stable as we anticipate more projects from the infrastructure sector. In spite of the cooling measures in the residential market, we believe public housing projects will continue to provide opportunities as well. We will also be more aggressive in targeting the commercial development cluster and the electronics and oil & gas clusters for new businesses.

As ASEAN governments seek to support and engender economic growth, much investment in infrastructure can be expected to take place in the years ahead, in addition to continued private sector expansion. We seek to leverage on our established regional presence to tap into the burgeoning opportunities available.

As a Group, our new business development strategy – enhancing cooperation among the various business segments to leverage on opportunities and relationships – to grow the business locally and regionally has put us on a solid expansionary platform.

Moving ahead, we will continue to build capabilities to provide comprehensive packaged solutions to various business sectors. In addition to growing organically, we will also look for M&A opportunities to expand our business portfolio.

I am satisfied with the performance of the revamped management team, which has drawn up a new strategic roadmap for the Group. I believe that it will help Tai Sin to scale greater heights for many years to come.

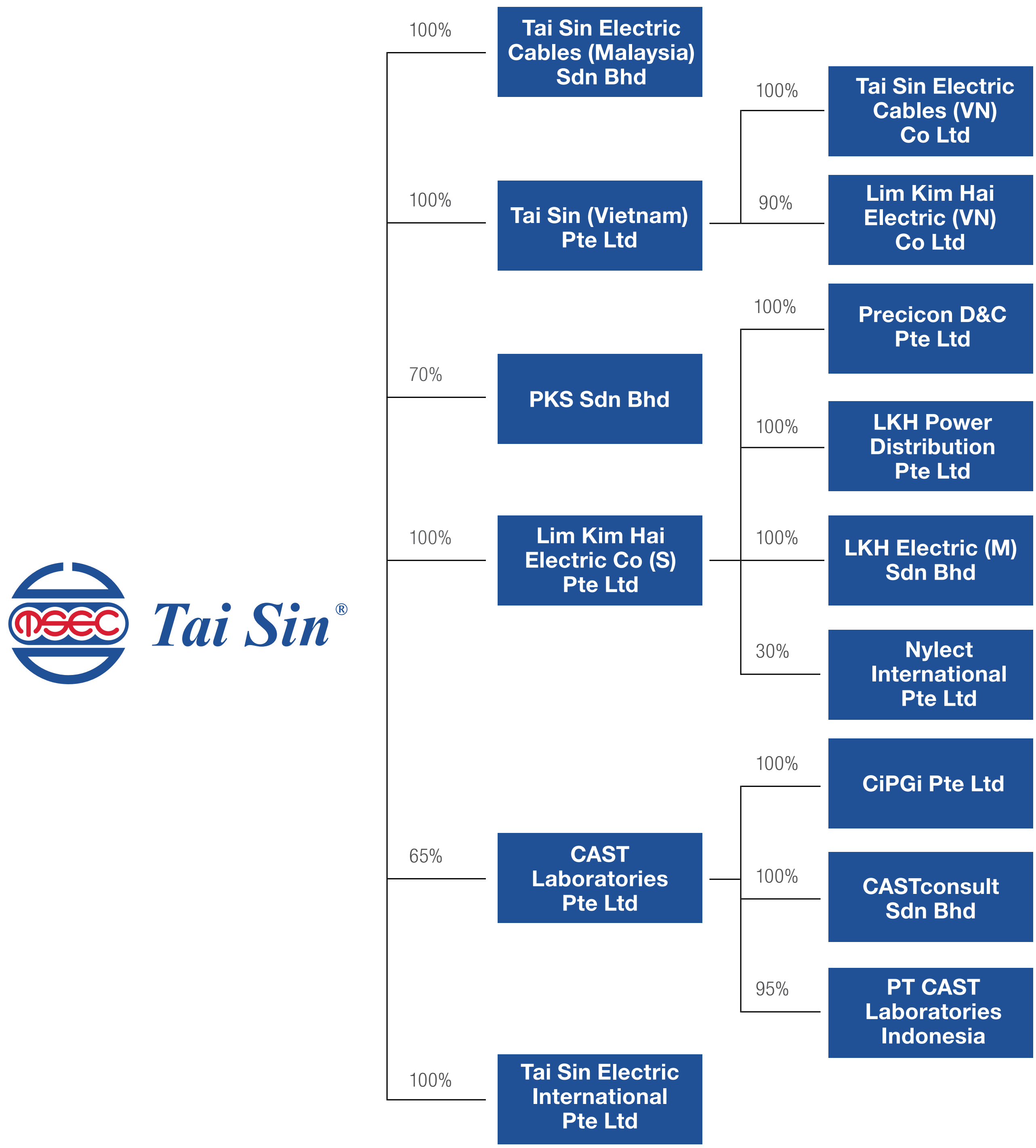
To reward our shareholders, the Board has decided to distribute a final dividend of 1.5 cents per ordinary share subject to approval at the forthcoming annual general meeting. This will bring the total payout to 2.25 cents for the financial year 2014.

On behalf of the Board, I would like to record our deep appreciation for the hard work and dedication of the management team and its staff, and the continued support of customers and business partners. We would also like to thank all our stakeholders and shareholders for their long-standing support. Your partnership has enabled the Group to grow from strength to strength and I believe with your continued support, we will scale greater heights.

Professor Lee Chang Leng Brian

Chairman

CORPORATE STRUCTURE



BOARD OF DIRECTORS

PROFESSOR LEE CHANG LENG BRIAN, JP PBM BBM

Chairman, Non-Executive and Independent Director

Date of Appointment as Director:

- August 2002 as Non-Executive and Independent Director
- November 2003 as Non-Executive Chairman

Length of Service as Director (as at 30 June 2014):

12 years

Board Committee Served on:

- Audit Committee (Member)
- Nominating Committee (Chairman)
- Remuneration Committee (Member)

Academic & Professional Qualifications:

- Bachelor of Engineering in Electrical Engineering, University of New South Wales, Australia
- Master of Engineering Science in Electrical Engineering, University of New South Wales, Australia
- Fellow of the Institution of Engineering and Technology, United Kingdom
- Fellow of Academy of Engineering Singapore
- Fellow of Institution of Engineers, Singapore
- Professional Engineer, Singapore
- Chartered Engineer, United Kingdom

Present Directorships as at 30 June 2014:

Listed companies

Nil

Others

- Former Vice President, Member of the Board of Trustees and Member of the Council of the Institution of Electrical Engineers, United Kingdom
- Founding Dean of the School of Electrical and Electronic Engineering of Nanyang Technological Institute / University

LIM BOON HOCK BERNARD

Chief Executive Officer / Executive Director

Date of Appointment as Director:

- September 1997 as Executive Director
- June 2003 as Chief Operating Officer
- July 2013 as Chief Executive Officer

Length of Service as Director (as at 30 June 2014):

17 years

Board Committee Served On:

Nil

Academic & Professional Qualifications:

- Bachelor of Arts (Social Sciences), Curtin University of Technology, Perth, Western Australia
- Master of Business Administration, University of Strathclyde, United Kingdom

Present Directorships as at 30 June 2014:

Listed companies

Nil

Others

- Vice Chairman of School Advisory Committee of Temasek Primary School

LIM CHYE HUAT @ BOBBY LIM CHYE HUAT, PBM BBM KStJ

Executive Director

Date of Appointment as Director:

- October 1997 as Managing Director
- July 2013 as Executive Director

Length of Service as Director (as at 30 June 2014):

17 years

Board Committee Served On:

- Nominating Committee (Member)

Academic & Professional Qualifications:

- Honorary Fellow of Singapore Institute of Engineering Technologies
- Fellow of the Chartered Management Institute, United Kingdom
- Board's Certificate of Proficiency In Business Management, National Productivity Board of Singapore

Present Directorships as at 30 June 2014:

Listed companies

Nil

Others

- Patron of Toa Payoh East CCC
- Management Committee of the Lighthouse School
- Managing Director of Lim Kim Hai Electric Co (S) Pte Ltd from 1972 to 1997

TAY JOO SOON

Non-Executive and Independent Director

Date of Appointment as Director

- April 2007 as Non-Executive and Independent Director

Length of Service as Director (as at 30 June 2014):

7 years

Board Committee Served On:

- Audit Committee (Chairman)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualifications:

- Fellow of the Institute of Singapore Chartered Accountants
- Fellow of the Institute of Chartered Accountants, Australia
- Member of Certified Public Accountant, Australia
- Member of Singapore Institute of Accredited Tax Professionals
- Member of the Malaysian Institute of Certified Public Accountants

Present Directorships as at 30 June 2014:

Listed companies

- Non-Executive Chairman, Shanghai Asia Holdings Limited

Others

- Practising Chartered Accountant of Tay Joo Soon & Co since 1970
- Director of Holcim (Singapore) Pte Ltd

SOON BOON SIONG

Non-Executive and Independent Director

Date of Appointment as Director:

- November 2012 as Non-Executive and Independent Director

Length of Service as Director (as at 30 June 2014):

2 years

Board Committee Served On:

- Audit Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Chairman)

Academic & Professional Qualification:

- Degree in Business Administration, University of Singapore

Present Directorships as at 30 June 2014:

Listed companies

- Non-Executive and Independent Director, Dynamic Colours Limited

Others

- Managing Director – Corporate Finance of Partners Capital (Singapore) Pte Ltd

KEY MANAGEMENT

CORPORATE

LIM BOON HOCK BERNARD
Chief Executive Officer; Tai Sin Electric Limited
Join Since: 1997

LIM CHYE HUAT @ BOBBY LIM CHYE HUAT, PBM BBM KStJ
Executive Director; Tai Sin Electric Limited
Join Since: 1997

LIN CHEN MOU
General Manager – Group Manufacturing (Cable Division); Tai Sin Electric Limited
Join Since: 1983

LIM LIAN ENG SHARON
Chief Information Officer; Tai Sin Electric Limited
General Manager – Operations; Lim Kim Hai Electric Co (S) Pte Ltd
Join Since: 2000

TAN YONG HWA, MBA CA FCCA
Senior Manager – Group Corporate Development; Tai Sin Electric Limited
Join Since: 2006

CHA POO CHUN
Senior Manager – Finance & Operations; Tai Sin Electric Limited
Join Since: 2006

MANUFACTURING
CABLE & WIRE (C&W) SEGMENT

JOHNSTON TEO
Senior Manager – Head, Sales; Tai Sin Electric Limited
Join Since: 2000

VINCENT LOW
Senior Business Manager; Tai Sin Electric Limited
Join Since: 1990

LIM TIN LEONG
Senior Business Manager; Tai Sin Electric Limited
Join Since: 1981

YAP KONG FUI
Senior Manager – Group Quality Assurance; Tai Sin Electric Limited
Join Since: 2006

LEE CHOON MUI PATRICIA
Deputy General Manager – Operations; Tai Sin Electric Cables (M) Sdn Bhd
Join Since: 1998

TEH CHOON KONG
Deputy General Director – Operations; Tai Sin Electric Cables (VN) Co Ltd
Join Since: 2003

MANUFACTURING
SWITCHBOARD (SB) SEGMENT

CHANG CHAI WOON MICHAEL
Executive Director; PKS Sdn Bhd
Join Since: 1989

NG SHU GOON TONY
General Manager; PKS Sdn Bhd
Join Since: 1989

DISTRIBUTION DIVISION
ELECTRICAL MATERIAL DISTRIBUTION (EMD) SEGMENT

LIM CHAI LAI @ LOUIS LIM CHAI LAI
Chairman; Lim Kim Hai Electric Co (S) Pte Ltd
Join Since: 1967

CHIA AH HENG
Deputy Chairman; Lim Kim Hai Electric Co (S) Pte Ltd
Join Since: 1969

ONG WEE HENG
Chief Executive Officer; Lim Kim Hai Electric Co (S) Pte Ltd
Join Since: 1979

FRANCIS PAN THIAM SING
Senior Manager – Sales & Marketing;
Lim Kim Hai Electric Co (S) Pte Ltd
Join Since: 2009

LIM HIANG LAN SHIRLEY
Senior Manager – Sales Operation;
Lim Kim Hai Electric Co (S) Pte Ltd
Join Since: 1968

VINCENT YUEN PENG WAH
Senior Business Manager – Cluster Sales and Business Development; Lim Kim Hai Electric Co (S) Pte Ltd
Join Since: 1992

DANIEL POON KWANG POO
General Manager; LKH Power Distribution Pte Ltd
Join Since: 1980

JOYCE TAN SAY CHENG
General Manager; Precicon D&C Pte Ltd
Join Since: 1987

COLIN KOH KOK LIN
Senior Business Manager; Precicon D&C Pte Ltd
Join Since: 1979

SIN TUYET MAI, MBA
General Director; Lim Kim Hai Electric (VN) Co Ltd
Deputy General Director – Sales & Marketing;
Tai Sin Electric Cables (VN) Co Ltd
Join Since: 2004

SERVICES DIVISION
TEST & INSPECTION (T&I) SEGMENT

WILLIAM TAY YEW CHYE
Executive Chairman; CAST Laboratories Pte Ltd
Join Since: 1985

LIM ENG HENG
Chief Executive Officer; CAST Laboratories Pte Ltd
Join Since: 1991

VICTOR TIAN MONG CHING, CStJ
Executive Director; CAST Laboratories Pte Ltd
Join Since: 1981

CHAI THEY JHAN, PB
General Manager; CAST Laboratories Pte Ltd
Join Since: 1978

CHENG MING CHOY
General Manager; CiPGi Pte Ltd
Join Since: 2007

MOHD NIZAM B. MOHD YUSOF
General Manager; CASTconsult Sdn Bhd
Join Since: 1989

DEWI YULIANA
General Manager; PT CAST Laboratories Indonesia
Join Since: 2009

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lee Chang Leng Brian
Non-Executive Chairman

Lim Boon Hock Bernard
Chief Executive Officer / Executive Director

Lim Chye Huat @ Bobby Lim Chye Huat
Executive Director

Tay Joo Soon
Non-Executive Director

Soon Boon Siong
Non-Executive Director

AUDIT COMMITTEE

Tay Joo Soon
Chairman

Lee Chang Leng Brian
Soon Boon Siong

NOMINATING COMMITTEE

Lee Chang Leng Brian
Chairman

Tay Joo Soon
Soon Boon Siong
Lim Chye Huat @ Bobby Lim Chye Huat

REMUNERATION COMMITTEE

Soon Boon Siong
Chairman

Lee Chang Leng Brian
Tay Joo Soon

SECRETARY

Tan Shou Chieh

COMPANY REGISTRATION NUMBER

198000057W

REGISTERED OFFICE

24 Gul Crescent, Jurong Town
Singapore 629531
Tel: 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
Public Accountants and Chartered Accountants
6 Shenton Way #32-00
OUE Downtown 2
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
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad
DBS Bank Ltd
Standard Chartered Bank
CIMB Bank Berhad

The Board of Directors (the "Board") of Tai Sin Electric Limited (the "Company") is committed in raising the standard of corporate governance and to promote greater transparency in the disclosure of material information to the public and its shareholders. The Company believes in taking a balanced approach given the size of its business. It strives to implement the best practices embodied in the 2012 Code of Corporate Governance (the "Code") where feasible and as far as practicable.

BOARD MATTERS

The Board's Conduct of its Affairs (Principle 1 of the Code)

The Board is responsible in ensuring the long-term success of the Company. The Board works with the Management to achieve this objective.

The Board oversees the business affairs and risk governance of the Company. The Company has adopted internal guidelines settling out matters that require the Board's approval. The Board approves the Company's overall strategic plans, annual budget, major investments and funding proposals. It also reviews and evaluates financial performance, compliance and accountability and corporate governance practices. The Board approves the appointment of the CEO, as well as Directors and Board Committee members. It also approves remuneration of the Board and Senior Management.

To assist in the execution of its responsibilities, the Board is supported by three Board Committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). The roles and responsibilities of these three Board Committees are outlined in their respective Terms of Reference.

The Board meets regularly on a quarterly basis. Details of the attendance of Directors at the Board meetings for the financial year ended June 30, 2014 are as follows:

	Board	Audit Committee ("AC")	Remuneration Committee ("RC")	Nominating Committee ("NC")
Number of meetings held	4	4	1	1
Name of Director	**Number 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.
Tay Joo Soon	4	4	1	1
Soon Boon Siong	4	4	1	1

Newly-appointed Directors receive a formal letter that sets out their duties and responsibilities, their expected time commitment to the Company and other relevant matters. Management Accounts, Terms of References and the book of Minutes are made available to the new Directors when required to enable them to understand the Company's business and operations and to acquaint them with key management personnel.

All Directors have appropriate previous directorship and work experience prior to their appointment as the Company's Director. Having previous experience as directors, the Company acknowledges that all the Directors are fit for their appointment and that they have the necessary knowledge and understanding to fulfill their governance role.

A budget has also been allocated to allow the Directors to attend any course which they deem necessary.

Board Composition and Guidance (Principle 2 of the Code)

The Board comprised five Directors. This current size is sufficient to facilitate effective direction-setting and decision-making needed by the Company.

In compliance with the Code's requirement that at least one-third of the Board should be made up of Independent Directors, three of the five Directors are Independent Non-Executive, namely, the Chairman, Prof. Lee Chang Leng Brian, Mr. Tay Joo Soon and Mr. Soon Boon Siong. The independence of each Director is reviewed by the NC based on their annual declaration of interests.

CORPORATE GOVERNANCE

In compliance with the Code, the Board has reviewed the independence of Prof. Lee Chang Leng Brian, who has been the Chairman of the Board for more than eleven years. The Board, on the recommendation of the NC, determined that Prof. Lee is independent notwithstanding that he has served more than nine years on the Board. Prof. Lee continues to express his independent views and challenges management at the Committee and Board meetings.

The Board members comprise of businessmen and professionals with finance, engineering, business management with industrial background and credentials. This is in compliance with the Code, which recommends that the Board should comprise Directors with diverse skills, knowledge and experience.

The profile of each Director and other relevant information is set out under “Board of Directors” Section of the Annual Report.

Chairman and Chief Executive Officer (Principle 3 of the Code)

At present, the Chairman of the Board is non-executive and is separate from the Group CEO. The Chairman leads the Board proceedings and ensures that board meetings are held when necessary. The Chairman is also responsible for ensuring the effectiveness of the Board and its governance processes, while the Group CEO is the most senior executive in the Company who is responsible for implementing the Company’s strategies and policies and monitoring the Company’s day-to-day operations. The Chairman and the Group CEO are not related.

Board Membership (Principle 4 of the Code)
Board Performance (Principle 5 of the Code)

The composition of the Board Committees as at June 30, 2014 is as follows:

Name of Director	Nominating Committee	Remuneration Committee	Audit Committee
Lee Chang Leng Brian (Chairman)*	C	M	M
Lim Chye Huat @ Bobby Lim Chye Huat	M	N.A.	N.A.
Lim Boon Hock Bernard (CEO)	N.A.	N.A.	N.A.
Tay Joo Soon*	M	M	C
Soon Boon Siong*	M	C	M

* Independent Non-Executive Director; C – Chairman; M – Member; N.A. – Not Applicable

The Nominating Committee has been established and is comprised of four Directors, of which three including the Chairman, are Independent Non-Executive Directors. The roles and responsibilities of the NC are set out in the Terms of Reference. Following are the main responsibilities of the NC:

a. Review the structure, size and composition and ensure that the Board has the appropriate qualifications and expertise as Directors;

b. Identify candidates and review nominations for the appointment of the new directors and make the recommendation to the Board on the appointment, re-appointment and retirement of the Directors;

c. Determine on an annual basis the independence of the Non-Executive Directors and review the independence of any director who has served on the Board for more than nine years from the date of his first appointment and the reasons for considering him as independent;

d. 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; and

e. Where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director’s number of listed company board representations and other principal commitments.

When an existing Director chooses to retire or is required to retire from office by rotation, or the need for a new Director arises, the NC reviews the profile, expertise and skills of the candidate and recommends to the Board the appointment, re-appointment of the Director.

The Directors (except the Group CEO) 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 Managing Director (equivalent to a Group CEO) by the Board for a fixed term not exceeding five years.

The NC conducted a collective assessment of the Board to evaluate the effectiveness and performance of each Director. The assessment parameters for the Directors' performance also include the attendance record of the Directors at Board and Committee meetings, their level of participation during meetings and the quality of contribution to Board processes, business strategies and performance of the Group.

The NC or the Board has not set a limit on the maximum directorship in a listed company that the Director can hold. The NC is satisfied that each of the Directors have demonstrated their commitment in fulfilling their duties and responsibilities as Directors of the Board.

Access to Information (Principle 6 of the Code)

The Management makes available to the Board members with the Management Accounts, including updates on the key operational activities, financial analysis as well as budget results when required. The Board is kept informed by the Management on the status of on-going activities on a regular basis through meetings. The Company Secretary attends Board meetings when required and in his absence, the Senior Manager - Group Corporate Development 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 separate and independent access to the Senior Management and the Company Secretary. Procedures are in place for Directors, either as a group or individual, if necessary, to seek independent professional advice at the expense of the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 7 of the Code)
Level and Mix of Remuneration (Principle 8 of the Code)
Disclosure on Remuneration (Principle 9 of the Code)

The Remuneration Committee has been established and is comprised of three Directors, all of whom are Independent Non-Executive Directors. The roles and responsibilities of the RC are set out in the Terms of Reference as follows:

a. Propose a framework of remuneration for Directors and Key Management Personnel, covering all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

b. To recommend specific remuneration policies and packages for directors and key management personnel;

c. To consider the recruitment of Executive Directors and determine their employment terms and remuneration and to review the terms of renewal for those Executive Directors whose current employment contracts will expire or had expired;

d. To structure an appropriate proportion of Executive Directors' remuneration so as to link rewards to corporate and individual performance;

e. To develop appropriate and meaningful measures for the purpose of assessing Executive Director's performance; and

f. To seek expert advice inside and/or outside the Company as the Committee may deem necessary to enable it to discharge its duties satisfactorily.

The main responsibility of the RC is to oversee the remuneration of the Board and the Key Management Personnel and to set appropriate and competitive remuneration framework and policies.

The annual Directors' fees paid to Non-Executive Directors are recommended by the RC and endorsed by the Board. Remuneration for Non-Executive Directors comprised a fixed Director's fee, which factors in the effort, time spent and contribution of the respective Directors. Directors' fees are subject to the approval of shareholders at the Annual General Meeting. No Director is involved in deciding his own remuneration.

There is no retirement benefit scheme or shared-based compensation scheme for Directors and Key Management Personnel.

Executive Directors are compensated as part of the Key Management Personnel and therefore does not receive any Director's fee. The remuneration for Executive Directors comprises fixed component and bonus and other variable component. The fixed component comprises of basic salary and the compulsory employer contribution to the employee's CPF; while the bonus and other variable component comprises performance bonus and profit sharing for the financial year. There is no long-term scheme for Executive Directors.

The breakdown of the Directors' remuneration for the financial year ended June 30, 2014 is as follows:

Name of Director	Remuneration ($'000)	Director's Fees	Salary & CPF	Bonus & Other Variable Performance Components	Total
Lim Boon Hock Bernard	1,092	–	34%	66%	100%
Lim Chye Huat @ Bobby Lim Chye Huat	344	–	71%	29%	100%
Lee Chang Leng Brian	55	100%	–	–	100%
Tay Joo Soon	51	100%	–	–	100%
Soon Boon Siong	50	100%	–	–	100%

Key Management Personnel remuneration comprises of fixed component, bonus and other variable component and Director's fee. The fixed component consists of basic salary and the compulsory employer contribution to the employee's CPF; while the bonus and other variable component consists of performance bonus and profit sharing for the financial year.

$1.35 million is the aggregate total remuneration paid for the top five Key Management Personnel of the group (who are not Directors) for the financial year ended June 30, 2014. The compensation paid to the each of the Key Management Personnel is as follows:

Remuneration Band	Name of Director	Director's Fees	Salary & CPF	Bonus & Other Variable Performance Components	Total
$250,000 to below $300,000	Lin Chen Mou	5%	66%	29%	100%
	William Tay Yew Chye	5%	51%	44%	100%
	Ong Wee Heng	7%	75%	18%	100%
	Chia Ah Heng	6%	76%	18%	100%
	Lim Chai Lai @ Louis Lim Chai Lai	6%	77%	17%	100%

Following are the employees who are immediate family members of Mr. Lim Boon Hock Bernard and Mr. Lim Chye Huat @ Bobby Lim Chye Huat whose remuneration exceeds S$50,000.

Remuneration Band	Employee's Name	Relationship With	
		Chief Executive Officer, Lim Boon Hock Bernard	Executive Director, Lim Chye Huat @ Bobby Lim Chye Huat
Refer to Director Remuneration	Lim Boon Hock Bernard	–	Son
	Lim Chye Huat @ Bobby Lim Chye Huat	Father	–
Refer to Key Management Remuneration	Lim Chai Lai @ Louis Lim Chai Lai	Uncle	Brother
	Chia Ah Heng	Uncle	Brother-In-Law
$200,000 to below $250,000	Lim Lian Eng	Auntie	Sister
$100,000 to below $150,000	Lim Hiang Lan	Auntie	Sister
	Lim Phek Choo, Constance	Auntie	Sister
	Lim Chye Kwee	Uncle	Brother

ACCOUNTABILITY AND AUDIT

Accountability (Principle 10 of the Code)

The Board is responsible to provide balanced and understandable assessment of the Company's performance, position and prospects. The Management provides the Board with a Management Accounts on a quarterly basis, which highlights the key business performance and major issues that are relevant to the Company's operation. To understand more the position, performance and prospects of the company, Management Accounts are made available to the Directors when required.

To comply with the Rule 705(5) of SGX Listing Manual, the Board issues a Negative Assurance statement to be incorporated as part of the Company's interim financial results and dividend announcements. Company's announcements are issued through SGXNET by the Company's Secretary.

Risk Management and Internal Audit (Principle 11 of the Code)
Internal Audit (Principle 13 of the Code)

The Board, through the Audit Committee, is responsible for the level of risk tolerance and risk policies and oversees the responsibilities, internal controls and governance processes delegated to Management.

The Board has approved the Risk Management Framework for identifying key risks within the business. The risks defined in the framework ranges from strategic, financial, operational, information technology, to compliance which may include management decision-making risks. The identification and management of risks are the responsibility of the Management who assumes ownership and day-to-day management of these risks. Management is also responsible for the effective implementation of risks management strategy, policies and processes to facilitate the achievement of the Company's objectives and plans within the risk tolerance established by the Board. Key business risks are scheduled to be identified, addressed and reviewed on an ongoing basis.

The Board is responsible to oversee the Company's Risk Management Framework and policies.

The Company outsourced its internal audit function to an external professional firm. The Internal Auditor's primary line of reporting is the AC Chairman, although they also report administratively to the Group CEO. The Internal Auditors adopt the International Standard for the Professional Practice of Internal Auditing set by the Institute of the Internal Auditors.

Internal Auditors are evaluated, on an on-going quarterly basis, based on the quality of their work during the fieldwork and on the relevance of the internal audit reports. The AC was satisfied with the work performed and re-appointed the Internal Auditors to continue to assist the AC in the review of the adequacy and effectiveness of the Company's internal control.

Internal Audit ("IA") plan is scheduled in consultation with Management and is presented to the AC for approval at the beginning of each year. IA reports are submitted and presented to the AC for deliberation and discussion during the AC Meetings. Copies of the report are extended to the relevant Senior Management for their actions on the findings and observations.

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 the existing internal controls are adequate as at June 30, 2014 to provide reasonable, but not absolute, assurance of achieving its internal control objectives and addressing material financial, operational, information technology and compliance risks. The system of internal control and risk management is designed to manage, rather than, eliminate risks, and therefore do not provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, fraud or other irregularities.

The Board has received the assurance from the CEO that they are satisfied that the financial records reflected in the financial statement give a true and fair view of the Company's operations and finances; and that the Company's current risk management and internal control are adequate.

Audit Committee (Principle 12 of the Code)

The Audit Committee has been established and is comprised of three Directors, all of whom are Independent Non-Executive Directors. All of the AC members, including the Chairman have recent and relevant accounting and finance management expertise or experience, and are therefore appropriately qualified to discharge their responsibilities.

The AC has the explicit authority to investigate any matters within its scope and has full access to and cooperation of management. It also has full discretion to invite any Director or Executive Officer to attend its meetings.

The roles and responsibilities of the AC are set out in the Terms of Reference. Following are the main responsibilities of the AC:

a. Review the annual audit plans of the internal and external auditors as well as their audit findings and recommendations;

b. 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;

c. 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;

d. Review interested person transactions; and

e. Review the independence of external auditors, their fees and recommend the nomination of the external auditors for appointment or re-appointment.

During the financial year, the following activities have been performed by the AC:

a. Reviewed the internal controls, including financial, operational, information technology and compliance controls as well as the risk management policies and systems maintained by Management to have a reasonable assurance to the integrity and reliability of the financial information;

b. Reviewed the Whistle-Blowing Policy in place, by which employees may, in confidence, raise concerns about possible improprieties and malpractices on any matter, including financial reporting. The Whistle-Blowing Policy has been disseminated to all existing and newly recruited employees through the respective Human Resource Departments of the companies within the Group as part of the fraud control awareness program;

c. Reviewed the nature of the non-audit services performed by the external auditors. For the financial year ended June 30, 2014, the aggregate fee of $307 thousand was paid to the external auditors of the Company, of which $49 thousand were for the non-audit services. The AC was satisfied that the non-audit services performed by the auditors did not compromise the external auditors' independence and objectivity;

d. Review of the quarterly and full year announcements on the results and financial position of the Company and the Group;

e. Presents to the Board the list of interested parties and related parties transactions during quarterly meetings; and

f. Make recommendations on the appoinment or re-appointment of the internal and external auditors of the Group.

The AC held four meetings during the financial year. Meetings were attended by the AC Chairman and Members, Executive Directors and the respective CEOs and Senior Managers of the businesses. The AC also met with the internal and external auditors, without the presence of Management, during the financial year.

The AC is periodically updated, by the external auditors, on the changes and/or amendments in accounting standards for AC members to keep abreast of such changes and its corresponding impact on the financial statements, if any.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights (Principle 14 of the Code)
Communication with Shareholders (Principle 15 of the Code)
Conduct of Shareholder meetings (Principle 16 of the Code)

The Company is committed to provide regular and timely communication of information to the shareholders. Announcements are issued on an immediate basis where required under the SGX-ST Listing Manual. Disclosures on material price sensitive information including quarterly and full year results are released through SGXNET. Announcements and disclosures are also available through Company's share investor portal on the corporate website at www.taisinelectric.com.

The Company strongly encourages shareholders' participation at the Annual General Meeting. All shareholders receive a copy of the Annual Report and notice of the Annual General Meeting ("AGM"). The notice is also advertised in a local newspapers and released through SGXNET. The AGM also serves as a communication platform to help shareholders better understand its businesses and to obtain their feedback on the views and concerns about the business.

Shareholders are allowed to appoint one or two proxies to attend and vote in their behalf, in accordance with the Articles of Association of the Company. During the AGM, shareholders are given the opportunity to seek clarifications concerning the group's business and affairs. The Board is in attendance to address queries and clarifications about the Company. The external auditors are also present to assist the Board in addressing any queries on audit related matters. With effect from October 2014, the Company will adopt the use of poll voting at its' AGM to promote greater transparency.

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.

INTERESTED PERSON TRANSACTIONS

The Company does not have a shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST.

During FY2014, there were no interested person transactions (excluding transactions less than $100,000) entered into by the Group.

MATERIAL CONTRACTS

During FY2014, there were no material contracts of the Company or its subsidiaries involving the interests of the Chief Executive Officer, any Director or controlling Shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

FINANCIAL CONTENTS

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, 2014.

1 DIRECTORS

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

Executive

Lim Boon Hock Bernard (Chief Executive Officer)
Lim Chye Huat @ Bobby Lim Chye Huat

Non-executive

Lee Chang Leng Brian (Chairman)
Soon Boon Siong
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, 2013	At June 30, 2014	At July 1, 2013	At June 30, 2014
Tai Sin Electric Limited	Number of shares			
Lim Chye Huat @ Bobby Lim Chye Huat	34,216,897	34,216,897	24,021,985	24,021,985
Lim Boon Hock Bernard	47,249,627	47,249,627	1,967,792	1,967,792
Tay Joo Soon	500,000	500,000	–	–

The directors' interests in the shares and options of the company at July 21, 2014 were the same as at June 30, 2014.

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, 2014 are:

Soon Boon Siong (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.

(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**
Employees				
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 Tay Joo Soon, an independent director, and includes Lee Chang Leng Brian and Soon Boon Siong, 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:

(a) the audit plans and results of the internal auditors' examination and evaluation of the group's internal accounting controls;

(b) the group's financial and operating results and accounting policies;

(c) 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;

(d) 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;

(e) the co-operation and assistance given by management to the group's external and internal auditors; and

(f) 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.

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Boon Hock Bernard

Lim Chye Huat @ Bobby Lim Chye Huat

Singapore
September 19, 2014

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 34 to 95 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, 2014, 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 Boon Hock Bernard

Lim Chye Huat @ Bobby Lim Chye Huat

Singapore
September 19, 2014

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, 2014, and the consolidated statement of profit or loss and other 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 information, as set out on pages 34 to 95.

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 a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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, 2014 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
Chartered Accountants
Singapore

September 19, 2014

STATEMENTS OF FINANCIAL POSITION

June 30, 2014

	Note	Group		Company	
		June 30, 2014 $'000	June 30, 2013 $'000	June 30, 2014 $'000	June 30, 2013 $'000
ASSETS					
Current assets					
Cash and bank balances	6	22,349	24,481	10,248	11,299
Trade receivables	7	90,844	94,645	52,450	49,317
Other receivables	8	3,627	2,551	4,900	6,044
Derivative financial instruments	22	–	1,424	–	–
Inventories	9	65,251	66,124	42,364	39,741
		182,071	189,225	109,962	106,401
Assets classified as held for sale	10	–	1,427	–	–
Total current assets		182,071	190,652	109,962	106,401
Non-current assets					
Other receivables	8	323	59	–	–
Subsidiaries	11	–	–	32,914	32,375
Associates	12	4,822	4,850	–	–
Property, plant and equipment	13	23,200	23,168	4,967	4,479
Investment properties	14	1,131	1,171	–	–
Leasehold prepayments	15	158	181	–	–
Intangible assets	16	1,658	2,174	–	–
Deferred tax assets	17	210	176	–	–
Total non-current assets		31,502	31,779	37,881	36,854
Total assets		213,573	222,431	147,843	143,255
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdrafts and short-term bank borrowings	18	25,593	36,105	12,026	15,909
Trade payables	19	24,828	31,421	12,248	15,934
Other payables	20	9,498	10,269	2,895	2,950
Current portion of finance leases	21	274	630	17	–
Current portion of long-term borrowings	23	–	198	–	–
Income tax payable		3,545	3,283	2,685	2,362
Total current liabilities		63,738	81,906	29,871	37,155
Non-current liabilities					
Other payables	20	53	47	–	–
Non-current portion of finance leases	21	144	331	–	–
Long-term borrowings	23	–	966	–	–
Deferred tax liabilities	17	1,665	1,893	222	322
Total non-current liabilities		1,862	3,237	222	322
Capital, reserves and non-controlling interests					
Share capital	24	56,288	56,288	56,288	56,288
Treasury shares	25	(950)	(950)	(950)	(950)
Reserves	26	86,453	74,255	62,412	50,440
Equity attributable to the owners of the company		141,791	129,593	117,750	105,778
Non-controlling interests		6,182	7,695	–	–
Total equity		147,973	137,288	117,750	105,778
Total liabilities and equity		213,573	222,431	147,843	143,255

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended June 30, 2014

	Note	Group 2014 $'000	Group 2013 $'000
Revenue	27	307,345	305,328
Cost of sales		(244,411)	(247,909)
Gross profit		62,934	57,419
Other operating income	28	3,074	2,958
Selling and distribution expenses		(16,667)	(16,520)
Administrative expenses		(18,590)	(19,064)
Other operating expenses		(3,957)	(313)
Finance costs	29	(846)	(1,238)
Share of profit of associates	12	266	917
Profit before income tax		26,214	24,159
Income tax expense	30	(3,365)	(3,046)
Profit for the year	31	22,849	21,113
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		459	189
Changes in share of other comprehensive income of an associate		3	26
Other comprehensive income for the year, net of tax		462	215
Total comprehensive income for the year		23,311	21,328
Profit (loss) attributable to:			
Owners of the company		21,609	21,159
Non-controlling interests		1,240	(46)
		22,849	21,113
Total comprehensive income (loss) attributable to:			
Owners of the company		21,916	21,397
Non-controlling interests		1,395	(69)
		23,311	21,328
Earnings per share			
Basic (cents)	32	4.96	4.86
Diluted (cents)	32	4.96	4.86

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended June 30, 2014

	Note	Share capital $'000	Treasury shares $'000	Reserves: Foreign currency translation reserve $'000	Reserves: Other reserve $'000	Reserves: Accumulated profits $'000	Equity attributable to shareholders of the company $'000	Non-controlling interests $'000	Total equity $'000
Group									
Balance at July 1, 2012		51,723	(950)	(1,803)	(381)	64,515	113,104	7,777	120,881
Total comprehensive income (loss) for the year									
Profit (Loss) for the year		–	–	–	–	21,159	21,159	(46)	21,113
Other comprehensive income (loss) for the year		–	–	238	–	–	238	(23)	215
Total		–	–	238	–	21,159	21,397	(69)	21,328
Transactions with owners, recognised directly in equity									
Issue of share capital	24	4,565	–	–	–	(4,565)	–	–	–
Dividend paid to non-controlling interests		–	–	–	–	–	–	(13)	(13)
Final dividend for the previous year paid	33	–	–	–	–	(1,642)	(1,642)	–	(1,642)
Interim dividend for the year paid	33	–	–	–	–	(3,266)	(3,266)	–	(3,266)
Total		4,565	–	–	–	(9,473)	(4,908)	(13)	(4,921)
Balance at June 30, 2013		56,288	(950)	(1,565)	(381)	76,201	129,593	7,695	137,288
Total comprehensive income for the year									
Profit for the year		–	–	–	–	21,609	21,609	1,240	22,849
Other comprehensive income for the year		–	–	307	–	–	307	155	462
Total		–	–	307	–	21,609	21,916	1,395	23,311
Transactions with owners, recognised directly in equity									
Exercise of personal undertakings from non-controlling interests	22	–	–	–	–	–	–	(1,370)	(1,370)
Non-controlling interests from acquisition of a subsidiary	37	–	–	–	–	–	–	37	37
Acquisition of additional interests in a subsidiary [(a)]		–	–	(6)	–	87	81	(81)	–
Disposal of a subsidiary	35	–	–	–	–	–	–	(1,194)	(1,194)
Dividend paid to non-controlling interests		–	–	–	–	–	–	(300)	(300)
Final dividend for the previous year paid	33	–	–	–	–	(6,533)	(6,533)	–	(6,533)
Interim dividend for the year paid	33	–	–	–	–	(3,266)	(3,266)	–	(3,266)
Total		–	–	(6)	–	(9,712)	(9,718)	(2,908)	(12,626)
Balance at June 30, 2014		56,288	(950)	(1,264)	(381)	88,098	141,791	6,182	147,973

Note:

(a) During the year ended June 30, 2014, the Group increased its equity interest in a subsidiary from 52.5% to 65%. 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, 2014

	Note	Share capital $'000	Reserves: Treasury shares $'000	Reserves: Accumulated profits $'000	Total equity $'000
Company					
Balance at July 1, 2012		51,723	(950)	45,355	96,128
Profit for the year, representing total comprehensive income for the year		–	–	14,558	14,558
Transactions with owners, recognised directly in equity					
Issue of share capital	24	4,565	–	(4,565)	–
Final dividend for the previous year paid	33	–	–	(1,642)	(1,642)
Interim dividend for the year paid	33	–	–	(3,266)	(3,266)
Total		4,565	–	(9,473)	(4,908)
Balance at June 30, 2013		56,288	(950)	50,440	105,778
Profit for the year, representing total comprehensive income for the year		–	–	21,771	21,771
Transactions with owners, recognised directly in equity					
Final dividend for the previous year paid	33	–	–	(6,533)	(6,533)
Interim dividend for the year paid	33	–	–	(3,266)	(3,266)
Total		–	–	(9,799)	(9,799)
Balance at June 30, 2014		56,288	(950)	62,412	117,750

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2014

	Group	
	2014 $'000	2013 $'000
Operating activities		
Profit before income tax	26,214	24,159
Adjustments for:		
Depreciation expense	3,580	3,628
Amortisation expense	282	294
Interest income	(28)	(21)
Fair value of right to exercise Personal Undertaking from non-controlling interests of a subsidiary	–	(1,370)
Interest expense	846	1,238
(Gain) Loss on disposal of property, plant and equipment	(163)	4
Property, plant and equipment written off	42	28
Intangible assets written off	140	–
Inventories written off	182	392
Allowance for (Reversal of) inventories obsolescence	33	(183)
Reversal of impairment loss of property, plant and equipment	–	(469)
Impairment loss on investment of an associate	–	22
Bad debts written off	98	134
Allowance for doubtful receivables	1,461	126
Provision for onerous contracts	191	200
Fair value adjustments on derivative financial instruments taken to profit or loss	(13)	(164)
Gain on disposal of assets held for sale	(1,244)	–
Loss on disposal of a subsidiary (Note 35)	1,367	–
Loss on deconsolidation of subsidiaries (Note 36)	254	–
Excess of fair values of net identifiable assets over consideration (Note 37)	(247)	–
Share of profit of associates	(266)	(917)
Operating cash flows before movement in working capital	32,729	27,101
Trade receivables	384	(9,841)
Other receivables	(1,620)	138
Inventories	(3,242)	(2,797)
Trade payables	(5,168)	4,840
Other payables	(21)	538
Cash generated from operations	23,062	19,979
Income tax paid	(3,219)	(3,178)
Net cash from operating activities	19,843	16,801

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2014

	Group	
	2014	2013
	$'000	$'000
Investing activities		
Acquisition of additional interests in a subsidiary	– *	–
Purchase of property, plant and equipment [(a)]	(5,608)	(3,632)
Proceeds from disposal of property, plant and equipment	253	126
Dividend received from an associate	48	65
Proceeds from disposal of assets held for sale (Note 10)	2,633	–
Proceeds from disposal of a subsidiary (Note 35)	1,546	–
Deconsolidation of subsidiaries (Note 36)	(19)	–
Acquisition of additional interests to subsidiary from associate (Note 37)	568	–
Interest received	28	21
Net cash used in investing activities	(551)	(3,420)
Financing activities		
Proceeds from short-term bank borrowings	92,741	106,282
Repayment of short-term bank borrowings	(102,123)	(105,559)
Repayment of finance lease obligations	(658)	(855)
Proceeds from long-term bank borrowings	–	400
Repayment of long-term bank borrowings	(51)	(1,123)
Capital contribution from non-controlling interests	–	13
Interest paid	(846)	(1,238)
Dividend paid	(9,799)	(4,908)
Dividend paid to non-controlling interests	(300)	(13)
Net cash used in financing activities	(21,036)	(7,001)
Net (decrease) increase in cash and cash equivalents	(1,744)	6,380
Cash and cash equivalents at beginning of year	23,569	16,897
Effects of exchange rate changes on the balance of cash held in foreign currencies	407	292
Cash and cash equivalents at end of year [(b)]	22,232	23,569

* Amount less than $1,000

Notes:

(a) Purchase of property, plant and equipment

During the financial year, the group acquired property, plant and equipment with an aggregate cost of $5,723,000 (2013 : $4,038,000) of which $115,000 (2013 : $406,000) was acquired by means of finance leases. Cash payment of $5,608,000 (2013 : $3,632,000) 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:

	2014	2013
	$'000	$'000
Cash and bank balances (Note 6)	22,349	24,481
Bank overdrafts (Note 18)	(117)	(912)
Total	22,232	23,569

See accompanying notes to financial statements.

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 11 and 12 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, 2014 were authorised for issue by the Board of Directors on September 19, 2014.

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").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On July 1, 2013, the group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. 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 year, except as disclosed below:

FRS 113 *Fair Value Measurement*

The group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 113 *Fair Value Measurement* (cont'd)

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 110, FRS 112 *Transition Guidance*
- Amendments to FRS 36 *Impairment of Assets*

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

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 retrospective application subject to transitional provisions.

Taking into account the new definition of control and the additional guidance on control set out in FRS 110, management anticipates that the application of FRS 110 will not have a material impact on the company's ownership interest in its subsidiaries.

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. Upon adoption of FRS 112, the group expects expanded disclosures relating to its interests in subsidiaries and associates.

Amendments to FRS 36 *Impairment of Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash generating unit ("CGU") to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Upon adoption of the amendments to FRS 36, the group expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

The management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements 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 profit or loss and other 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.

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 - 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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;

- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 22 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 consolidated statement of profit or loss and other 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The group as lessee (cont'd)

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.

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

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

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 a weighted-average basis. The cost of raw materials for manufacturing entities is calculated on a 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 less accumulated depreciation and any impairment losses.

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

Freehold properties	-	2.5%
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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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. The customer relationships and proprietary application software are amortised on a straight-line basis over their estimated useful lives and recorded as part of 'selling and distribution expenses' and 'cost of sales' respectively in the consolidated statement of profit or loss and other comprehensive income. Their estimated useful lives are as follows:

Customer relationships	-	9 years
Proprietary application software	-	5 years

Patents, trademarks and technical fees are amortised on a straight-line basis over their estimated useful lives of between 3 to 20 years and recorded as part of 'administrative expenses' in the consolidated statement of profit or loss and other comprehensive income.

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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Onerous contracts

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

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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.

Rendering of services

Revenue from rendering of services that are of short duration is recognised upon billings raised for performance 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 and upon acceptance by the customer.

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 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.

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 consolidated statement of profit or loss and other 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. 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.

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

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*

In the process of applying the group's accounting policies, which are described in Note 2, management is not aware of any judgements that have significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

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 collectability 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 differences between (1) 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 and (2) the committed prices and estimated cost for the services committed in respect of uncompleted contracts.

The provision for onerous contracts at the end of the reporting period is disclosed in Note 20 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 $32,914,000 (2013 : $32,375,000), which is net of an impairment loss of $Nil (2013 : $11,600,000).

The carrying amount of investments in associates at the end of the reporting period is disclosed in Note 12 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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

v) Impairment of property, plant and equipment

The group has recorded its freehold land at cost.

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

The group has assessed the recoverable value of its freehold land, freehold properties, leasehold land and leasehold buildings to equal or exceed the cost of each of the individual properties and management has concluded that there is no impairment with regard to these properties. In making its judgement, management engages professional third party valuers periodically to perform a valuation exercise on the land and buildings to ensure that the fair value reflects the current economic conditions in Singapore, Malaysia, Brunei and Vietnam and updates their estimates based on latest property prices in current year.

The group has assessed the carrying amounts of the other plant and equipment and concluded that there is no indicators of impairment.

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 $1,131,000 (2013 : $1,171,000). No impairment is deemed to be necessary by management.

vii) Impairment of customer relationships

The management of the group performs an impairment assessment of the customer relationships to determine whether there is any indication that they may be impaired as at June 30, 2014. In making this assessment, management considers the estimates and assumptions used in determining the carrying value of customer relationships including account attrition, expected lives and other factors. Significant changes in these estimates and assumptions could adversely impact the valuation of the customer relationships.

Management has assessed that the estimates and assumptions used in prior years remain appropriate and no impairment in customer relationships is required. The carrying value of customer relationships is $1,551,000 (2013 : $1,783,000) as at the end of the reporting period.

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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	114,313	120,659	67,302	66,604
Derivative financial instruments	–	1,424	–	–
Financial liabilities				
Amortised cost	59,158	77,904	27,085	34,386

(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, 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.

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) <u>Foreign exchange risk management</u>

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	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States dollar	12,257	14,681	5,384	4,661	8,564	9,847	1,085	2,020
Euro	907	2,238	13	52	826	1,208	–	–
Singapore dollar	63	314	1,530	3,046	–	–	–	–
Malaysian ringgit	–	–	1,625	–	–	–	1,625	–

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)

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 June 30, 2013 are disclosed in Note 22. There were no outstanding forward foreign exchange contracts at June 30, 2014.

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 functional currency 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 functional currency of the respective group entities appreciates (depreciates) by 10% against the relevant foreign currencies, profit before income tax will increase (decrease) by:

	United States Dollar impact		Euro impact		Singapore Dollar impact		Malaysian Ringgit impact	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Profit or loss	687	1,002	89	62	(147)	(225)	(163)	–
Company								
Profit or loss	748	783	83	121	–	–	(163)	–

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, leases and long-term borrowings of the group are disclosed in Notes 18, 21 and 23 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.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

ii) Interest rate risk management (cont'd)

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 date 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 group has no significant concentration of credit risk.

The group and company is exposed to a concentration of credit risk as trade receivables amounting to about 6% (2013 : 10%) and 10% (2013 : 19%) respectively 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.

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
By geographical areas				
Singapore	75,421	73,669	51,333	49,124
Malaysia	8,608	10,598	65	309
Brunei	3,064	3,432	193	50
New Zealand	–	2,553	–	–
Vietnam	3,769	5,046	819	115
Thailand	158	74	152	57
Japan	198	168	198	168
Indonesia	1,233	319	246	50
Others	261	110	–	–
Total gross trade receivables	92,712	95,969	53,006	49,873

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

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 statements of financial position.

	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					
2014					
Non-interest bearing	–	33,094	53	–	33,147
Finance lease liability (fixed rate)	4.71	287	156	(25)	418
Fixed interest rate instruments	2.58	26,253	–	(660)	25,593
		59,634	209	(685)	59,158
2013					
Non-interest bearing	–	39,674	–	–	39,674
Finance lease liability (fixed rate)	5.49	654	344	(37)	961
Fixed interest rate instruments	2.87	37,346	994	(1,071)	37,269
		77,674	1,338	(1,108)	77,904
Company					
2014					
Non-interest bearing	–	15,042	–	–	15,042
Finance lease liability (fixed rate)	2.60	18	–	(1)	17
Fixed interest rate instruments	1.57	12,215	–	(189)	12,026
		27,275	–	(190)	27,085
2013					
Non-interest bearing	–	18,477	–	–	18,477
Fixed interest rate instruments	1.38	16,129	–	(220)	15,909
		34,606	–	(220)	34,386

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)

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 34 is $53,405,000 (2013 : $57,166,000). The earliest period that the guarantee could be called is within 1 year (2013 : 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.

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. 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 assets in the statements of financial position.

	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					
2014					
Non-interest bearing	–	114,771	323	–	115,094
Fixed interest rate instruments	0.25	9	–	– *	9
		114,780	323	–	115,103
2013					
Non-interest bearing	–	120,590	59	–	120,649
Fixed interest rate instruments	0.25	10	–	– *	10
		120,600	59	–	120,659
Company					
2014					
Non-interest bearing	–	67,302	–	–	67,302
2013					
Non-interest bearing	–	66,604	–	–	66,604

* Amount less than $1,000

Derivative financial instruments

As at June 30, 2013, the fair value of the gross settled foreign exchange forward contracts which were on demand or within one year payable amounted to $54,000 in assets.

As at June 30, 2013, the fair value of the right to exercise Personal Undertaking from non-controlling interests of the subsidiary amounted to $1,370,000.

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.

In 2013, the fair value hierarchy of the group's derivative financial instruments relating to forward foreign exchange contracts and the right to exercise Personal Undertaking from non-controlling interests of the subsidiary was classified as Level 2 and Level 3 respectively. 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 18, 21 and 23 (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 24 to 26.

The group and company are required to maintain compliance with covenants imposed by banks and these include a minimum tangible net worth amount and a maximum gearing ratio. The group and company are in compliance with these externally imposed covenant requirements for the financial years ended June 30, 2014 and 2013.

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 2013.

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	
	2014	2013
	$'000	$'000
Sales to associates	(3,573)	(5,680)
Purchases of plant and equipment from an associate	–	16
Interest income from an associate	–	(3)
Rental income from an associate	(7)	–
Management fee from an associate	–	(15)
Companies in which key management have interests:		
Sales	(2,384)	(3,293)
Purchases	356	422
Freight and handling charges	67	644

Compensation of directors and key management personnel

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

	Group	
	2014	2013
	$'000	$'000
Short-term benefits	6,524	5,093
Post-employment benefits	263	170
	6,787	5,263

6 CASH AND BANK BALANCES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash and bank balances	22,340	24,471	10,248	11,299
Fixed deposits	9	10	–	–
	22,349	24,481	10,248	11,299

The fixed deposits bear interest ranging at 0.25% (2013 : 0.25%) 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.

7 TRADE RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Outside parties	90,233	91,833	50,161	47,047
Less: Allowance for doubtful receivables	(1,868)	(1,324)	(556)	(556)
	88,365	90,509	49,605	46,491
Related parties (Note 5)	976	1,844	193	50
Subsidiaries (Note 11)	–	–	1,221	1,365
Associates (Note 12)	1,503	2,292	1,431	1,411
	90,844	94,645	52,450	49,317

The average credit period on sales of goods is 30 to 120 days (2013 : 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.

Included in the group's trade receivables are debtors with a carrying amount of $17,793,000 (2013 : $19,662,000) which are past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. There has also not been a significant change in credit quality of the balances that are not past due.

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Not past due and not impaired	53,806	57,739	33,090	31,880
Past due but not impaired (i)	17,793	19,662	–	–
	71,599	77,401	33,090	31,880
Past due and reviewed for impairment - collectively assessed (ii)	19,801	17,798	19,916	17,991
Less: Allowance for impairment	(556)	(554)	(556)	(554)
	19,245	17,244	19,360	17,437
Impaired receivables – individually assessed (ii), (iii):				
- Past due more than 6 months and no response to repayment demands	1,312	769	–	2
Less: Allowance for impairment	(1,312)	(769)	–	(2)
	–	–	–	–
Total trade receivables, net	90,844	94,645	52,450	49,317

7 TRADE RECEIVABLES (cont'd)

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
(i) Aging of receivables that are past due but not impaired				
< 3 months	13,891	13,451	–	–
3 months to 6 months	2,038	2,883	–	–
6 months to 12 months	1,368	1,838	–	–
> 12 months	496	1,490	–	–
	17,793	19,662	–	–

(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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance at beginning of the year	1,324	1,386	556	556
Increase in allowance due to acquisition	9	–	–	–
Charge to profit or loss	1,461	126	635	–
Amounts written off during the year	(916)	(188)	(635)	–
Disposal of a subsidiary	(6)	–	–	–
Currency realignment	(4)	–	–	–
Balance at end of the year	1,868	1,324	556	556

8 OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Subsidiaries (Note 11)	–	–	4,597	5,975
Associates (Note 12)	–	95	–	–
Related parties (Note 5)	32	33	–	–
Advances to staff	148	191	4	4
Prepayments	1,624	853	296	56
Leasehold prepayments (current portion) (Note 15)	4	4	–	–
Deposits paid for purchase of property	790	–	–	–
Other deposits	415	448	3	7
Advance to suppliers	412	220	–	–
Others	525	766	–	2
Total	3,950	2,610	4,900	6,044
Less: Non-current other receivables	(323)	(59)	–	–
Current other receivables	3,627	2,551	4,900	6,044

8 OTHER RECEIVABLES (cont'd)

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

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

9 INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Raw materials	13,628	16,888	11,629	13,541
Work-in-progress	9,032	9,234	5,089	4,100
Finished goods, at cost	32,263	32,345	16,011	15,686
Goods-in-transit	10,328	7,657	9,635	6,414
	65,251	66,124	42,364	39,741

Inventories are stated net of an allowance of $235,000 (2013 : $397,000). Profit or loss included allowance of $33,000 in respect of write-down of inventory to net realisable value. In addition, $182,000 (2013 : $392,000) of inventories were written off as they were assessed to be not saleable. In 2013, there was a write back of inventories obsolescence of $183,000 as they were sold at prices above cost.

10 ASSETS CLASSIFIED AS HELD FOR SALE

The major classes of assets comprising the disposal assets classified as held for sale are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Property, plant and equipment[(a)]	–	856	–	–
Leasehold prepayment[(a)]	–	511	–	–
Investment in an associate	–	60	–	–
	–	1,427	–	–

(a) In 2013, management decided to sell its leasehold land and buildings held by Equalight Resources Sdn. Bhd. (Note 11) in Kuantan, Malaysia. Negotiations with several interested parties had taken place and the subsidiary entered into a Sales and Purchase Agreement for the sales of the property with an approximate selling price of RM6.65 million (equivalent to $2.63 million) on January 15, 2013.

The assets held for sale were disposed of during the current year and a gain amounting to RM3,214,000 (equivalent to $1,244,000) has been recognised in profit or loss.

11 SUBSIDIARIES

	Company 2014 $'000	Company 2013 $'000
Unquoted equity shares, at cost	26,244	28,202
Less: Impairment loss	–	(1,959)
	26,244	26,243
Deemed investment [a]	4,652	4,113
Advances	2,018	11,660
Less: Allowance for impairment loss	–	(9,641)
	32,914	32,375

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.

[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 2014 $'000	Company 2013 $'000
Balance at beginning of the year	11,600	11,600
Amounts written off during the year	(9,458)	–
Amounts written back during the year	(2,142)	–
Balance at end of the year	–	11,600

Impairment loss is recognised for 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.

Details of the subsidiaries are as follows:

Name of company	Principal activities/ Country of incorporation and operation	Effective equity interest held by the group 2014 %	Effective equity interest held by the group 2013 %
Tai Sin Electric Cables (Malaysia) Sdn. Bhd. [b]	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.	Ceased operations and placed under liquidation. Previously investment holding/ Malaysia	–	100

11 SUBSIDIARIES (cont'd)

Name of company	Principal activities/ Country of incorporation and operation	Effective equity interest held by the group 2014 %	2013 %
LKH Lamps Sdn. Bhd. (subsidiary of Equalight Resources Sdn. Bhd.)	Ceased operations and placed under liquidation. Previously manufacture and sale of lights and lighting components/ Malaysia	–	100
LKH Electric (M) Sdn. Bhd. (formerly known as LKH Lightings Sdn. Bhd.) (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(e) (i)]	Ceased operations. Previously trading of lights and lighting components/ Malaysia	100	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) [(c)]	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) [(c)]	Trading of electrical products/ Vietnam	90	90
Tai Sin Electric International Pte Ltd [(a)]	Dormant/ Singapore	100	100
Lim Kim Hai Electric Co (S) Pte Ltd [(a)]	Distributor of electrical products and investment holding/ Singapore	100	100
Precicon D&C Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(a)]	Distributor of electrical products/ Singapore	100	100
LKH Power Distribution Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(a)]	Distributor of electrical products/ Singapore	100	100
Vynco Industries (NZ) Limited (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(f)]	Distributor of electrical products and investment holding/ New Zealand	–	77.3
V.L. Holdings Limited (subsidiary of Vynco Industries (NZ) Limited) [(f)]	Property investment company/ New Zealand	–	77.3
CAST Laboratories Pte Ltd [(a)]	Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding/ Singapore	65	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	65	52.5

11 SUBSIDIARIES (cont'd)

Name of company	Principal activities/ Country of incorporation and operation	Effective equity interest held by the group	
		2014	2013
		%	%
CASTconsult Sdn Bhd (subsidiary of CAST Laboratories Pte Ltd) [(b)]	General construction and technical engineering/ Malaysia	65	52.5
CASTlab International Pte Ltd (subsidiary of CAST Laboratories Pte Ltd) [(h)]	Previously investment holding and management services to related companies/ Singapore	–	52.5
United Geotechnics Pte Ltd (subsidiary of CAST Laboratories Pte Ltd) [(h)]	Previously laboratories testing, experiments and researches on all kinds of substance and materials, and the provisions of quality consultancy services/ Singapore	–	52.5
PT CAST Laboratories Indonesia (subsidiary of CAST Laboratories Pte Ltd) [(d) (g)]	Provision of oil and gas, non-construction, testing and analysis services/ Indonesia	61.75	–

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

(b) Audited by member firms of Deloitte Touche Tohmatsu Limited.

(c) Audited by DTL Auditing Company, a member firm of RSM International.

(d) Audited by Idris & Sudiharto, a member firm of Ecovis International.

(e) Audited by McMillan Woods Thomas, a member firm of McMillan Woods Global Limited.

(f) During the year ended June 30, 2014, the interests in the subsidiaries were disposed. Please refer to Note 35 for further details.

(g) On April 2, 2014, the company's subsidiary, CAST Laboratories Pte Ltd acquired an additional 66% equity interest in its 29% owned associate, PT CAST Laboratories Indonesia. Upon the acquisition, PT CAST Laboratories Indonesia became a subsidiary of the group.

(h) The subsidiaries were struck off the Register of Companies during the year.

(i) During the year ended June 30, 2014, the interest in LKH Electric (M) Sdn. Bhd. was transferred from LKH Lamps Sdn. Bhd. to Lim Kim Hai Electric Co (S) Pte Ltd.

12 ASSOCIATES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	1,800	1,906	–	–
Share of post-acquisition results and reserves, net of dividends received	3,022	2,944	–	–
	4,822	4,850	–	–

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	
		2014	2013	2014	2013
		%	%	%	%
Held by Lim Kim Hai Electric Co (S) Pte Ltd					
Nylect International Pte. Ltd. [(a)]	Investment holding/ Singapore	30	30	30	30
Held by Nylect International Pte. Ltd.					
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
Nylect Technology Ltd Vietnam [(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
Nylect Technology (Myanmar) Ltd [(d)]	Mechanical and electrical design and installation/ Myanmar	70	–	70	–
Held by Nylect Engineering Pte Ltd					
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	62.5	62.5	62.5	62.5
PT Nylect Engineering [(b)]	Mechanical and electrical design and installation/ Indonesia	30	30	30	30

12 ASSOCIATES (cont'd)

Name of associates	Principal activities/ Country of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
		2014	2013	2014	2013
		%	%	%	%
Held by Nylect Technology Ltd Vietnam					
Nylect Technology (Myanmar) Ltd [(d)]	Mechanical and electrical design and installation/ Myanmar	30	–	30	–
Held by Shanghai Nylect Engineering Co., Ltd					
Shanghai En Yi Lighting Equipment Co., Ltd [(b)]	Supply of lighting equipment/ People's Republic of China	100	100	100	100
Held by CAST Laboratories Pte Ltd					
PT CAST Laboratories Indonesia [(e)]	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.

(c) During the year ended June 30, 2014, the interest in the associate was disposed.

(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.

(e) On April 2, 2014, the company's subsidiary, CAST Laboratories Pte Ltd acquired an additional 66% equity interest in its 29% owned associate, PT CAST Laboratories Indonesia. Upon the acquisition, PT CAST Laboratories Indonesia became a subsidiary of the group.

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

	2014 $'000	2013 $'000
Total assets	39,223	32,371
Total liabilities	(23,149)	(15,976)
Net assets	16,074	16,395
Group's share of associates' net assets	4,822	4,850
Revenue	43,888	62,266
Profit for the year	688	2,992
Group's share of profit for the year	266	917

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, 2014.

13 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
Group							
Cost:							
At July 1, 2012	2,362	1,013	20,295	6,251	24,137	2,700	56,758
Currency realignment	(24)	(1)	19	(48)	–	(5)	(59)
Additions	–	138	3	1,396	2,134	367	4,038
Disposals	–	–	–	(126)	(299)	(343)	(768)
Write-offs	–	–	–	(210)	(833)	(40)	(1,083)
Assets reclassified as held for sale (Note 10)	–	–	(1,157)	(131)	(196)	–	(1,484)
At June 30, 2013	2,338	1,150	19,160	7,132	24,943	2,679	57,402
Currency realignment	39	(24)	(20)	104	(115)	5	(11)
Additions	1,257	626	161	823	2,052	804	5,723
Disposals	–	–	–	(43)	(165)	(558)	(766)
Write-offs	–	–	–	(55)	(71)	(1)	(127)
Acquisition of a subsidiary (Note 37)	–	–	–	30	320	11	361
Disposal of a subsidiary (Note 35)	(1,177)	–	–	(2,389)	–	(295)	(3,861)
Reclassifications from intangible assets (Note 16)	–	–	–	94	–	–	94
At June 30, 2014	2,457	1,752	19,301	5,696	26,964	2,645	58,815
Accumulated depreciation:							
At July 1, 2012	–	262	11,237	3,796	16,573	1,118	32,986
Currency realignment	–	–	1	(23)	5	(2)	(19)
Depreciation	–	31	560	1,099	1,421	477	3,588
Disposals	–	–	–	(98)	(254)	(286)	(638)
Write-offs	–	–	–	(201)	(814)	(40)	(1,055)
Assets reclassified as held for sale (Note 10)	–	–	(302)	(130)	(196)	–	(628)
At June 30, 2013	–	293	11,496	4,443	16,735	1,267	34,234
Currency realignment	–	(7)	(2)	48	(74)	2	(33)
Depreciation	–	39	556	833	1,562	550	3,540
Disposals	–	–	–	(42)	(136)	(498)	(676)
Write-offs	–	–	–	(45)	(39)	(1)	(85)
Disposal of a subsidiary (Note 35)	–	–	–	(1,214)	–	(151)	(1,365)
At June 30, 2014	–	325	12,050	4,023	18,048	1,169	35,615
Impairment:							
At July 1, 2012	467	–	–	–	–	–	467
Currency realignment	2	–	–	–	–	–	2
Reversal	(469)	–	–	–	–	–	(469)
At June 30, 2013 and June 30, 2014	–	–	–	–	–	–	–
Carrying amount:							
At June 30, 2014	2,457	1,427	7,251	1,673	8,916	1,476	23,200
At June 30, 2013	2,338	857	7,664	2,689	8,208	1,412	23,168

13 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
Company					
Cost:					
At July 1, 2012	7,360	1,480	13,769	1,122	23,731
Additions	–	37	1,031	147	1,215
Disposals	–	–	(241)	(6)	(247)
Write-offs	–	(29)	–	–	(29)
At June 30, 2013	7,360	1,488	14,559	1,263	24,670
Additions	160	37	616	635	1,448
Disposals	–	–	(59)	(372)	(431)
Write-offs	–	(15)	–	–	(15)
At June 30, 2014	7,520	1,510	15,116	1,526	25,672
Accumulated depreciation:					
At July 1, 2012	6,484	1,370	11,153	640	19,647
Depreciation	178	46	430	130	784
Disposals	–	–	(208)	(3)	(211)
Write-offs	–	(29)	–	–	(29)
At June 30, 2013	6,662	1,387	11,375	767	20,191
Depreciation	186	47	504	223	960
Disposals	–	–	(59)	(372)	(431)
Write-offs	–	(15)	–	–	(15)
At June 30, 2014	6,848	1,419	11,820	618	20,705
Carrying amount:					
At June 30, 2014	672	91	3,296	908	4,967
At June 30, 2013	698	101	3,184	496	4,479

13 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 & 37444 Off Jalan Perindustrian Senai 3 Kawasan Perindustrian Senai Fasa 2 81400 Senai, Johor Bahru Johor Darul Takzim Malaysia	Freehold	Factory building
Lot B Kawasan Perindustrian Beribi 1 Jalan Gadong BE1118 Bandar Seri Begawan Negara Brunei Darussalam	Leasehold (20 years from July 1, 2012)	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
27 Defu Lane Singapore 539380	Leasehold (40 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

The carrying amount of motor vehicles, plant and machinery under finance leases for the group as at June 30, 2014 is $1,366,000 (2013 : $1,477,000).

The carrying amount of assets pledged to the bank (Note 23) as at June 30, 2013 was $1.12 million.

14 INVESTMENT PROPERTIES

	Group
	$'000
Cost:	
At July 1, 2012, June 30, 2013 and June 30, 2014	1,559
Accumulated depreciation:	
At July 1, 2012	348
Depreciation for the year	40
At June 30, 2013	388
Depreciation for the year	40
At June 30, 2014	428
Carrying amount:	
At June 30, 2014	1,131
At June 30, 2013	1,171

The group's investment properties comprise of the following:

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

The fair value of the investment property ("Property A") as at July 1, 2013 amounted to $3,500,000 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. In estimating the fair value of the property, the highest and best use of the property is their current use. There has been no change to the valuation technique during the year.

No fair value assessment was done on Property B as the carrying value is immaterial to the consolidated financial statements.

The property rental income from the group's investment properties which are leased out under operating lease amounted to $81,000 (2013 : $59,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $13,000 (2013 : $20,000).

The group classifies its investment property using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at the end of the reporting period, the fair value measurements of the group's investment property is classified within Level 3 of the fair value hierarchy. There were no transfers between the respective levels during the year.

14 INVESTMENT PROPERTIES (cont'd)

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value as at June 30, 2014 $'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range	Relationship of unobservable inputs to fair value
Investment Property A	3,500	Level 3	Direct comparison method.	Price per square metre.	Range from $5,546 to $6,778 per square metre.	The higher the transacted price of comparable unit, the higher the fair value.

15 LEASEHOLD PREPAYMENTS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Leasehold prepayments	162	696	–	–
Less : Assets reclassified as held for sale (Note 10)	–	(511)	–	–
Less: Current portion included as prepayment (Note 8)	(4)	(4)	–	–
	158	181	–	–

Leasehold prepayments comprise prepaid land rentals for use of land in Vietnam (2013 : Vietnam). These are charged to profit or loss on a straight-line basis over the term of the relevant lease of approximately 50 years (2013 : 50 years).

16 INTANGIBLE ASSETS

	Customer relationships $'000	Proprietary application software $'000	Internally developed software $'000	Patents, trademarks and technical fees $'000	Total $'000
Group					
Cost:					
At July 1, 2012	2,114	219	234	179	2,746
Currency realignment	–	–	–	(1)	(1)
At June 30, 2013	2,114	219	234	178	2,745
Currency realignment	–	–	–	1	1
Disposal of a subsidiary	–	–	–	(72)	(72)
Write-offs	–	–	(140)	(107)	(247)
Reclassifications to property, plant and equipment (Note 13)	–	–	(94)	–	(94)
At June 30, 2014	2,114	219	–	–	2,333
Accumulated amortisation:					
At July 1, 2012	98	25	–	155	278
Currency realignment	–	–	–	(1)	(1)
Amortisation for the year	233	44	–	17	294
At June 30, 2013	331	69	–	171	571
Currency realignment	–	–	–	1	1
Amortisation for the year	232	43	–	7	282
Disposal of a subsidiary	–	–	–	(72)	(72)
Write-offs	–	–	–	(107)	(107)
At June 30, 2014	563	112	–	–	675
Carrying amount:					
At June 30, 2014	1,551	107	–	–	1,658
At June 30, 2013	1,783	150	234	7	2,174

17 DEFERRED TAX ASSETS (LIABILITIES)

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax assets	210	176	–	–
Deferred tax liabilities	(1,665)	(1,893)	(222)	(322)

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	Unutilised capital allowances	Tax losses	Total
	$'000	$'000	$'000	$'000
Group				
At July 1, 2012	50	31	98	179
(Charge) Credit to profit or loss	(50)	146	(99)	(3)
Currency realignment	–	(1)	1	–
At June 30, 2013	–	176	–	176
Credit (Charge) to profit or loss	7	(25)	–	(18)
Acquisition of a subsidiary (Note 37)	12	40	–	52
At June 30, 2014	19	191	–	210

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

Deferred tax liabilities

	Accelerated tax depreciation	Others	Total
	$'000	$'000	$'000
Group			
At July 1, 2012	(1,508)	(241)	(1,749)
(Charge) Credit to profit or loss	(154)	27	(127)
Currency realignment	(17)	–	(17)
At June 30, 2013	(1,679)	(214)	(1,893)
Credit to profit or loss	197	27	224
Currency realignment	4	-	4
At June 30, 2014	(1,478)	(187)	(1,665)

17 DEFERRED TAX ASSETS (LIABILITIES) (cont'd)

	Accelerated tax depreciation $'000
Company	
At July 1, 2012 and June 30, 2013	(322)
Credit to profit or loss	100
At June 30, 2014	(222)

18 BANK OVERDRAFTS AND SHORT-TERM BANK BORROWINGS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Bank loan – secured	2,137	4,365	–	–
Bank overdrafts	117	912	–	–
Trust receipts and bills payable to banks	23,339	30,828	12,026	15,909
	25,593	36,105	12,026	15,909

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

i) negative pledge over all assets of a subsidiary;

ii) corporate guarantee of RM42.70 million ($16.59 million) [2013 : RM57.70 million ($22.96 million)], US$10.0 million ($12.49 million) [2013 : US$10.0 million ($12.67 million)] and $8.0 million (2013 : $8.0 million) by the company (Note 34); and

iii) corporate guarantee of $520,000 by a subsidiary in 2013.

The bank overdrafts and short-term bank borrowings bear fixed interest rates ranging from 1.39% to 7.50% (2013 : 1.29% to 9.0%) and 1.39% to 1.88% (2013 : 1.29% to 1.52%) for the group and company respectively per annum and are due within 12 months.

19 TRADE PAYABLES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Outside parties	24,775	30,683	10,870	11,156
Related parties (Note 5)	53	738	–	–
Subsidiaries (Note 11)	–	–	1,378	4,778
	24,828	31,421	12,248	15,934

The average credit period on purchases of goods is 90 days (2013 : 90 days).

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

20 OTHER PAYABLES

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Accruals [1]	7,173	7,110	1,996	1,858
Provision for directors' fees	139	137	40	33
Provision for onerous contracts	191	200	–	–
Deposit from customers	1,041	1,551	101	407
Deposits received for sale of property	–	265	–	–
Sundry payables	1,007	1,053	348	222
Subsidiary (Note 11)	–	–	410	430
Total	9,551	10,316	2,895	2,950
Less: Non-current other payables	(53)	(47)	–	–
Current other payables	9,498	10,269	2,895	2,950

[1] Accruals mainly relate to accruals for staff costs.

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

Provision for onerous contracts

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Balance at beginning of year	200	–	–	–
Charge to profit or loss	191	200	–	–
Utilised during the year	(200)	–	–	–
Balance at end of year	191	200	–	–

Management assesses for fixed price onerous contracts for which deliveries and services are expected to be made after the year end. The provision for onerous contracts at the end of the reporting period is $191,000 (2013 : $200,000). All deliveries made and services rendered during the financial year ended June 30, 2014 which have incurred losses are charged to cost of sales in profit or loss in the financial year ended June 30, 2014.

21 OBLIGATION UNDER FINANCE LEASES

	Group: Minimum lease payments 2014 $'000	Group: Minimum lease payments 2013 $'000	Group: Present value of minimum lease payments 2014 $'000	Group: Present value of minimum lease payments 2013 $'000
Amounts payable under finance leases:				
Within one year	287	654	274	630
In the second to fifth year inclusive	156	344	144	331
	443	998	418	961
Less: Future finance charges	(25)	(37)	N/A	N/A
Present value of leases	418	961	418	961
Less: Amount due for settlement within 12 months (shown under current liabilities)			(274)	(630)
Amount due for settlement after 12 months			144	331

21 OBLIGATION UNDER FINANCE LEASES (cont'd)

	Company			
	Minimum lease payments		Present value of minimum lease payments	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Amounts payable under finance leases:				
Within one year	18	–	17	–
In the second to fifth year inclusive	–	–	–	–
	18	–	17	–
Less: Future finance charges	(1)	–	N/A	N/A
Present value of leases	17	–	17	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			(17)	–
Amount due for settlement after 12 months			–	–

The group and the company enter 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 and the company's finance lease payables at June 30, 2014 and 2013 approximate their fair value.

The rates of interest for the finance leases were 2.60% to 7.90% (2013 : 2.80% to 7.90%) and 2.60% (2013 : Nil%) for the group and the company respectively per annum.

22 DERIVATIVE FINANCIAL INSTRUMENTS

	2014		2013	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Group				
Forward foreign exchange contracts[a]	–	–	54	–
Right to exercise Personal Undertaking from non-controlling interests of a subsidiary[b]	–	–	1,370	–
	–	–	1,424	–

22 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

(a) Forward foreign exchange contracts

As at June 30, 2013, the group had outstanding currency derivatives that were used 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	
	2014	2013	2014	2013	2014	2013
	FC'000	FC'000	$'000	$'000	$'000	$'000
Group						
Buy Euro						
Less than 12 months	–	980	–	1,567	–	68
Sell Singapore dollar						
Less than 12 months	–	500	–	483	–	(14)

As at June 30, 2013, the fair value of forward foreign exchange contracts for the group and company amounted to $54,000 in assets. These amounts were determined based on observable forward exchange rates, contract forward rates and discounted at a rate that reflected the credit risk of various counterparties at the end of reporting period. Changes in the fair value of the forward foreign exchange contracts were recorded in profit or loss immediately.

(b) Fair value of right to exercise Personal Undertaking from non-controlling interests of a subsidiary

In 2013, the company owned 2,254,147 out of 4,293,613 issued and fully paid-up shares of CAST Laboratories Pte Ltd ("CAST Lab"), representing 52.5% of its issued and fully paid-up share capital.

As part of the terms of the acquisition of CAST Lab and its subsidiaries ("CAST Lab Group"), all the Vendors (save and except for Mr. Bobby Lim) agreed to jointly and severally warrant and undertake to the company ("Personal Undertaking") that the Net Tangible Assets ("NTA") of CAST Lab Group based on management accounts or the audited consolidated financial statements for the period up to financial year ending June 30, 2012 ("NTA June 2012"), whichever is available at the material time, would not decrease more than 5% of its NTA based on the audited consolidated financial statements for the period ended June 30, 2011 ("NTA June 2011").

In the event that the NTA June 2012 of the CAST Lab Group should decrease by more than 5% of its NTA June 2011, three non-controlling shareholders of CAST Lab ("Guarantors") shall transfer such additional shares in CAST Lab at the consideration of $3.00 to the company according to the formulae set out in the Investment Agreement signed on January 12, 2012. In general terms, the total dollar amount of shortfall in NTA will be compensated by an equivalent number of shares in CAST Lab (valued at NTA June 2012 per share) to be transferred to the company. The Personal Undertaking was to terminate on August 29, 2012 or any other date to be mutually agreed upon.

On August 21, 2012 by mutual agreement, the Personal Undertaking was extended to terminate on September 30, 2013 or any other date to be mutually agreed upon. The new agreed Net Tangible Assets comparative dates were June 30, 2011 versus management accounts or the audited consolidated financial statements for the period up to financial year ending June 30, 2013 ("NTA June 2013"), whichever is available at the material time. Net Tangible Assets would exclude the $3,150,000 of share capital subscribed by the company.

At June 30, 2013, the shortfall in NTA based on the management accounts amounted to $1.52 million. The company would be entitled to exercise its rights under the Personal Undertaking to be compensated for the shortfall in NTA by requiring the Guarantors to surrender and transfer an aggregate of 1,086,345 CAST Lab shares to Tai Sin. This would increase Tai Sin's shareholding to 77.8% of CAST Lab and result in the recognition of a fair value gain of $2.77 million based on an additional 25.3% interest in the net assets of the CAST Lab Group.

22 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value of right to exercise Personal Undertaking from non-controlling interests of a subsidiary (cont'd)

However, Tai Sin was considering certain options as at June 30, 2013 including a further (but final) extension for the Personal Undertaking to terminate on August 31, 2014 and/or increasing its additional interest in CAST Lab to a percentage to be negotiated up to a maximum of 25.3%. The directors of the company were of the view that as at June 30, 2013 and till the date the terms for extending the Personal Undertaking with the Guarantors was finalised and mutually agreed upon, recognition of $2.77 million would be inappropriate as it did not represent a fair indication of the potential asset arising from the Personal Undertaking and because there was at the moment, no intention to transfer all the relevant shares to the company.

The company's rationale for extending the Personal Undertakings was as follows:

(i) With a view to diversify its activities, the company acquired the CAST Lab Group which is engaged in 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.

(ii) The Guarantors are part of the key management team with significant market knowledge and management experience in the business in which the CAST Lab Group is engaged. The management of the company does not have such expertise.

(iii) The company prefers the Guarantors to hold some shares in CAST Lab so their interests are aligned with those of the company.

(iv) While the company is fully entitled to enforce its rights under the Personal Undertaking, it has chosen a flexible conciliatory approach with a view to motivate and incentivise the CAST Lab management team to significantly improve performance of CAST Lab Group.

(v) The company would also prefer to work and resolve issues with the CAST Lab management team to achieve the anticipated long term benefits realisable from the acquisition of the CAST Lab Group.

On October 1, 2013, the company agreed with the Guarantors to transfer their shares in CAST Lab to the company such that the company's interest in CAST Lab increases to 65.0%. The fair value of this additional interest of 12.5% amounted to $1.37 million and had been recognised by the group as a derivative financial instrument in 2013.

For purposes of accounting for the fair value of the Personal Undertaking as at June 30, 2013, management assessed that accounting for the additional 25.3% would not be representative as it did not intend to exercise in full and therefore did not represent the future economic benefits expected to flow to the group. Management concluded that the additional 12.5% interest of CAST Lab is more representative of the actual intent of management and the benefits expected.

23 LONG-TERM BORROWINGS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Long-term loans - secured	–	1,164	–	–
The borrowings are repayable as follows:				
On demand or within one year	–	198	–	–
Second to fifth year inclusive	–	966	–	–
	–	1,164	–	–
Less: Amount due for settlement within one year (shown under current liabilities)	–	(198)	–	–
Amount due for settlement after one year	–	966	–	–

23 LONG-TERM BORROWINGS (cont'd)

In 2013, the secured long-term loans related to the subsidiary, Vynco Industries (NZ) Limited that was disposed of during the year (Note 35) and bore interest at fixed rates ranging from 6.06% to 7.82% per annum.

The average term of borrowings entered into was 5 years and the carrying amount of the borrowings at June 30, 2013 approximated its fair value.

At June 30, 2013, the loans were secured by the following:

i) personal guarantees by shareholders of a subsidiary up to NZ$520,000 ($512,000);

ii) registered debenture over the assets of a subsidiary;

iii) corporate guarantee of NZ$475,000 ($468,000); and

iv) a legal charge over the freehold land of a subsidiary.

24 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	$'000
Issued and paid up capital:		
At July 1, 2012	416,505,432	51,723
Issue of share capital pursuant to scrip dividend (Note 33)	21,737,359	4,565
At June 30, 2013 and June 30, 2014	438,242,791	56,288

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

25 TREASURY SHARES

	Group and Company	
	Number of ordinary shares	$'000
At July 1, 2012, June 30, 2013 and June 30, 2014	2,727,000	950

26 RESERVES

Other reserves

Other reserves include share of post-acquisition reserve of an associates 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 associates 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.

27 REVENUE

	Group	
	2014	2013
	$'000	$'000
Sales of goods	277,954	277,550
Rendering of services	29,391	27,778
	307,345	305,328

28 OTHER OPERATING INCOME

	Group	
	2014	2013
	$'000	$'000
Gain on disposal of property, plant and equipment	163	–
Gain on disposal of assets held for sale	1,244	–
Interest income from deposits	28	21
Rental income	88	59
Scrap sales	677	562
Excess of fair value of net identifiable assets acquired over consideration (Note 37)	247	–
Reversal of impairment loss of property, plant and equipment	–	469
Fair value adjustment on derivative financial instruments taken to profit or loss	13	164
Fair value of right to exercise Personal Undertaking from non-controlling interests of a subsidiary	–	1,370
Government grants	371	137
Others	243	176
	3,074	2,958

29 FINANCE COSTS

	Group	
	2014	2013
	$'000	$'000
Interest expense	846	1,238

30 INCOME TAX EXPENSE

	Group 2014 $'000	Group 2013 $'000
Income tax		
Current	3,850	3,316
Overprovision in prior years	(279)	(402)
	3,571	2,914
Deferred income tax		
Current	162	84
(Over) Underprovision in prior years	(368)	48
	(206)	132
Total income tax expense	3,365	3,046

Domestic income tax is calculated at 17% (2013 : 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 2014 $'000	Group 2013 $'000
Profit before income tax	26,214	24,159
Income tax expense at domestic rate of 17% (2013 : 17%)	4,456	4,107
Non-taxable items	(177)	(159)
Deferred tax benefits not recognised	34	–
Overprovision of taxation in prior years	(647)	(354)
Tax rebates	(303)	(173)
Effect of different tax rates of subsidiaries operating in other jurisdictions	777	84
Productivity and Innovation Credit enhanced deduction	(814)	(263)
Effect of tax concessions	(67)	–
Others	106	(196)
	3,365	3,046

30 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	
	2014	2013
	$'000	$'000
Tax loss carry forwards		
Balance at beginning of year	7,795	7,772
Adjustment	1,929	789
Currency realignment	(215)	–
Deconsolidation of subsidiaries	(7,824)	–
Arising during the year	200	–
Amount utilised during the year	–	(766)
Balance at end of year	1,885	7,795
Unutilised investment allowance		
Balance at beginning of year	1,560	1,560
Deconsolidation of subsidiaries	(1,517)	–
Currency realignment	(43)	–
Balance at end of year	–	1,560
Unutilised capital allowance		
Balance at beginning of year	1,838	2,012
Adjustment	(32)	(66)
Currency realignment	(51)	–
Deconsolidation of subsidiaries	(1,755)	–
Amount utilised during the year	–	(108)
Balance at end of year	–	1,838
Total	1,885	11,193
Deferred tax benefits on above:		
Recorded	–	3
Unrecorded	320	2,796

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.

31 PROFIT FOR THE YEAR

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

	Group	
	2014	2013
	$'000	$'000
Directors' remuneration:		
of the company	1,592	1,391
of the subsidiaries	2,470	2,721
Total directors' remuneration	4,062	4,112
Directors' fee	394	249
Audit fees:		
Auditors of the company	258	285
Other auditors	37	54
Non-audit fees:		
Paid to auditors of the company	49	10
Other auditors	17	21
Cost of inventories recognised as expense	222,714	223,681
Foreign currency exchange adjustment loss (gain)	584	(21)
Fair value adjustments on derivative financial instruments	(13)	(164)
Property, plant and equipment written off	42	28
Inventories written off	182	392
Bad debts written off	98	134
Allowance for doubtful receivables	1,461	126
Amortisation of leasehold prepayments	4	9
Employee benefits expense	40,022	40,023
Cost of defined contribution plans included in employee benefits expense	2,550	2,580

32 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:

	Group	
	2014	2013
	$'000	$'000
Earnings		
Earnings for the purposes of calculation of basic and diluted earnings per share (profit for the year attributable to equity holders of the company)	21,609	21,159
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	435,515,791	435,515,791

33 DIVIDENDS

During the financial year ended June 30, 2014, the company declared and paid dividends totalling $9.799 million. Details were as follows:

(a) Final tax-exempt dividend of 1.5 cent per ordinary share in respect of the financial year ended June 30, 2013 totalling $6.533 million.

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended June 30, 2014 totalling $3.266 million.

During the financial year ended June 30, 2013, the company declared and paid dividends totalling $9.473 million. Details were as follows:

(a) Final tax-exempt dividend of 1.5 cent per ordinary share in respect of the financial year ended June 30, 2012 totalling $6.207 million. $1.642 million of the dividend was paid via cash and the remaining $4.565 million was paid via the issue of scrip dividend (Note 24).

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended June 30, 2013 totalling $3.266 million.

Subsequent to June 30, 2014, the directors of the company recommended that a final tax-exempt dividend be paid at 1.5 cent per ordinary share totalling $6.533 million for the financial year ended June 30, 2014. 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.

34 CONTINGENT LIABILITIES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Corporate guarantee in relation to credit facilities granted to subsidiaries (Notes 18 and 23)	–	–	53,405	57,166
Performance guarantees (unsecured) [i]	41	38	–	–
	41	38	53,405	57,166

[i] The performance guarantees of the group in 2014 and 2013 are covered by corporate guarantee provided by the company.

35 DISPOSAL OF A SUBSIDIARY

On December 18, 2013, the group's subsidiary, Lim Kim Hai Electric Co (S) Pte Ltd entered into an Agreement for Sale and Purchase of Shares to dispose of its entire shareholding in Vynco Industries (NZ) Limited ("Vynco"), its 77.29% owned subsidiary, comprising of 527,500 fully paid-up ordinary shares, for an aggregate sales consideration of NZ$2,500,000.

Details of the disposal are as follows:

Book values of net assets over which control was lost

	2014 $'000
Cash and cash equivalents	1,047
Trade receivables	2,475
Other receivables	150
Inventories	3,672
Property, plant and equipment	2,496
Derivative financial instruments	23
Trade payables	(2,287)
Other payables	(1,073)
Income tax payable	(115)
Long-term borrowings	(1,130)
Net assets derecognised	5,258

Loss on disposal

	2014 $'000
Consideration received	2,593
Net assets derecognised	(5,258)
Non-controlling interest derecognised	1,194
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	104
Loss on disposal of a subsidiary	(1,367)

The loss on disposal of the subsidiary is recorded as part of 'other operating expenses' in the consolidated statement of profit or loss and other comprehensive income.

Net cash inflow arising on disposal

	2014 $'000
Cash consideration received	2,593
Less: Cash and cash equivalents disposed of	(1,047)
Net cash inflow from disposal	1,546

36 DECONSOLIDATION OF SUBSIDIARIES

On June 6, 2014, the following non-active Malaysian subsidiaries of the group were placed under Members' Voluntary Liquidation:

(a) Equalight Resources Sdn. Bhd. ("Equalight"), a wholly owned-subsidiary of the company; and

(b) LKH Lamps Sdn. Bhd., a wholly owned-subsidiary of Equalight.

Management has assessed that there is no effective control over the remaining immaterial assets of these subsidiaries and have deconsolidated them.

Details of the deconsolidation are as follows:

Carrying value of net assets placed under liquidation

	2014 $'000
Cash and cash equivalents	19
Other receivables	16
Other payables	(12)
Net assets derecognised	23

Loss on deconsolidation

	2014 $'000
Net assets derecognised	23
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on deconsolidation of subsidiaries	231
Loss on deconsolidation of subsidiaries	254

The loss on deconsolidation of subsidiaries is recorded as part of 'other operating expenses' in the consolidated statement of profit or loss and other comprehensive income.

Net cash outflow arising on deconsolidation of subsidiaries

	2014 $'000
Cash and cash equivalents deconsolidated, representing net cash outflow from deconsolidation of subsidiaries	(19)

37 ACQUISITION OF SUBSIDIARY

On April 2, 2014, the group through its 65% owned subsidiary, CAST Laboratories Pte Ltd, acquired an additional 66% equity interest in its 29% owned associate, PT CAST Laboratories Indonesia ("PTCL") for a cash consideration of $241,316. PTCL will as a result of the acquisition, become a 61.75% owned subsidiary of the group. This transaction has been accounted for by the acquisition method of accounting.

PTCL is an entity incorporated in Indonesia with its principal activity being provision of oil and gas, non-construction, testing and analysis services. The group acquired the additional interest in PTCL for various reasons, the primary reason being to gain control of PTCL and support its corporate strategies to expand its services in the Indonesian market.

Assets acquired and liabilities assumed at the date of acquisition

	2014 Fair value $'000
Cash and cash equivalents	568
Trade receivables	905
Other receivables	86
Property, plant and equipment (Note 13)	361
Deferred tax assets (Note 17)	52
Trade payables	(27)
Other payables	(1,075)
Income tax payable	(130)
Net assets acquired and liabilities assumed	740

The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of $991,000 had gross contractual amounts of $1,000,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected was $9,000.

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

	2014 Fair value $'000
Consideration transferred	241
Add: Fair value of equity interest held by the group before the acquisition	215
Add: Non-controlling interests	37
Less: Fair value of identifiable net assets acquired	(740)
Excess of fair value of net identifiable assets over consideration	(247)

The non-controlling interests (5%) in PTCL 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 $37,000.

The consideration was agreed based on the net assets value at the time of advance. The fair value of net identifiable assets has increased due to profitability resulting in an excess of fair value of net identifiable assets over consideration of $247,000.

37 ACQUISITION OF SUBSIDIARY (cont'd)

Net cash inflow on acquisition of subsidiary

	2014 Fair value $'000
Total consideration	241
Total consideration paid in advance	(241)
Total consideration, satisfied by cash	–
Less: Cash and cash equivalents acquired	568
	568

Impact of acquisition on the results of the group

Included in the profit for 2014 is $14,000 attributable to the additional business generated by the PTCL. Revenue for the period amounted to $540,000.

Had the business combination during the year been effected at July 1, 2013, the revenue of the group would have been $309.02 million in 2014, and the profit for the year would have been $23.16 million.

38 COMMITMENTS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Commitment to purchase fixed quantum of copper from suppliers at market rate at date of delivery	46,451	36,082	46,451	36,082
Capital commitment for the acquisition of property, plant and equipment	7,244	–	134	–
	53,695	36,082	46,585	36,082

39 OPERATING LEASE COMMITMENTS

The group as lessee

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Minimum lease payments under operating leases recognised as an expense in the year	2,527	3,053	376	336

39 OPERATING LEASE COMMITMENTS (cont'd)

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Future minimum lease payments payable:				
Within one year	1,639	2,063	407	342
In the second to fifth year inclusive	3,339	3,223	1,622	1,357
After five years	8,956	8,456	5,284	4,650
Total	13,934	13,742	7,313	6,349

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 and equipment under operating leases. Rental income earned during the year was $88,000 (2013 : $59,000).

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

	Group	
	2014	2013
	$'000	$'000
Future minimum lease receivables:		
Within one year	81	79
In the second to fifth year inclusive	60	139
Total	141	218

40 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 & Wire;

(ii) Switchboard;

(iii) Electrical Material Distribution;

(iv) Test & Inspection; and

(v) Others

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 & wire $'000	Switch-board $'000	Electrical material distribution $'000	Test & inspection $'000	Others $'000	Elimination $'000	Total $'000
Segment revenue and results							
2014							
REVENUE							
External sales	175,283	11,558	91,103	29,391	10	–	307,345
Inter-segment sales	12,751	–	126	–	–	(12,877)	–
Total revenue	188,034	11,558	91,229	29,391	10	(12,877)	307,345
RESULT							
Segment result	20,149	896	2,817	2,133	771	–	26,766
Interest expense	(707)	–	(39)	(97)	(3)	–	(846)
Interest income	24	–	4	–	–	–	28
Share of profit of associates	–	–	99	167	–	–	266
Income tax expense							(3,365)
Non-controlling interests							(1,240)
Profit attributable to shareholders of the company							21,609

40 SEGMENT INFORMATION (cont'd)

	Cable & wire $'000	Switch-board $'000	Electrical material distribution $'000	Test & inspection $'000	Others $'000	Elimination $'000	Total $'000
Segment revenue and results							
2013							
REVENUE							
External sales	169,259	11,292	96,134	27,778	865	–	305,328
Inter-segment sales	15,451	–	9	–	14	(15,474)	–
Total revenue	184,710	11,292	96,143	27,778	879	(15,474)	305,328
RESULT							
Segment result	19,983	967	3,425	(748)	832	–	24,459
Interest expense	(937)	–	(90)	(152)	(59)	–	(1,238)
Interest income	5	1	10	5	–	–	21
Share of profit of associates	–	–	825	92	–	–	917
Income tax expense							(3,046)
Non-controlling interests							46
Profit attributable to shareholders of the company							21,159

Revenue reported above represents revenue generated from external customers. There were inter-segment sales of $12,877,000 (2013 : $15,474,000) 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.

SEGMENT ASSETS

	Cable & wire $'000	Switch-board $'000	Electrical material distribution $'000	Test & inspection $'000	Others $'000	Total $'000
Segment assets						
2014						
Segment assets	140,055	5,193	41,322	21,589	382	208,541
Interest in associates	–	–	4,822	–	–	4,822
Unallocated segment assets						210
Consolidated total assets						213,573

40 SEGMENT INFORMATION (cont'd)

SEGMENT ASSETS (cont'd)

	Cable & wire $'000	Switch-board $'000	Electrical material distribution $'000	Test & inspection $'000	Others $'000	Total $'000
Segment assets						
2013						
Segment assets	136,045	5,686	49,483	24,144	1,993	217,351
Interest in associates	–	–	4,774	76	–	4,850
Unallocated segment assets						230
Consolidated total assets						222,431

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 & wire $'000	Switch-board $'000	Electrical material distribution $'000	Test & inspection $'000	Others $'000	Total $'000
Other segment information						
2014						
Additions to non-current assets	3,960	42	633	1,088	–	5,723
Depreciation and amortisation	1,335	85	835	1,607	–	3,862
Non-cash expenses (income) other than depreciation and amortisation	991	26	1,598	946	(876)	2,685
2013						
Additions to non-current assets	1,667	45	892	1,432	2	4,038
Depreciation and amortisation	1,121	81	1,051	1,648	21	3,922
Non-cash expenses (income) other than depreciation and amortisation	(296)	2	(1,342)	532	(199)	(1,303)

40 SEGMENT INFORMATION (cont'd)

Geographical information

The group operates in six (2013 : five) principal geographical areas – Singapore, Malaysia, Brunei, Vietnam, New Zealand and Indonesia (2013 : Singapore, Malaysia, Brunei, Vietnam and New Zealand).

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
2014		
Singapore	229,189	18,914
Malaysia	28,434	5,442
Brunei	12,288	61
Vietnam	14,485	1,676
New Zealand	10,379	–
Indonesia	4,348	377
Others	8,222	–
	307,345	26,470
2013		
Singapore	224,787	19,405
Malaysia	28,135	3,259
Brunei	11,662	104
New Zealand	16,718	1,671
Vietnam	15,531	2,314
Others	8,495	–
	305,328	26,753

ANALYSIS OF SHAREHOLDINGS

As at September 15, 2014

ISSUED AND FULLY PAID-UP CAPITAL (INCLUDING TREASURY SHARES)	:	$55,338,264
ISSUED AND FULLY PAID-UP CAPITAL (EXCLUDING TREASURY SHARES)	:	$56,288,461
NUMBER OF SHARES ISSUED (EXCLUDING TREASURY SHARES)	:	435,515,791
NUMBER/PERCENTAGE OF TREASURY SHARES	:	2,727,000 (0.63%)
CLASS OF SHARES	:	ORDINARY SHARES FULLY PAID
VOTING RIGHTS	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS AS AT SEPTEMBER 15, 2014

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 999	176	5.25	76,220	0.02
1,000 - 10,000	1,360	40.56	8,434,726	1.94
10,001 - 1,000,000	1,773	52.88	104,308,819	23.95
1,000,001 and above	44	1.31	322,696,026	74.09
Total	3,353	100.00	435,515,791	100.00

TWENTY LARGEST SHAREHOLDERS AS AT SEPTEMBER 15, 2014

No.	Name of shareholders	No. of shares	%
1	LIM BOON HOCK BERNARD	46,802,402	10.75
2	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	34,216,897	7.86
3	LIM BOON CHIN BENJAMIN (LIN WENJIN BENJAMIN)	30,843,072	7.08
4	GOH SOO LUAN	24,021,985	5.52
5	LIM CHAI LAI @ LOUIS LIM CHAI LAI	16,392,909	3.76
6	LIM BOON HOH BENEDICT (LIN WENHE, BENEDICT)	14,919,642	3.43
7	LIM HIANG LAN	14,371,532	3.30
8	LIM LIAN HIONG	13,999,132	3.21
9	LIM PHEK CHOO CONSTANCE	12,267,142	2.82
10	LIM LIAN ENG	8,876,048	2.04
11	CITIBANK NOMINEES SINGAPORE PTE LTD	8,751,000	2.01
12	CHAN KUM LIN CAROLYN	8,586,733	1.97
13	CHEN SHYH YI	7,090,001	1.63
14	GERALDINE CHENG HUA YONG	6,668,468	1.53
15	CHIA AH HENG	6,161,607	1.41
16	DBS NOMINEES PTE LTD	5,410,335	1.24
17	YEN TSUNG HUA	5,122,140	1.18
18	HONG LEONG FINANCE NOMINEES PTE LTD	4,531,794	1.04
19	GERALD CHENG KAI YONG	4,452,816	1.02
20	PHILLIP SECURITIES PTE LTD	4,225,616	0.97
		277,711,271	63.77

FREE FLOAT OF EQUITY SECURITIES

On the basis in information available to the Company approximately 41.33% 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.

LIST OF SUBSTANTIAL SHAREHOLDERS AND THEIR SHAREHOLDINGS AS AT SEPTEMBER 15, 2014 BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares: Shareholdings registered in the name of Substantial Shareholders or their Nominees	No. of Shares: Shareholdings in which Substantial Shareholders are deemed to have an interest
Mr. Lim Chye Huat @ Bobby Lim Chye Huat (1)	34,216,897	24,021,985
Mdm. Goh Soo Luan (2)	24,021,985	34,216,897
Mr. Lim Boon Hock Bernard (3)	47,249,627	1,967,792
Mdm. Pang Yoke Chun (4)	1,967,792	47,249,627
Mr. Lim Boon Chin Benjamin	30,843,072	NIL
Mr. Lim Chai Lai @ Louis Lim Chai Lai (5)	16,392,909	8,586,733
Mdm. Chan Kum Lin (6)	8,586,733	16,392,909

Notes:-

(1) Mr. Lim Chye Huat @ Bobby Lim Chye Huat is deemed to have an interest in the 24,021,985 shares held by his wife, Mdm. Goh Soo Luan.

(2) Mdm. Goh Soo Luan is deemed to have an interest in the 34,216,897 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 1,967,792 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 47,249,627 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 8,586,733 shares held by his wife, Mdm. Chan Kum Lin.

(6) Mdm. Chan Kum Lin is deemed to have an interest in the 16,392,909 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 Friday, October 31, 2014 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, 2014 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, 2014.

3. To approve the payment of up to $180,000 as Directors' fees for the year ending June 30, 2015. (2014 : $156,000)

4. To re-elect Mr. Lim Chye Huat @ Bobby Lim Chye Huat the Director retiring by rotation pursuant to the Articles of Association of the Company.

5. 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."

6. 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:-

7. **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

    (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."

8. **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)."

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

BY ORDER OF THE BOARD

Tan Shou Chieh
Secretary

Singapore, October 9, 2014

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 3 above, is to facilitate payment of Directors' fees to Non-executive Directors on a continuing "as-earned" current year basis, for the financial year ending 30 June 2015 ("FY 2015").

If shareholders' approval is obtained for this proposal, payment of Directors' fees to the Non-executive Directors will be pro-rated or apportioned accordingly and made on or after the last day of each quarter in FY 2015 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 3, the Company will revert to shareholders for approval at the subsequent Annual General Meeting before any such payments are made.

(3) Prof. Lee Chang Leng Brian is considered to be an independent director by the Board of Directors, and if re-appointed under item 5(a) above, will remain as an Audit Committee Member.

(4) Mr. Tay Joo Soon is considered to be an independent director by the Board of Directors, and if re-appointed under item 5(b) above, will remain as the Audit Committee Chairman.

(5) The ordinary resolution proposed in item 7 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.

(6) The ordinary resolution proposed in item 8 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)

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.

PROXY FORM

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 31, 2014 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 ending 30 June 2015		
4.	Re-election of Mr. Lim Chye Huat @ Bobby Lim Chye Huat as a Director		
5.	(a) Re-appointment of Prof. Lee Chang Leng Brian as a Director		
	(b) Re-appointment of Mr. Tay Joo Soon as a Director		
6.	Re-appointment of Auditors and fixing their remuneration		
7.	As special business - approving the Mandate for the Directors to issue new shares and/or convertible instruments		
8.	As special business - authorising the Directors to issue new shares pursuant to the Tai Sin Electric Limited Scrip Dividend Scheme		

Dated this __________ day of ________________ 2014.

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 DIRECTORY

CORPORATE HEADQUARTERS

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