Tai Sin®

ACHIEVING TOGETHER THROUGH A SHARED VISION

TAI SIN ELECTRIC LIMITED

ANNUAL REPORT 2015

CONTENTS

ABOUT **US**

Tai Sin Electric Limited was established with foresight and determination as a cable manufacturing business in 1980. Today, after over 35 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 Segments namely Cable & Wire (C&W), Electrical Material Distribution (EMD), Switchboard (SB) and Test & Inspection (T&I). These segments 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 segments 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.

ACHIEVING TOGETHER
THROUGH A SHARED VISION

At Tai Sin, we believe that building a cohesive organisation is vital to make our vision of contributing to a safer tomorrow a reality. Our strategic focus has enabled us to achieve steady performance in a challenging operating environment.

Responding to dynamic market conditions, we have streamlined our business operations to support a clearer identity for each business segment, in hopes to attain better synergies and efficiency across all units.

This new direction reflects our desire to define our business to preserve its competitive lead and capture new opportunities. With this business structure, we envision exciting possibilities which will hopefully help us collaborate more with our partners and help advance stronger ties with them as we move to the next phase.

By focusing on our core competencies, expanding our diverse product portfolio and fostering a shared vision of the future, we are well positioned to deliver growth and achieve even greater potential – together.

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

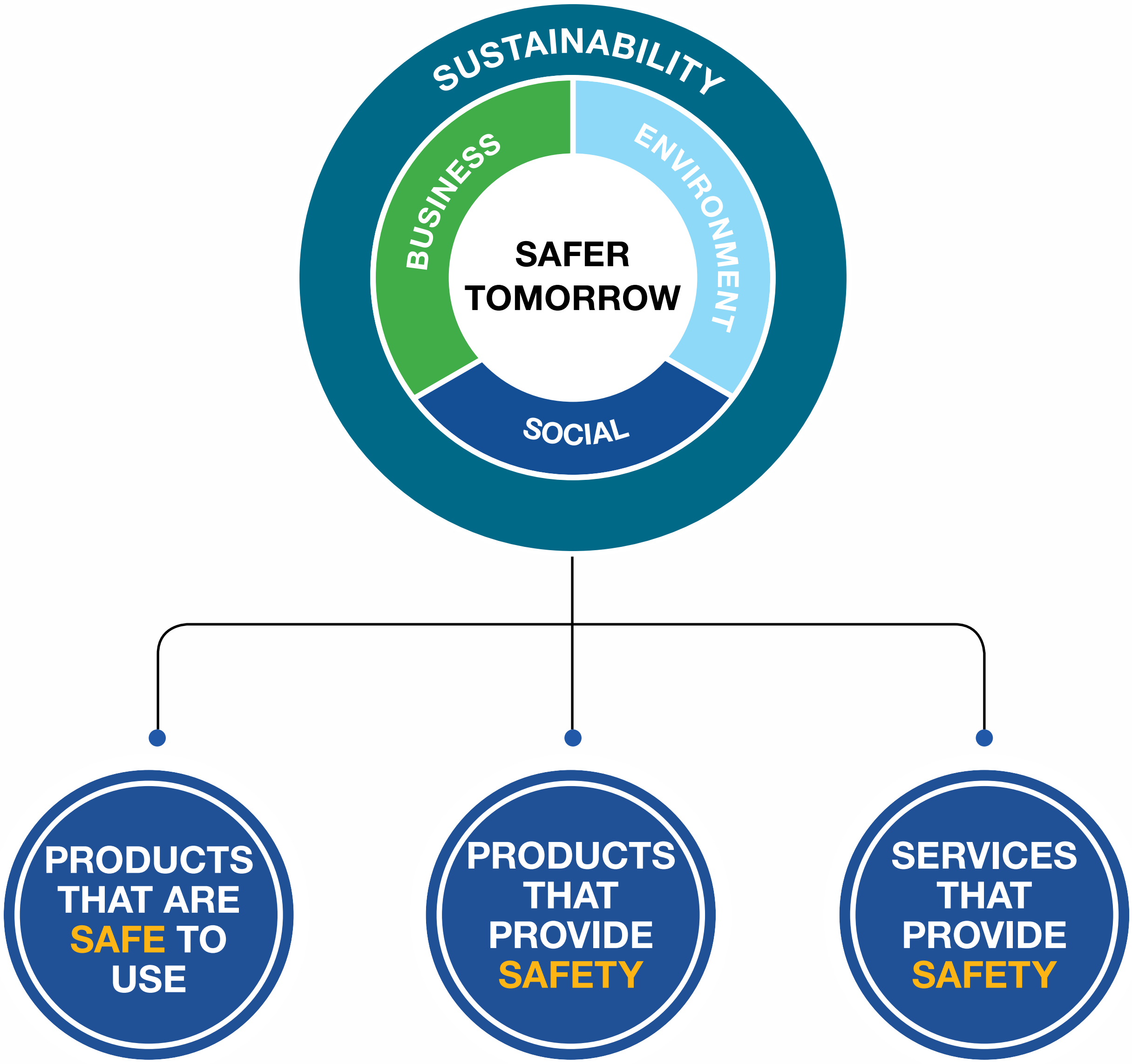
RELIABILITY

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

TAI SIN SUSTAINABILITY **LIVING PLAN**



We are committed to making sure our products meet the highest standards for safety and quality through our stringent manufacturing process. We also ensure that all other products we represent come from a reliable and reputable source, and comply to international quality regulations.

Our diverse range of products are in line with our strengths in providing reliability in areas of electrical and industrial safety protection. Products such as fire resistant cables, molded circuit breakers, safety sensors and personal protection equipment uphold the highest practical standards for our customers' use.

Our test and inspection service provides reliable and accurate testing, an integral part in ensuring that the condition of the facilities will be safe for use by both businesses and the public.

BUSINESS **SEGMENTS**

In 2007, we have undertaken a corporate branding initiative to align all our companies with the Tai Sin corporate identity in the Group's brand architecture. Our business were classified into four clusters, namely Manufacturing, Distribution, Services and Strategic Investment clusters.

In 2013, we renamed the cluster classification into divisions to better reflect the growing business.

This year, responding to dynamic market conditions, we have further streamlined our business into segments rather than divisions, making our structure leaner to allow more flexibility and responsiveness in decision making.

CABLE & WIRE (C&W) SEGMENT

Design, development, manufacture and trading of cables and wires. These includes 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.

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

ELECTRICAL MATERIAL DISTRIBUTION (EMD) SEGMENT

Focuses on supplying products and services to a wide range of industries which includes industrial automation, maintenance, repair and operations (MRO). Products include industrial control system and components, sensing, measurement and monitoring system, power quality system, safety, cabling and electrical accessories, as well as lighting and energy monitoring solutions.

- Lim Kim Hai Electric Co (S) Pte Ltd
- LKH Precicon Pte Ltd
- LKH Projects Distribution Pte Ltd

SWITCHBOARD (SB) SEGMENT

Design and manufacture of high quality switchgears for use in large buildings and industrial installations. These include low voltage main and sub switchboards, distribution boards and control panels, amongst others.

- PKS Sdn Bhd

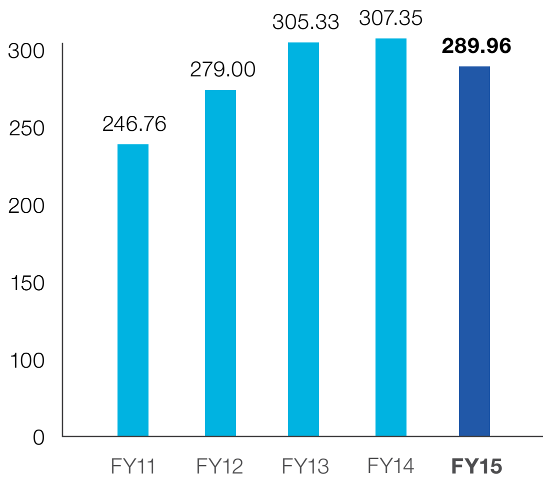
TEST & INSPECTION (T&I) SEGMENT

Provides more than 250 accredited testing services for materials ranging from concrete to soil and asphalt premixes. Service includes independent testing, inspection and certification that meets local and international standards.

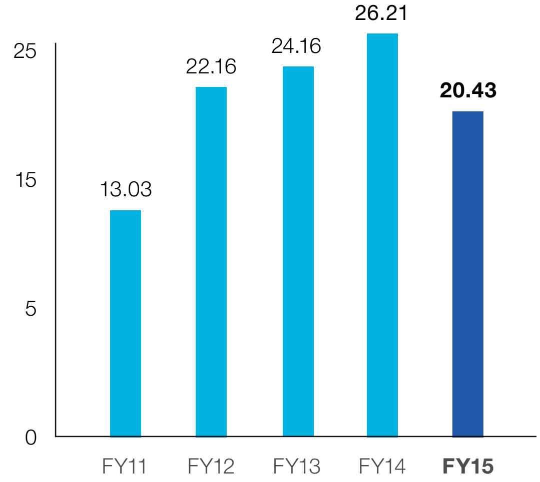
- CAST Laboratories Pte Ltd
- CiPGi Pte Ltd
- CASTconsult Sdn Bhd
- PT CAST Laboratories Indonesia

FINANCIAL **HIGHLIGHTS**

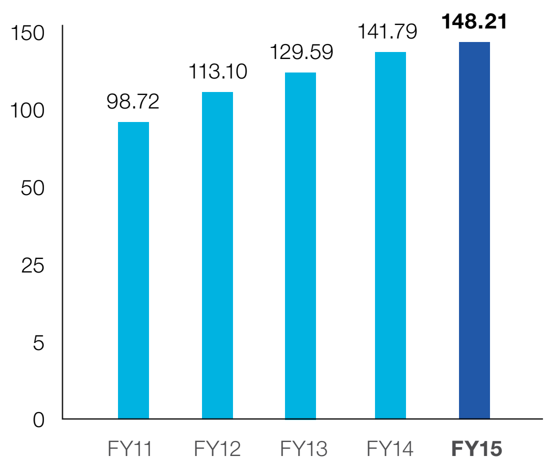
Turnover
(S$'m)



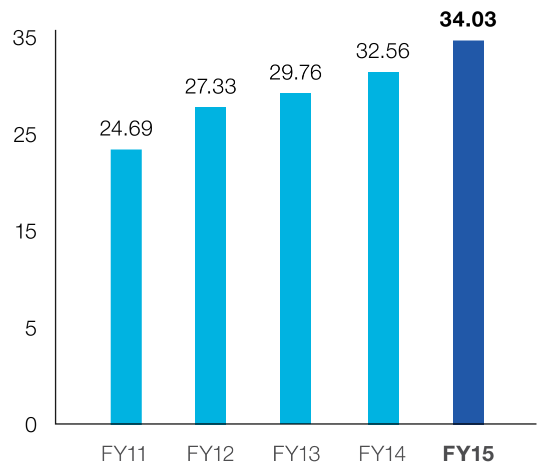
Profit Before Income Tax
(S$'m)



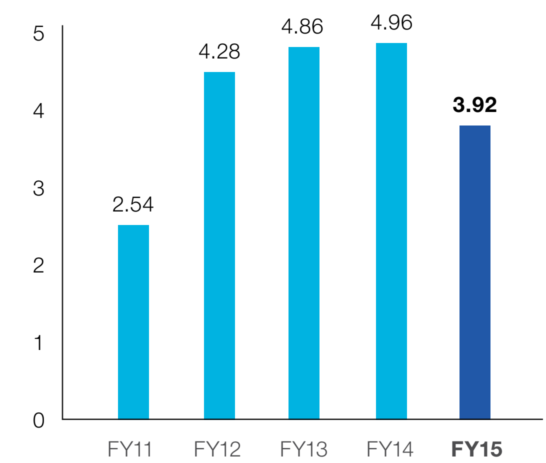
Shareholder's Funds
(S$'m)



Net Asset Value Per Share
(cents)



Earnings Per Share
(cents)



CHAIRMAN'S **STATEMENT**

"I am pleased to present my maiden report for Tai Sin Electric Limited and its group of companies for the year ended 30 June 2015."

Dear Shareholders,

The market for the Tai Sin Group during the year under review was beset by upheavals in commodity prices and disruptive currency swings, coupled with slower activities in the construction sector in Singapore that resulted in greater competition and increased pressure on margins.

Our businesses stood up well in the face of the many challenges and with their experience and prudent management continued to deliver a profit for the Group, albeit lower than the previous years.

I am pleased to present my maiden report for Tai Sin Electric Limited and its group of companies for the year ended 30 June 2015.

The Group's turnover for the year declined by 5.66% to $289.96 million from $307.35 million for the previous financial year.

Revenues for the Cable & Wire ("C&W") segment increased 5.23%, due to change in focus of the business in Vietnam by Lim Kim Hai Electric (VN) Co. Ltd ("LKHVN") from general trading to cable and wire distribution.

Both the Electrical Material Distribution ("EMD") and the Test & Inspection ("T&I") segments recorded a decrease in revenues of 21.38% and 13.49% respectively.

The Group's gross profit was $54.43 million, a drop of 13.52%, compared to the previous corresponding 12 months. Profit before tax declined 22.08% to $20.43 million. Earnings per share was 3.92 cents as compared to 4.96 cents in the previous financial year.

The Group's balance sheet continues to be healthy. Our cash and cash equivalents stood at $23.49 million, 5.66% higher than the previous year. Bank overdrafts and short-term borrowings were lower at $16.14 million, compared to $25.59 million for the previous year. Inventories were also lower at $57.95 million, from the previous $65.25 million.

Reserves went up to $92.87 million by 7.42% from FY2014, and an increase of 66.79% from five years ago in FY2011 when it was $55.68 million.

Group net asset value rose 4.52% to 34.03 cents per share, from 32.56 cents per share in FY2014.

OPERATIONS REVIEW

During the year, the company further restructured its operations by re-grouping its business units under segments rather than by divisions, namely Cable & Wire (C&W), Electrical Material Distribution (EMD), Test & Inspection (T&I) and Switchboard (SB).

Cable & Wire (C&W) Segment

Revenues for the C&W segment increased 5.23% to $184.45 million, from $175.28 million a year ago, with contributions from LKHVN, which had its business subsumed under the segment during the financial year.

For the Singapore operations, profit fell in spite of higher tonnage sales, mainly due to lower sales dollar value. The Singapore entity was also adversely affected in the second half of the financial year, due to the intensified competition in the construction industry which put greater pressure on its margins.

The situation was the same in Vietnam where sales tonnages were higher but margins were crimped by very competitive pricing generally permeating in the construction industry.

The Malaysian operations reported the highest increase in tonnage sales which was mainly contributed from the industrial and export sectors.

Going forward, C&W has been rationalising its Tri-axis strategy of production plants in Singapore, Malaysia and Vietnam to raise output efficiency to improve yields in line with Lean Management practices of waste reduction and cost control.

At the centre of the yield improvement effort is the assignment of specialised production capability to each plant to facilitate more efficient operation and higher productivity. This also allows the business segment to have centralised purchasing of material with Singapore as the hub to maximise bulk cost advantage.

Included in the rationalisation effort is the continuing investment in new machines and equipment. The Singapore operations have been tapping the Productivity & Innovation Credit scheme for its plant upgrading programme as well as worker skills development.

Going into 2016, the segment, which has been producing and selling low-voltage cables, has begun marketing medium and high voltage products to offer a wider range to meet the requirements of more customers across the Southeast Asian market.

Over in Malaysia, more efforts will be made to expand its overseas market. In Vietnam, where sales had been targeted mainly at contractors in the past, the team there will actively build up a network of local wholesalers and distributors to sell our products through their retailers across the country.

As per last year's strategy, this segment continues its focus on marketing its product around the ASEAN region, concentrating in Myanmar and Cambodia.

Electrical Material Distribution (EMD) Segment

EMD segment revenues decreased by $19.48 million during the year under review. This was due to the absence of the contribution from Vynco Industries (NZ) Limited ("Vynco") which was disposed of on 31 December 2013. The change in focus of the business of LKHVN from EMD to C&W segment also resulted in the decrease.

Without taking into consideration the above, revenues of the EMD segment would have increased.

Due to fewer new Building & Infrastructure projects, EMD sales this financial year were mainly from maintenance and upgrading works of existing well-established customers. Sales volumes in the Electronics cluster were in line with global market trend as production in Singapore is closely linked to overseas demand, which was tapering off as we moved into the second half of the financial year.

CHAIRMAN'S **STATEMENT**

"Our growth strategy will continue to be guided by our vision to be a leading industrial group that contributes to a safer tomorrow."

The segment's success continues to rely on its efficient customer service backed up by reliable IT support and a better trained and motivated sales team. Its ability to continually offer new solutions with the latest products, especially the environmentally-friendly range, has helped it to boost sales and attract new customers.

Test & Inspection (T&I) Segment

The performance of T&I was strong in the first half of FY2015 but weakened in the second half. Overall revenues declined from $29.39 million to $25.43 million in FY2015 as compared to the previous year.

Profit before tax declined by 43.12% to $1.25 million from $2.20 million in the previous year.

Revenues from Singapore operations were down due to lower contributions from the Oil & Gas and Civil Engineering clusters, private construction activities had also slowed, while there were fewer projects in infrastructure in a market that has seen entry of new, smaller players, increasing the pressure on prices.

Overall revenue contributions from overseas operations were higher for the year under review. The business in Malaysia came mainly from projects secured from the Pengarang Integrated Petroleum Complex in Johor, where a laboratory branch has been setup. Over in Indonesia, projects from existing key customers in Batam have helped increase revenues. Our operations in Indonesia has established a good reputation of reliability and trust in Non-Destructive Testing ("NDT") services for the Oil and Gas cluster. There are plans to further increase its revenue by moving into new markets in Sumatra, Java and Kalimantan. The segment expects its overseas operations to see higher contributions in FY2016, barring the effects of the Ringgit as well as Rupiah on its bottom line.

Going forward, this segment will leverage on the technical competency and experience of the Singapore team to support the business growth in the other two countries.

STRENGTHENING THE INTERNAL CORE

Our growth strategy will continue to be guided by our vision to be "A leading industrial group that contributes to a safer tomorrow". We aspire to be the leading supplier of products and services that contribute to a safer living and working environment, and to be a respected responsible corporate citizen contributing to sustainability in the business and wider community.

In light of the continuing uncertainties in the global marketplace, the commitment to our core values remains steadfast. Everyone in the Group is committed 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.

These values will hold us in good stead as we further reinforce our facilities, systems and processes and enhance our human capital capabilities and values. We will continue to invest in new production and process equipment, including IT systems, to support productivity, business development and customer service improvements. Our human resource policies will ensure compensation and benefits are in line with the industries they operate in and the staff are motivated through skill upgrading to perform better.

Going forward, our organisation will not rely on growing its workforce to expand the business, but instead increase the skills and capability of our existing rank and file to raise productivity and customer satisfaction. Skills improvement could just even mean sending staff on courses to improve their English language or learn new IT skills. We will continue to groom junior staff for leadership roles in the future, to support growth from within.

Our aim is for every business segment to have a strong eco-system that can be synergised with other segments to catalyse growth for the Group.

Along the way, we have also been encouraging every staff to have a heart for the less fortunate in our society by making donations and giving their time to community service as part of the Group's corporate social responsibility (CSR) effort. During the year under review, we have partnered with community groups to provide rations, household items and meals to the needy. We are in the process of supplying and installing 2000 energy-saving light bulbs to the needy living in rental flats through to FY2016.

Internally, we have continued to support environmental protection with on-going waste management, recycling and energy-saving efforts.

OPPORTUNITIES AMIDST UNCERTAINTIES

Overall, the Group has been affected by the global economic slowdown. In Singapore, we expect the construction slowdown will continue to have an impact on our revenue. We look forward to the implementation of the big infrastructure projects that the government has announced.

Over in Malaysia, we are seeking business prospects from the industrial sector in Johor for our C&W and T&I segments. In Indonesia, we will continue to expand outside the Riau Islands for our T&I segment. In Vietnam, we will focus on opening new markets for our C&W segment. At the same time we will also step up efforts to increase our export sales elsewhere including Australia, Cambodia and Myanmar.

Internally, we will further synergise our business units to offer a suite of integrated services from T&I, through C&W, to the installation and maintenance of electrical requirements from the EMD segment to existing customers.

Going forward, we expect the sharp decline of oil prices by more than 50% since mid-2014 and their ripple effects to continue in the short term.

Generally, while the outlook for FY2016 appears to be gloomy, the Group will continue to seek out new opportunities and strive to maintain or better its results.

In spite of the difficult market challenges in the year under review, the Group's management and staff have contributed to a creditable performance. On behalf of the Board, I would like to express our appreciation for their hard work and dedication to the success of the Group.

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 2015.

I would like to thank Professor Lee Chang Leng Brian who stepped down from the chairmanship on 1 January 2015.

On behalf of the Group, I would also like to express my appreciation for the continued support of the customers and business partners. We would also like to thank all our stakeholders and shareholders for their continous long-standing support.

Tay Joo Soon
Chairman

CORPORATE **SOCIAL RESPONSIBILITY**

The Group continued to build on its corporate social responsibility (CSR) efforts during the year under review, in the areas of healthy lifestyle, supporting the needy and protecting the environment.

On 16 July 2014, 36 staff from the Group participated in the 3M Step-Up Challenge at the Yishun Stadium to "keep fit and climb stairs for a good cause". For every 500 steps climbed, 3M donated one 3M household product for a needy family in South East District.

Various activities to help needy families were carried out. On 24 September and 5 December 2014, the staff packed and distributed rations to various needy families under the care of the Yong-En Care Centre in Chinatown.

On 31 January 2015, 50 staff from the Group participated in the North West Community Development Council's (CDC) "WeCare Service Week", helping to pack and distribute festive goodies to 286 needy households in the area. In addition, the staff helped to improved the living environment of 10 needy households by repainting their flats and providing them with new mattresses, television sets and washing machines.

In May 2015, the Group continued its support for WeCare@ North West, spreading the green message and encouraging residents to use energy-saving light bulbs to help protect the environment. A total of 2,230 energy-efficient light bulbs will be donated and installed in the residence of two rental blocks in Canberra area by the end of the project.

Tai Sin continues to promote environmental awareness in-house with energy-saving, waste reduction and other green efforts, such as recycling. Where possible staff would help to give awareness talks in various communities.

The highlight of the financial year was Lim Kim Hai Electric's Charity golf tournament, which saw 48 golfers from the industries participating and helping to raise $27,700 for the Tzu Chi Foundation.

CORPORATE **STRUCTURE**

Tai Sin

- 100% Tai Sin Electric Cables (Malaysia) Sdn Bhd
- 100% Tai Sin (Vietnam) Pte Ltd
  - 100% Tai Sin Electric Cables (VN) Co Ltd
  - 90% Lim Kim Hai Electric (VN) Co Ltd
- 70% PKS Sdn Bhd
- 100% Lim Kim Hai Electric Co (S) Pte Ltd
  - 100% LKH Precicon Pte Ltd
  - 100% LKH Projects Distribution Pte Ltd
  - 100% LKH Electric (M) Sdn Bhd
  - 30% Nylect International Pte Ltd
- 79.1% CAST Laboratories Pte Ltd
  - 100% CiPGi Pte Ltd
  - 100% CASTconsult Sdn Bhd
  - 95% PT CAST Laboratories Indonesia
- 100% Tai Sin Electric International Pte Ltd

BOARD OF **DIRECTORS**

TAY JOO SOON
Chairman, Non-Executive and Independent Director

Date of Appointment as Director
- April 2007 as Non-Executive and Independent Director
- January 2015 as Non-Executive Chairman

Length of Service as Director (as at 30 June 2015):
8 years

Board Committee Served On:
- Audit Committee (Member)
- 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 2015:
Listed companies
Nil

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

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 2015):
18 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 2015:
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 2015):
18 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 2015:
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

PROFESSOR LEE CHANG LENG BRIAN, JP PBM BBM
Non-Executive and Independent Director

Date of Appointment as Director:
- August 2002 as Non-Executive and Independent Director
- November 2003 to December 2014 as Non-Executive Chairman
- January 2015 as Non-Executive and Independent Director

Length of Service as Director (as at 30 June 2015):
13 years

Board Committee Served on:
- Audit Committee (Chairman)
- Nominating Committee (Member)
- 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 2015:
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

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 2015):
3 years

Board Committee Served On:
- Audit Committee (Member)
- Nominating Committee (Chairman)
- Remuneration Committee (Chairman)

Academic & Professional Qualification:
- Degree in Business Administration, University of Singapore

Present Directorships as at 30 June 2015:
Listed companies
- Non-Executive and Independent Director, Dynamic Colours Limited

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

LEE FANG WEN
Non-Executive and Independent Director

Date of Appointment as Director:
- July 2015 as Non-Executive and Independent Director

Length of Service as Director (as at 30 June 2015):
- N.A.

Board Committee Served On:
- Nil

Academic & Professional Qualification:
- Bachelor of Engineering, Chemical, National University of Singapore

Present Directorships as at 30 June 2015:
Listed companies
Nil

Others:
- Executive Director – Creative Master Bermuda Limited from 2013 to 2014
- Business Development Director – MFS Technology (S) Pte Ltd from 2002 to 2005 & 2007 to 2009

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
Deputy General Manager;
Tai Sin Electric Limited
Join Since: 2006

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
General Manager;
Tai Sin Electric Cables (Malaysia) Sdn Bhd
Join Since: 1998

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

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

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

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
General Manager – Commercial;
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 Projects Distribution Pte Ltd
Join Since: 1980

JOYCE TAN SAY CHENG
General Manager;
LKH Precicon Pte Ltd
Join Since: 1987

COLIN KOH KOK LIN
Senior Business Manager;
LKH Precicon Pte Ltd
Join Since: 1979

TEST & INSPECTION (T&I) SEGMENT

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

Tay Joo Soon
Non-Executive Chairman

Lim Boon Hock Bernard
Chief Executive Officer / Executive Director

Lim Chye Huat @ Bobby Lim Chye Huat
Executive Director

Lee Chang Leng Brian
Non-Executive Director

Soon Boon Siong
Non-Executive Director

Lee Fang Wen
Non-Executive Director

AUDIT COMMITTEE

Lee Chang Leng Brian
Chairman

Tay Joo Soon
Soon Boon Siong

NOMINATING COMMITTEE

Soon Boon Siong
Chairman

Tay Joo Soon
Lee Chang Leng Brian
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
Singapore 629531
Tel: 6672 9292
Fax: 6861 4084
Email: ir@taisin.com.sg

SHARE REGISTRARS & SHARE TRANSFER OFFICE

B.A.C.S Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: 6593 4848

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809
Partner-In-Charge:
Rankin Brandt Yeo
Date of Appointment: 25 October 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

CORPORATE GOVERNANCE

The board of directors (the "Board") of Tai Sin Electric Limited (the "Company") continues to be committed to high standards of corporate conduct in conformity with the spirit of the Code of Corporate Governance dated 2 May 2012 (the "Code"). The Board confirms that the principles and guidelines of the Code have been adhered to except for the following where the deviations and explanations have been provided:-

(a) Guideline 8.2
(b) Guideline 8.3
(c) Guideline 8.4
(d) Guideline 11.4
(e) Guideline 15.5
(f) Guideline 16.1 and
(g) Guideline 16.4

The Board and Management believe that commitment to good corporate governance is essential to the sustainability of the Company's business and stakeholder's value. The Board is pleased to report on the Company's corporate governance processes and activities as required by the Code.

The following describes the Company's corporate governance practices with reference to the Code.

THE BOARD'S CONDUCT OF AFFAIRS

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

The Board of the Company comprises the following members:

<u>Executive Directors</u>
Lim Boon Hock Bernard (Chief Executive Officer / Executive Director)
Lim Chye Huat @ Bobby Lim Chye Huat (Executive Director)

<u>Independent Directors</u>
Tay Joo Soon (Chairman)
Lee Chang Leng Brian
Soon Boon Siong
Lee Fang Wen (appointed on 1 July 2015)

Guidelines 1.1 and 1.2: Roles of the Board

Apart from its statutory duties and responsibilities, the Board performs the following functions:-

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) ensure presence of a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) review Management performance;

(d) set the Group's values and standards, and ensure that obligations to shareholders and others are understood and met;

(e) appoint Key Personnel;

(f) review the financial performance of the Group and implement policies relating to financial matters, which include risk management and internal control and compliance; and

(g) assume responsibility for corporate governance.

CORPORATE GOVERNANCE

These functions are carried out either directly or through Board Committees such as the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit Committee ("AC").

The Board has taken decisions objectively in the interests of the Company.

Guideline 1.3: Delegation of Authority to Board Committees

Matters which are specifically reserved to the full Board for decision are those involving a conflict of interest for a substantial shareholder or a Director, material acquisition and disposal of assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies.

The Board delegates its nominating functions to the NC, remuneration matters to the RC, and reviewing of financial statements, risks and controls to the AC.

Guideline 1.4: Meetings of Board and Board Committees

Formal Board Meetings are held at least four times a year to oversee the business affairs of the Group, and to approve, if applicable, any financial or business objectives and strategies. Ad-hoc meetings are convened when the circumstances require. The Company's Articles of Association allow a Board meeting to be conducted by way of tele-conference and video conference.

During the financial year, the Board held four (4) meetings and the attendance of each Director at every Board and Board committee meeting is as follows:-

	Board	**Audit Committee ("AC")**	**Remuneration Committee ("RC")**	**Nominating Committee ("NC")**
Number of meetings held	4	4	1	3
	Number of meetings attended			
Name of Director				
Lee Chang Leng Brian	4	4	1	3
Lim Chye Huat @ Bobby Lim Chye Huat	4	N.A.	N.A.	3
Lim Boon Hock Bernard	4	N.A.	N.A.	N.A.
Tay Joo Soon	4	4	1	3
Soon Boon Siong	4	4	1	3
Lee Fang Wen #	N.A.	N.A.	N.A.	N.A.

appointed on 1 July 2015

Guideline 1.5: Internal Guidelines Require Approval from Board

The Company has adopted internal guidelines setting forth matters that require Board approval. Under these guidelines, major new capital investments and divestments by any company within the Group require the approval of the Board. Other matters requiring the Board's decision include business strategy, budgets and quarterly, half-yearly and annual results announcement. Below the Board level, there is appropriate delegation of authority and approval sub-limits at Management level, to facilitate operational efficiency.

Guidelines 1.6 and 1.7: Director's Appointment and Training

A formal letter is sent to newly-appointed Director upon his/her appointment stating his/her duties and obligations as director. Management Accounts, Terms of Reference of Board Committees and the book of Minutes are made available to the new Directors to enable them to understand the Company's business and operations. Introductory meetings are arranged, where appropriate, to acquaint them with key management personnel.

CORPORATE GOVERNANCE

The Board recognizes the importance of ongoing director education and the need for each Director to take personal responsibility for this process. To facilitate ongoing education:

(a) All Directors are encouraged to keep each other updated on developments relevant to the Company's business, changes in laws and regulations and the like.

(b) All Directors, in particular new and first time Directors are encouraged to attend relevant courses, seminars, updating of regulation talks organized by regulatory bodies and professional institutions such as Singapore Institute of Directors and Singapore Exchange Limited. The Company has an approved budget for such on-going training for its Directors.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines 2.1 to 2.5: Composition, Size of the Board and Independent Element of the Board

The Board comprises six (6) Directors. This current size is sufficient to facilitate effective direction-setting and decision-making needed by the Company.

The Board has reviewed its size and concludes that a size of not more than eight is appropriate given the requirements of the Group's business and the need to avoid undue disruptions to the composition of the Board Committees.

In compliance with the Code's requirement that at least one-third of the Board should be made up of Independent Directors, four of the six Directors are Independent Non-Executive, namely, the Chairman, Mr. Tay Joo Soon, Prof. Lee Chang Leng Brian, Mr. Soon Boon Siong and Mr Lee Fang Wen (appointed wef 1 July 2015). The independence of each Director is reviewed and confirmed by the NC. None of them has any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

The NC is of view that the four (4) Non-Executive Directors are independent as defined in the Code as well as being independent in character and judgement. No individual or small group of individuals dominates the Board's decision-making process. The Board concurs with the views of the NC on the independence of these four (4) Directors.

In compliance with the Code, the Board has reviewed the independence of Prof. Lee Chang Leng Brian, who has been a member of the Board for more than thirteen 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 Committee and Board meetings.

The Company will adopt a policy stipulating a nine year term as the maximum number of years an Independent Director can serve on the Board. The nine year limit will however be effected from financial year ended 30 June 2018. This is to accommodate current Directors who have already served more than nine years on the Board.

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

Guidelines 2.6: Board Diversity

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.

CORPORATE GOVERNANCE

Guidelines 2.7 and 2.8: Non-Executive Directors

Directors are encouraged and given ample time to deliberate on all matters in Board meetings. The salient views and recommendations of Non-Executive Directors are minuted and where applicable are adopted. The Independent Directors communicate amongst themselves by email or telephone on matters concerning the Company and have met without the presence of the Executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Guidelines 3.1 and 3.3: Separate Role of Chairman and Group Chief Executive Officer ("CEO")

It has been the practice of the Board since financial year ended 30 June 2003 that the Chairman of the Board is non-executive and is separate from the CEO. The Chairman and the CEO are not related.

Guideline 3.2: Roles and Responsibilities of Chairman

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 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.

Guideline 3.4: Role of Lead Independent Director

The Chairman of the Board is an independent Director, not related to the CEO. Accordingly, no Lead Independent Director was appointed.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guideline 4.1: NC Membership

The current NC comprises the following four (4) members, three (3) non-executive and independent and one (1) executive member:

(a) Soon Boon Siong (Chairman)
(b) Lee Chang Leng Brian
(c) Tay Joo Soon and
(d) Lim Chye Huat @ Bobby Lim Chye Huat

The Board has approved the written terms of reference of the NC. The main terms of reference are:-

(a) be responsible for the re-nomination of the Company's Directors, having regard to the Director's contribution and performance;

(b) determine annually whether or not a Director is independent, bearing in mind the guidelines set out in the Code of Corporate Governance 2012 and any other factors;

(c) decide whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(d) regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared with its current position and make recommendations to the Board with regard to any changes;

CORPORATE GOVERNANCE

(e) give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;

(f) be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

(g) before any appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall consider candidates on merit and against objective criteria, taking care that appointees are able to devote sufficient time to the position and

(h) keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace.

Guidelines 4.2: Roles of NC

The NC shall also make recommendations to the Board concerning:-

(a) the re-appointment of any non-executive director at the conclusion of his specified term of office having given due regard to his performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

(b) the re-election by shareholders of any director under the “retirement by rotation” provisions in the Company’s Articles of Association having due regard to his performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

(c) the review of Board succession plans for the Non-Executive Chairman and CEO / Executive Director and other Directors;

(d) the review of training and professional development programs for the Board; and

(e) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company.

All Directors (except the CEO) are subject to the provisions of the Company’s Articles of Association whereby one-third of the Directors for the time being are required to retire and subject themselves to re-election by shareholders at every Annual General Meeting (“AGM”). A newly appointed Director must retire and submit himself for re-election at the AGM immediately following his appointment and thereafter, is subjected to the one-third rotation rule.

Guideline 4.3: NC’s Determination of Independent Director’s Independence

Annually, all Independent Directors are to submit to the NC and Board for review and concurrence, written confirmation on whether they consider themselves to be independent as set forth in the Code. The Independent Directors have confirmed that they are independent and the same have been confirmed by the NC and the Board.

Guideline 4.4: Commitments of Directors Sitting on Multiple Boards

The Board has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The guidelines provide that each full-time Director can only have a maximum limit of four (4) directorships in a publicly listed company on the SGX-ST or international stock exchanges. Furthermore, for directorships already held, not more than two (2) of the four (4) are in companies where their financial year end is 30 June.

All Directors are also required to submit to the NC details of other directorships held by them during the financial year as well as information on other major appointments including full-time employment. In such submission, they are required to confirm that they have sufficient time to pay attention to the affairs of the Company. Having reviewed the submissions, in respect of FY2015, the NC is of the view that the Directors are able to carry out their duties as Directors of the Company and each Director has discharged his duties adequately.

CORPORATE GOVERNANCE

Guideline 4.5: Alternate Directors

The Company's Memorandum & Articles of Association provides for the appointment of alternate directors. The Board has decided that it will, as stated in the Code, generally avoid approving the appointment of alternate directors and should any appointment be made, it will be for limited periods only.

Guideline 4.6 and 4.7: Process for Selection and Appointment of New Directors and Key Information on Directors

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director with particular skills, the NC will in consultation with the Board, determine the selection criteria and choose candidates with the appropriate expertise and experience for the position.

Generally, the NC will review annually the Board's composition and should the need to appoint and/or replace new directors arise, it will review nominations from Board members. In its review, the NC will take into account the relevant skill sets, qualifications, conflicts of interests and other commitments.

The NC will interview the nominees and recommend to the Board the most appropriate person to be invited to become a Director of the Company.

Key information of Directors can be found on page 12, "Board Of Directors" in the annual report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guidelines 5.1 to 5.3: Formal Process and Performance Assessment

The NC has adopted a formal process for the evaluation of the performance of individual Directors, Board Committees and the Board as a whole.

Evaluation Process

The assessment process involves and includes input from the Board members and individual Directors in self evaluation and peer review, applying the performance criteria recommended by the NC and approved by the Board. The Directors' input are collated by the Company Secretary and reviewed by the Chairman of the NC, who presents a summary of the overall assessment to the NC for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvement are then submitted to the Board for discussion and for implementation.

<u>Board Performance Criteria</u>

The performance criteria for the Board evaluation are as follows:-

- Board skills set / competency
- Financial target and operating performance
- Board performance in relation to discharging its principal functions
- Board's relationship with the CEO
- Board Committees in relation to discharging their responsibilities set out in their respective terms of reference

CORPORATE GOVERNANCE

Individual Director's Performance Criteria

The individual Director's performance criteria are categorized into five segments, namely:-

- Interactive skills
- Knowledge
- Director's duties
- Availability
- Overall contribution

Non-Executive Chairman and CEO Performance Criteria

The performance criteria for the Non-Executive Chairman and CEO are as follows:-

- Vision and leadership
- Financial management
- Board relations
- Governance and risk management
- Relations with shareholders

The NC, without the engagement of an external facilitator, has performed the assessment for FY2015 and is of view that the performance of individual Directors and the Board as a whole were satisfactory and sufficient time and attention have been given by the Directors in the discharge of their duties to the Group.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis, so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines 6.1 and 6.2: Access to Information

To assist the Board in fulfilling its responsibilities, management is required to provide the Board with complete, adequate and timely information prior to each Board meeting. In addition, management is required to provide the Board with monthly financial and management reports.

Guidelines 6.3 and 6.4: Role of the Company Secretary

Directors have separate and independent access to the Company Secretary at all times. The Company Secretary's appointment and removal is a matter for the Board as a whole. He covers both regulatory and procedural matters. The Company Secretary or his representative attended all scheduled FY2015 Board meetings.

Guideline 6.5: Board Access to Independent Professional Advice

If any of the Directors require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company subject to Board's approval.

CORPORATE GOVERNANCE

REMUNERATION MATTERS

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

Guideline 7.1: RC Membership

The current RC comprises the following three (3) members, all non-executive and independent:

(a) Soon Boon Siong (Chairman)
(b) Lee Chang Leng Brian and
(c) Tay Joo Soon

The Board has approved the written terms of reference of the RC. The main terms of reference are:-

(a) To 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.

Guideline 7.2: Remuneration Framework

The RC reviews annually the remuneration of Directors and Key Management Personnel. For the Executive Directors, their remuneration is stated in their service agreement and their compensation packages consist of salaries, bonuses, benefits-in-kind and annual profit sharing incentive bonus which is dependent on the Group's performance. For the Non-Executive Directors, their fees comprise basic director fee and their respective appointment fees. For Key Management Personnel, the remuneration components include salaries, allowances, bonuses and benefits-in-kind.

Guideline 7.3: RC Access to advice on Remuneration Matters

The RC may from time to time obtain independent professional advice as it deems necessary in framing the remuneration of Directors. The expenses incurred from such advice shall be borne by the Company.

Guideline 7.4: Fair and Reasonable Termination Terms

The RC has reviewed the Group's obligations arising in the event of termination of the Executive Directors' and Key Management Personnel's contracts of service and is satisfied that termination terms are fair and reasonable and are not overly generous.

CORPORATE GOVERNANCE

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) Key Management Personnel to successfully manage the company. However, companies shall avoid paying more than is necessary for this purpose.

Guidelines 8.1: Remuneration of Executive Directors

The Company sets remuneration packages which:

(a) align interests of Executive Directors with those of shareholders;

(b) link rewards to corporate and individual performance; and

(c) are competitive and sufficient to attract, retain and motivate Directors and Key Management Personnel with adequate experience and expertise to manage the business and operations of the Group.

Executive Directors are compensated as part of the Key Management Personnel and therefore do not receive any Director's fee. The remuneration for Executive Directors comprises fixed component and bonus and other variable component. The fixed component comprises 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.

Guideline 8.2: Long Term Incentive Scheme

The Company does not have any long-term incentive scheme for its Directors and Key Management Personnel. There is also no policy which requires Non-Executive Directors to purchase shares in the Company and hold them till they leave the Board.

The Board believes that notwithstanding such absence, the Directors' and Key Management Personnel interests in the Company is still in line with the interests of its shareholders.

Guideline 8.3: Remuneration of Non-Executive Directors

The fees of Non-Executive Directors for FY2015 amounted to S$180,000 approved by shareholders at the last AGM.

The RC has assessed the adequacy and structure of remuneration of Non-Executive Directors and proposed to the Board the framework under which the Director Fees are derived.

The Board has assessed and approved the framework and the total fees for FY2016 will amount to S$225,500.

Directors' fees are only payable to Non-Executive Directors. The proposed fees for FY2016 are not payable to Executive Directors.

For the existing Independent Non-Executive Directors, the Board believes that they were not and will not be overcompensated to the extent that their independence may be compromised.

The Company does not have any scheme which encourages its Non-Executive Directors to hold shares in the Company. The Board believes that notwithstanding such absence, the Non-Executive Directors' interests in the Company are still in line with the interests of its shareholders.

Guideline 8.4: Incentive Components

The Board has not introduced any contractual provisions to allow the Company to reclaim incentive components from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Board believes that there are sufficient statutory and regulatory penalties in place to address such incidents.

CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Guidelines 9.1 and 9.2: Remuneration of Directors

No payment was made or granted to any Director, CEO or the top five Key Management Personnel in relation to termination and retirement benefit in FY2015.

The remuneration paid to the Directors for services rendered during FY2015 is as follows:-

Name of Director	Remuneration ($'000)	Director's Fees	Salary & CPF	Bonus & Other Variable Performance Components	Total
Lim Boon Hock Bernard	858	–	44%	56%	100%
Lim Chye Huat @ Bobby Lim Chye Huat	347	–	71%	29%	100%
Lee Chang Leng Brian	64	100%	–	–	100%
Tay Joo Soon	62	100%	–	–	100%
Soon Boon Siong	54	100%	–	–	100%
Lee Fang Wen #	N.A.	N.A.	N.A.	N.A.	N.A.

appointed on 1 July 2015

Guideline 9.3: Remuneration of Top Five Key Management Personnel

The table below sets out the remuneration received by the top five Key Management Personnel of the Group during the financial year.

Remuneration Band	Name of Director	Director's Fees	Salary & CPF	Bonus & Other Variable Performance Components	Total
$250,000 to below $300,000	Chia Ah Heng	5%	67%	28%	100%
	Lim Chai Lai @ Louis Lim Chai Lai	5%	70%	25%	100%
	Lin Chen Mou	5%	69%	26%	100%
	Ong Wee Heng	6%	67%	27%	100%
	Lim Lian Eng Sharon	–	70%	30%	100%

The aggregate remuneration paid to the above personnel was $1.48 million in FY2015.

No Director is involved in determining his own remuneration. The remuneration of the Non-Executive and Independent Directors is in the form of a fixed fee. The remuneration of the Non-Executive and Independent Directors will be subject to approval at the AGM.

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Guideline 9.4: Employee Related to Directors / CEO

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

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

Guideline 9.5: Employee Share Scheme

Employee Share Option Scheme

The Company does not currently have a share option scheme.

Guideline 9.6: Remuneration and Performance

The Company's remuneration framework for its Executive Directors is stated in "Guidelines 8.1: Remuneration of Executive Directors" of this Corporate Governance Report.

For Key Management Personnel, their remuneration comprises fixed component, bonus and other variable performance component. The fixed component comprises 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. The bonus and other variable performance components amount is dependent on their individual performance as measured by their respective key performance indicators, as well as the performance of the Group as a whole.

The Company does not have any long-term incentive schemes as explained in "Guideline 8.2: Long Term Incentive Scheme" of this Corporate Governance Report.

ACCOUNTABILITY AND AUDIT

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

Guideline 10.1: Accountability for Accurate Information

In discharging its responsibility of providing accurate relevant information on a timely basis, the Board ensures that the Group's audited financial statements, quarterly and full year results announcements of the Group provide a balanced and understandable assessment of the Group's performance, position and prospects and that the results are released in a timely manner.

CORPORATE GOVERNANCE

The quarterly, half yearly and full year results announcements are reviewed for adoption at the quarterly meetings of the AC and the Board. Any material variances between the actual results and projections/previous periods are investigated and explained.

In accordance with SGX-ST's requirements, the Board issues negative assurance statements in its financial results announcements confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the results announcements false or misleading in any material aspect.

Guideline 10.2: Compliance with Legislative and Regulatory Requirements

The Board is kept abreast on changes to the legislative and regulatory requirements from management to ensure compliance with Group's policies, practices and procedures and relevant legislative and regulatory requirements.

Guideline 10.3: Management Accounts

The Management updates the Board regularly on the Group's business activities and financial performance through providing management accounts and business reviews at quarterly board meetings. The Management also highlights major issues that are relevant to the Group's performance in order for the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guideline 11.1: Design, Implementation and Monitoring

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the shareholders' interests and the Group's assets. The AC oversees and ensures that such system has been appropriately implemented and monitored.

Risk 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 assume ownership and day-to-day management of these risks. Management is also responsible for the effective implementation of the 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.

Internal Controls

A conventional internal control system has been implemented to enhance the Group's internal control function to address the financial, operational, compliance and information technology risks. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and financial information used within the business and for publication is reliable.

Staff / Director Securities Dealing Rules & Procedures

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

CORPORATE GOVERNANCE

Guideline 11.2: Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board acknowledges its responsibility for the Group's internal controls but recognises that no cost effective control system will entirely eliminate the risk of misstatement or loss. Based on the internal controls established and maintained by the Group, the work performed by the Internal Auditors, the review undertaken by the External Auditors as part of their statutory audit, supervision by Management and in the absence of any evidence to the contrary, the Board, with the concurrence of the AC, are of the opinion that the Group's internal controls are adequate in addressing financial, operational, compliance and information technology risks as at 30 June 2015.

During the year, the AC reviewed reports submitted by the Internal Auditors relating to the adequacy and effectiveness of the Group's internal controls, including the adequacy of the Group's financial, operational, compliance and information technology controls (collectively known as "internal controls"). Such reviews include discussions and follow-ups with Internal Auditors on their salient audit findings.

Guideline 11.3: Board's Comment on Adequacy and Effectiveness of Internal Controls

The AC and the Board have received assurance from the CEO that:

(a) The financial records of the Group have been properly maintained and the financial statements for the year ended 30 June 2015 give a true and fair view of the Group's operations and finances; and

(b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing material risks in the Group in its present business environment including material financial, operational, compliance and information technology risks.

Based on the framework of risk management controls and internal controls established and maintained in the Group, the work performed by the internal auditors and the review undertaken by the external auditors as part of their statutory audit, the written assurance from the CEO that the financial records have been properly maintained, the Board is of the view that the Group's risk management and internal control systems are effective.

The Board, with the concurrence of the AC, is satisfied that there are adequate internal controls in place to address the risks relating to financial, operational, compliance and information technology controls for the financial year ended 30 June 2015.

Guideline 11.4: Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC with the assistance of the internal and external auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Guideline 12.1: AC Membership

The AC comprises the following three (3) members, all of whom, including the Chairman, are non-executive and independent:

(a) Lee Chang Leng Brian (Chairman)
(b) Tay Joo Soon and
(c) Soon Boon Siong

During the year, the AC held four (4) scheduled meetings, which were attended by all members.

CORPORATE GOVERNANCE

Guideline 12.2: Expertise of AC Members

The AC members bring with them invaluable professional expertise in the recommended accounting and/or related financial management domains. The Board has ensured that they are appropriately qualified to discharge their responsibilities.

Guideline 12.3 and 12.4: Roles, Responsibilities and Authorities of AC

The AC has explicit authority to investigate any matter within its Terms of Reference. It has full access to and has the full co-operation of the Company's Management. It has full discretion to invite any Director or executive officer to attend its meetings. In addition, the AC has independent access to the Internal and External Auditors. The AC has reasonable resources to enable it to discharge its functions properly.

The AC is guided by its Terms of Reference which stipulate that its principal functions include:

(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.

Guideline 12.5: Meeting with External and Internal Auditors

During the year, the Company's Internal and External Auditors were invited to attend the AC meetings and make presentations as appropriate. They also met the AC separately without the presence of Management to review matters that might be raised privately.

Guideline 12.6: Review of External Auditors' Independence

The AC reviewed the non-audit services provided by the External Auditors as part of the AC's assessment of the External Auditors' independence. The AC is satisfied that the nature and extent of such services would not conflict with the independence of the external auditors. The AC is satisfied with the independence and objectivity of the External Auditor. The aggregate fee of $270 thousand was paid to the external auditors of the Company, of which $40 thousand was for non-audit services.

Guideline 12.7: Whistle-Blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has established and put in place a Whistle-Blowing Policy and procedures to provide employees with well-defined and accessible channels within the Group for reporting suspected fraud, corruption, dishonest practices, or raise concerns, in confidence, about possible improprieties in financial reporting, business transactions or other matters. Details of this policy, have been disseminated and made available to all employees of the Company through the respective Human Resources Departments of the companies within the Group as part of the fraud control awareness program.

Guideline 12.8: Activities of AC

During the year, the AC held four (4) scheduled meetings which all members attended as disclosed under Guideline 1.4. The AC discharged its duties under its Terms of Reference and as listed under Guideline 12.4 above. In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast on changes to the accounting standards, SGX-ST rules and other codes and regulations which could have an impact on the Group's business and financial statements, through briefings and updates by the internal and external auditors, the Company Secretary and Management.

CORPORATE GOVERNANCE

Guideline 12.9: Cooling-off Period for Partners or Directors of the Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

INTERNAL AUDIT

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

Guideline 13.1: Internal Auditors

The AC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Auditors ("IA"). The Company recognises and supports the fundamental principle of maintaining IA independence. The Company outsourced its internal audit function to UHY Lee Seng Chan & Co. The IA has unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC. The IA's primary line of reporting is to the Chairman of the AC, although they also report administratively to the CEO.

Guideline 13.2: Adequacy of Resources

An annual audit plan which entails the review of the adequacy and effectiveness of the Company's material internal controls has been developed. The AC is satisfied that the Company's internal audit function, as outsourced to UHY Lee Seng Chan & Co, is adequately resourced to perform the internal audit effectively for the Group.

Guidelines 13.3 & 13.4: Internal Audit Function

The Company outsourced its internal audit function to UHY Lee Seng Chan & Co which is a corporate member of the Institute of Internal Auditors Singapore and staffed with professionals with the relevant qualifications and experience. Our engagement with the IA stipulates that its work shall comply with Business Process Auditing Methodology which is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan which entails the review of the selected functions or business units of the Group is developed and agreed by the AC. The AC is satisfied that the Company's Internal Audit function is adequately resourced to perform the job for the Group.

Guideline 13.5: Adequacy of Internal Audit Function

The AC annually reviews the adequacy of the Internal Audit function to ensure that the internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The AC also reviews the IA reports and remedial actions implemented by Management to address any internal control weakness identified.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14: **Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.**

Guideline 14.1: Communication with Shareholders

In line with the continuous disclosure obligations under the Listing Rules of the SGX-ST, the Board will inform shareholders promptly of all major developments that may have material impact on the Group which would be likely to materially affect the price or value of the Company's shares.

CORPORATE GOVERNANCE

Guideline 14.2: Participation by Shareholders

Shareholders have been given the opportunity to participate effectively in and vote at the Company's AGM. They are also informed of the rules, including voting procedures governing the AGM.

Guideline 14.3: Proxies for Nominee Companies

The Articles of Association of the Company allow each shareholder to appoint up to two (2) proxies to attend general meetings. The company also allows shareholders who hold shares through their CPF approved nominees to attend the AGM as observers, without being constrained by the two-proxy rule.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines 15.1 and 15.2: Information to Shareholders

In line with the continuous disclosure obligations under the Listing Rules of the SGX-ST, the Board has and will continue to inform Shareholders promptly of all pertinent information. Such information is disclosed to Shareholders on a timely basis through SGXNET. Announcements and disclosures are also available through Company's share investor portal on the corporate website at www.taisinelectric.com.

Guidelines 15.3 and 15.4: Dialogue with Shareholders

The Group has an Investor Relations Team ("IR Team"). Shareholders may pose their queries to the company through the Company's Investor Relations email at ir@taisin.com.sg.

Guideline 15.5: Dividend Policy

The Company has paid dividends to Shareholders every year since its listing on SGX-ST. While it does not have a dividend policy, the Board in considering dividend payments has and will take into account factors such as the Company's earnings, financial condition, capital requirements, business expansion plans and cash flow.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guideline 16.1: Absentia Voting

The Company has decided, for the time being, not to implement voting in absentia until security, integrity and other pertinent issues are satisfactorily resolved.

Guideline 16.2: Resolutions at General Meetings

The Board ensures that there are separate resolutions at general meetings on each distinct issue.

Guideline 16.3: Attendees at General Meetings

The Chairmen of the Board and its committees attend all general meetings to address issues raised by shareholders. The External Auditors are also present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

CORPORATE GOVERNANCE

Guideline 16.4: Minutes of General Meetings

The minutes of general meetings as recorded by the Company Secretary do not generally include comments or queries from shareholders and responses from the Board, unless there are contentious issues or salient matters which require the Board of Directors to deliberate and take appropriate action. These minutes are made available to shareholders upon written request.

Guideline 16.5: Voting by Poll

With effect from October 2014, the Company has adopted the use of poll voting at general meetings to promote greater transparency.

Interested Person Transactions (Listing Manual Rule 907)

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 FY2015, there were no interested person transactions (excluding transactions less than $100,000) entered into by the Group.

Appointment Of External Auditors (Listing Manual Rule 1207(6))

In appointing the auditors of the Group. the Company is in compliance with Rules 712 and 715 of the Listing Manual of the SGX-ST.

Dealings In Securities (Listing Manual Rule 1207(19))

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

Material Contracts (Listing Manual Rule 1207(8))

During FY2015, there were no material contracts of the Company or its subsidiaries involving the interests of the CEO, 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.

CONTENTS

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 30 June 2015.

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

Tay Joo Soon (Chairman)
Lee Chang Leng Brian
Soon Boon Siong
Lee Fang Wen (Appointed on 1 July 2015)

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:

	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At 1 July 2014**	**At 30 June 2015**	**At 1 July 2014**	**At 30 June 2015**
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 21 July 2015 were the same as at 30 June 2015.

REPORT OF THE DIRECTORS

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

5 SHARE OPTIONS

(a) *Option to take up unissued shares*

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

(b) *Option exercised*

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

(c) *Unissued shares under option*

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

6 AUDIT COMMITTEE

The Audit Committee of the company is chaired by Lee Chang Lee Brian, an independent director, and includes Tay Joo Soon and Soon Boon Siong, all of whom are 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.

REPORT OF THE DIRECTORS

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Boon Hock Bernard

Lim Chye Huat @ Bobby Lim Chye Huat

Singapore
18 September 2015

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 40 to 104 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 30 June 2015, and the financial performance, 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
18 September 2015

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 subsidiary corporations (the "group") which comprise the statements of financial position of the group and the company as at 30 June 2015, 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 40 to 104.

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 financial statements 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 a 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 financial position of the group and of the company as at 30 June 2015 and the financial performance, 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 subsidiary corporations 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

18 September 2015

STATEMENTS OF FINANCIAL POSITION

30 June 2015

		Group		Company	
	Note	30 June 2015 $'000	30 June 2014 $'000	30 June 2015 $'000	30 June 2014 $'000
ASSETS					
Current assets					
Cash and bank balances	6	23,491	22,349	12,198	10,248
Trade receivables	7	81,793	90,844	43,038	52,450
Other receivables	8	5,393	3,627	5,772	4,900
Derivative financial instruments	9	4	–	–	–
Inventories	10	57,947	65,251	35,254	42,364
Total current assets		168,628	182,071	96,262	109,962
Non-current assets					
Other receivables	8	302	323	6,303	–
Subsidiary corporations	11	–	–	33,814	32,914
Associates	12	5,230	4,822	–	–
Property, plant and equipment	13	29,770	23,200	4,599	4,967
Investment properties	14	1,091	1,131	–	–
Leasehold prepayments	15	157	158	–	–
Intangible assets	16	1,382	1,658	–	–
Deferred tax assets	17	130	210	–	–
Total non-current assets		38,062	31,502	44,716	37,881
Total assets		206,690	213,573	140,978	147,843
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdrafts and short-term bank borrowings	18	16,143	25,593	–	12,026
Trade payables	19	25,557	24,828	13,552	12,248
Other payables	20	8,317	9,498	2,286	2,895
Current portion of finance leases	21	216	274	–	17
Income tax payable		2,815	3,545	1,961	2,685
Total current liabilities		53,048	63,738	17,799	29,871
Non-current liabilities					
Other payables	20	48	53	–	–
Non-current portion of finance leases	21	92	144	–	–
Deferred tax liabilities	17	1,541	1,665	304	222
Total non-current liabilities		1,681	1,862	304	222
Capital, reserves and non-controlling interests					
Share capital	22	56,288	56,288	56,288	56,288
Treasury shares	23	(950)	(950)	(950)	(950)
Reserves	24	92,867	86,453	67,537	62,412
Equity attributable to the owners of the company		148,205	141,791	122,875	117,750
Non-controlling interests		3,756	6,182	–	–
Total equity		151,961	147,973	122,875	117,750
Total liabilities and equity		206,690	213,573	140,978	147,843

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	25	289,957	307,345
Cost of sales		(235,529)	(244,411)
Gross profit		54,428	62,934
Other operating income	26	1,351	3,074
Selling and distribution expenses		(16,826)	(16,667)
Administrative expenses		(16,929)	(18,590)
Other operating expenses		(1,290)	(3,957)
Finance costs	27	(690)	(846)
Share of profit of associates	12	383	266
Profit before income tax		20,427	26,214
Income tax expense	28	(2,816)	(3,365)
Profit for the year	29	17,611	22,849
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(486)	459
Changes in share of other comprehensive (loss) income of an associate		(24)	3
Other comprehensive (loss) income for the year, net of tax		(510)	462
Total comprehensive income for the year		17,101	23,311
Profit attributable to:			
Owners of the company		17,077	21,609
Non-controlling interests		534	1,240
		17,611	22,849
Total comprehensive income attributable to:			
Owners of the company		16,567	21,916
Non-controlling interests		534	1,395
		17,101	23,311
Earnings per share			
Basic (cents)	30	3.92	4.96
Diluted (cents)	30	3.92	4.96

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended 30 June 2015

	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 1 July 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 undertaking from non-controlling interests [(a)]		–	–	–	–	–	–	(1,370)	(1,370)
Non-controlling interests from acquisition of a subsidiary corporation	35	–	–	–	–	–	–	37	37
Acquisition of additional interests in a subsidiary corporation [(b)]		–	–	(6)	–	87	81	(81)	–
Disposal of a subsidiary corporation	33	–	–	–	–	–	–	(1,194)	(1,194)
Dividend paid to non-controlling interests		–	–	–	–	–	–	(300)	(300)
Final dividend for the previous year paid	31	–	–	–	–	(6,533)	(6,533)	–	(6,533)
Interim dividend for the year paid	31	–	–	–	–	(3,266)	(3,266)	–	(3,266)
Total		–	–	(6)	–	(9,712)	(9,718)	(2,908)	(12,626)
Balance at 30 June 2014 (c/f)		56,288	(950)	(1,264)	(381)	88,098	141,791	6,182	147,973

Notes:

(a) During the year ended 30 June 2014, the company exercised its right under a personal undertaking from the non-controlling interest to receive an additional 12.5% interest in CAST Laboratories Pte Ltd.

(b) During the year ended 30 June 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 30 June 2015

	Note	Share capital	Treasury shares	Reserves: Foreign currency translation reserve	Reserves: Other reserve	Reserves: Accumulated profits	Equity attributable to shareholders of the company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2014 (b/f)		56,288	(950)	(1,264)	(381)	88,098	141,791	6,182	147,973
Total comprehensive income (loss) for the year									
Profit for the year		–	–	–	–	17,077	17,077	534	17,611
Other comprehensive loss for the year		–	–	(510)	–	–	(510)	–	(510)
Total		–	–	(510)	–	17,077	16,567	534	17,101
Transactions with owners, recognised directly in equity									
Buyback of shares from non-controlling interest by a subsidiary corporation[c]		–	–	(7)	(347)	–	(354)	(2,646)	(3,000)
Dividend paid to non-controlling interests		–	–	–	–	–	–	(314)	(314)
Final dividend for the previous year paid	31	–	–	–	–	(6,533)	(6,533)	–	(6,533)
Interim dividend for the year paid	31	–	–	–	–	(3,266)	(3,266)	–	(3,266)
Total		–	–	(7)	(347)	(9,799)	(10,153)	(2,960)	(13,113)
Balance at 30 June 2015		56,288	(950)	(1,781)	(728)	95,376	148,205	3,756	151,961

Notes:

(c) During the year ended 30 June 2015, a subsidiary corporation of the group completed the purchase of its own ordinary shares from its shareholders. The share buyback resulted in an increase in the group's equity interest in the subsidiary corporation from 65% to 79.1%. The difference between the amount by which the non-controlling interests were adjusted and the fair value of the consideration paid was recognised directly in equity.

STATEMENTS OF CHANGES IN EQUITY

Year Ended 30 June 2015

	Note	Share capital $'000	Reserves Treasury shares $'000	Reserves Accumulated profits $'000	Total equity $'000
Company					
Balance at 1 July 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	31	–	–	(6,533)	(6,533)
Interim dividend for the year paid	31	–	–	(3,266)	(3,266)
Total		–	–	(9,799)	(9,799)
Balance at 30 June 2014		56,288	(950)	62,412	117,750
Profit for the year, representing total comprehensive income for the year		–	–	14,924	14,924
Transactions with owners, recognised directly in equity					
Final dividend for the previous year paid	31	–	–	(6,533)	(6,533)
Interim dividend for the year paid	31	–	–	(3,266)	(3,266)
Total		–	–	(9,799)	(9,799)
Balance at 30 June 2015		56,288	(950)	67,537	122,875

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 30 June 2015

	Group	
	2015	2014
	$'000	$'000
Operating activities		
Profit before income tax	20,427	26,214
Adjustments for:		
Depreciation expense	3,632	3,580
Amortisation expense	276	282
Interest income	(14)	(28)
Interest expense	690	846
Loss (Gain) on disposal of property, plant and equipment	11	(163)
Property, plant and equipment written off	224	42
Intangible assets written off	–	140
Inventories written off	275	182
(Reversal of) Allowance for inventories obsolescence	(27)	33
Bad debts written off	76	98
Allowance for doubtful receivables	596	1,461
Provision for onerous contracts	105	191
Fair value adjustments on derivative financial instruments taken to profit or loss	(4)	(13)
Gain on disposal of assets held for sale	–	(1,244)
Loss on disposal of a subsidiary corporation (Note 33)	–	1,367
Loss on deconsolidation of subsidiary corporations (Note 34)	–	254
Excess of fair values of net identifiable assets over consideration (Note 35)	–	(247)
Share of profit of associates	(383)	(266)
Operating cash flows before movement in working capital	25,884	32,729
Trade receivables	7,699	384
Other receivables	(1,776)	(1,620)
Inventories	6,707	(3,242)
Trade payables	647	(5,168)
Other payables	(1,221)	(21)
Cash generated from operations	37,940	23,062
Income tax paid	(3,575)	(3,219)
Net cash from operating activities	34,365	19,843

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 30 June 2015

	Group	
	2015	2014
	$'000	$'000
Investing activities		
Acquisition of additional interests in a subsidiary corporation	–	–*
Purchase of property, plant and equipment [(a)]	(11,588)	(5,608)
Proceeds from disposal of property, plant and equipment	1,155	253
Dividend received from an associate	–	48
Proceeds from disposal of assets held for sale	–	2,633
Proceeds from disposal of a subsidiary corporation (Note 33)	–	1,546
Deconsolidation of subsidiary corporations (Note 34)	–	(19)
Acquisition of additional interests to subsidiary corporation from associate (Note 35)	–	568
Interest received	14	28
Net cash used in investing activities	(10,419)	(551)
Financing activities		
Buyback of shares from non-controlling interests by a subsidiary corporation	(3,000)	–
Proceeds from short-term bank borrowings	72,819	92,741
Repayment of short-term bank borrowings	(81,314)	(102,123)
Repayment of finance lease obligations	(461)	(658)
Repayment of long-term bank borrowings	–	(51)
Interest paid	(690)	(846)
Dividend paid	(9,799)	(9,799)
Dividend paid to non-controlling interests	(314)	(300)
Net cash used in financing activities	(22,759)	(21,036)
Net increase (decrease) in cash and cash equivalents	1,187	(1,744)
Cash and cash equivalents at beginning of year	22,232	23,569
Effects of exchange rate changes on the balance of cash held in foreign currencies	72	407
Cash and cash equivalents at end of year [(b)]	23,491	22,232

* 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 $11,939,000 (2014 : $5,723,000) of which $351,000 (2014 : $115,000) was acquired by means of finance leases. Cash payment of $11,588,000 (2014 : $5,608,000) 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:

	2015	2014
	$'000	$'000
Cash and bank balances (Note 6)	23,491	22,349
Bank overdrafts (Note 18)	–	(117)
Total	23,491	22,232

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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 subsidiary corporations 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 30 June 2015 were authorised for issue by the Board of Directors on 18 September 2015.

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 *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, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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 1 July 2014, 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.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (cont'd)

In the current year, the group has applied for the first time FRS 110, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together with the amendments to FRS 110, and FRS 112 regarding the transitional guidance.

The impact of the application of these Standards is set out below.

Impact of the application of FRS 110

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation - Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the group.

The application of FRS 110 did not have any significant impact to the company.

Impact of the application of FRS 112

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiary corporations, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the financial statements (please see Notes 11 and 12).

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 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

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

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting and (iv) impairment requirements for financial assets.

Key requirements of FRS 109 that may affect the group and the company are as follows:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL).
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 *Financial Instruments* *(cont'd)*

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedge instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 109 applies to annual periods beginning on or after 1 January 2018, with early application permitted. Management is currently evaluating the potential impact of the application of FRS 109 on the financial statements of the group and of the company in the period of initial application.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 applies to annual periods beginning on or after 1 January 2017, with early application permitted. Management is currently evaluating the potential impact of the application of FRS 115 on the financial statements of the group and the company in the period of initial application.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* *(cont'd)*

- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Amendments to FRS 1 *Presentation of Financial Statement: Disclosure Initiative* will take effect from financial years beginning on or after 1 January 2016. Management is still currently evaluating the impact from applying the above amendments.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiary corporations. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary corporation begins when the company obtains control over the subsidiary corporation and ceases when the company loses control of the subsidiary corporation. Specifically, income and expenses of a subsidiary corporation acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary corporation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiary corporations is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the group's ownership interests in existing subsidiary corporations

Changes in the group's ownership interests in subsidiary corporations that do not result in the group losing control over the subsidiary corporations 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 corporations. 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 corporation, a gain or loss is recognised in profit or loss and 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 corporation and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary corporation are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary corporation (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary corporation at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the company's financial statements, investments in subsidiary corporations 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 subsidiary corporations and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

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

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

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

- 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.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the group's ownership interests in existing subsidiary corporations (cont'd)

Non-controlling interests 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 either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

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.

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

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

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in active markets are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets (cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 120 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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).

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 9 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.

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.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 subsidiary corporations 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 freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold property	-	2.5%
Leasehold land and buildings	-	1.75% to 20%
Office equipment and furniture	-	7.5% to 100%
Plant and machinery	-	10% to 20%
Motor vehicles	-	10% 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.

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.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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 were 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 were initially capitalised at cost which included 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 enhanced or extended the performance of software beyond its specifications and which can be reliably measured was added to the original cost of the software. Costs associated with maintaining computer software were 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.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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.

ASSOCIATE - An associate is an entity over which the group has significant influence. 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 consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds 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), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the group retains an interest in the former associate and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When the group reduces its ownership interest in an associate but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the group, profits and losses resulting from the transactions with the associate are recognised in the group's consolidated financial statements only to the extent of interests in the associate that are not related to the group.

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

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

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

Onerous contracts

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

GOVERNMENT GRANTS - Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

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.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 subsidiary corporations 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 subsidiary corporations 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.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 corporation 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.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

(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) <u>Allowance for doubtful receivables</u>

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) <u>Provision for onerous contracts</u>

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.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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

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

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 10 to the financial statements.

iv) Impairment of investments in subsidiary corporations and associates

Investment in subsidiary corporations and associate are stated at cost less impairment loss. The company follows the guidance of FRS 36 *Impairment of Assets* to determine when its investments in subsidiary corporations and associate are impaired. This determination requires management to evaluate, among other factors, the market and economic environment in which the subsidiary corporations and associate operate, economic performance of these entities, the duration and extent to which the cost of investments in these entities exceed their net tangible assets values and fair value of investments less cost to sell.

The carrying amount of investments in and advances to subsidiary corporations at the end of the reporting period was $33,814,000 (2014 : $32,914,000). No impairment is deemed to be necessary by management as there were no impairment indicators.

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

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 $1,091,000 (2014 : $1,131,000). No impairment is deemed to be necessary by management.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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

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

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 the end of the reporting period. 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 $1,319,000 (2014 : $1,551,000) 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	106,797	114,313	65,385	67,302
Derivative financial instruments	4	—	—	—
Financial liabilities				
Amortised cost	49,239	59,158	15,828	27,085

(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) Foreign exchange risk management

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

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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

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

i) Foreign exchange risk management (cont'd)

The 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States dollar	14,172	12,257	5,921	5,384	10,747	8,564	757	1,085
Euro	918	907	7	13	660	826	—	—
Singapore dollar	334	63	626	1,530	—	—	—	—
Malaysian ringgit	258	—	875	1,625	258	—	875	1,625

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 30 June 2015 are disclosed in Note 9. There were no outstanding forward foreign exchange contracts at 30 June 2014.

The company has a number of investments in foreign subsidiary corporations, 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Profit or loss	748	687	91	89	(29)	(147)	(62)	(163)
Company								
Profit or loss	999	748	66	83	—	—	(62)	(163)

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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

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

i) Foreign exchange risk management (cont'd)

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

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

ii) Interest rate risk management

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

The interest rates and terms of repayment for bank borrowings and leases of the group are disclosed in Notes 18 and 21 to the financial statements.

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

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

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

Summary quantitative 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. In 2015, the company entered into a credit insurance policy to limit its credit exposure arising from its trade customers.

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 and company is exposed to a concentration of credit risk as trade receivables amounting to about 5% (2014 : 6%) and 10% (2014 : 10%) respectively are due mainly from a key customer with good payment history. Subsequent to the year-end, the group commenced legal action against a customer for which the group and company has made provision of $1,216,000 and $1,056,000 respectively.

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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

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

iii) Credit risk management (cont'd)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
By geographical areas				
Singapore	66,910	75,421	43,118	51,333
Malaysia	10,892	8,608	157	65
Brunei	2,065	3,064	164	193
Vietnam	2,049	3,769	165	819
Indonesia	1,455	1,233	269	246
Others	354	617	221	350
Total gross trade receivables	83,725	92,712	44,094	53,006

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.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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

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

iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	% p.a.	$'000	$'000	$'000	$'000
Group					
2015					
Non-interest bearing	—	32,740	48	—	32,788
Finance lease liability (fixed rate)	5.19	224	100	(16)	308
Fixed interest rate instruments	3.00	16,627	—	(484)	16,143
		49,591	148	(500)	49,239
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
Company					
2015					
Non-interest bearing	—	15,828	—	—	15,828
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

The maximum amount that the company could be forced to settle under the corporate guarantee in relation to credit facilities granted to subsidiary corporations in Note 32 is $16,143,000 (2014 : $13,567,000). The earliest period that the guarantee could be called is within 1 year (2014 : 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.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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

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

iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	% p.a.	$'000	$'000	$'000	$'000
Group					
2015					
Non-interest bearing	–	106,485	302	–	106,787
Fixed interest rate instruments	0.25	10	–	– *	10
		106,495	302	–	106,797
2014					
Non-interest bearing	–	114,771	323	–	115,094
Fixed interest rate instruments	0.25	9	–	– *	9
		114,780	323	–	115,103
Company					
2015					
Non-interest bearing	–	58,008	–	–	58,008
Fixed interest rate instruments	1.70	1,200	6,597	(420)	7,377
		59,208	6,597	(420)	65,385
2014					
Non-interest bearing	–	67,302	–	–	67,302

* Amount less than $1,000

Derivative financial instruments

As at 30 June 2015, the fair value of the gross settled foreign exchange forward contracts which were on demand or within one year payable amounted to $4,000 (2014: Nil) in assets.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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

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

v) Fair values of financial assets and financial liabilities

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

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

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

The 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 corporation is 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 and 21 (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 22 to 24.

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 30 June 2015 and 2014.

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 2014.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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	
	2015	2014
	$'000	$'000
Sales to associates	(7,026)	(3,573)
Rental income from an associate	–	7
Companies in which key management have interests:		
Sales	(1,732)	(2,384)
Purchases	266	356
Freight and handling charges	–	67
Salaries paid on behalf	433	–

Compensation of directors and key management personnel

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

	Group	
	2015	2014
	$'000	$'000
Short-term benefits	6,309	6,524
Post-employment benefits	296	263
	6,605	6,787

6 CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash and bank balances	23,481	22,340	12,198	10,248
Fixed deposits	10	9	–	–
	23,491	22,349	12,198	10,248

The fixed deposits bear interest ranging at 0.25% (2014 : 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.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

7 TRADE RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Outside parties	79,715	90,233	41,659	50,161
Less: Allowance for doubtful receivables	(1,932)	(1,868)	(1,056)	(556)
	77,783	88,365	40,603	49,605
Related parties (Note 5)	934	976	164	193
Subsidiary corporations (Note 11)	–	–	622	1,221
Associates (Note 12)	3,076	1,503	1,649	1,431
	81,793	90,844	43,038	52,450

The average credit period on sales of goods is 30 to 120 days (2014 : 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 and company's trade receivables are debtors with a carrying amount of $31,611,000 (2014 : $17,793,000) and $16,148,000 (2014: Nil) respectively which are past due at the reporting date for which the group and company have 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 30 June respectively:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not past due and not impaired	50,182	53,806	26,890	33,090
Past due but not impaired (i)	31,611	17,793	16,148	–
	81,793	71,599	43,038	33,090
Past due and reviewed for impairment - collectively assessed (ii)	–	19,801	–	19,916
Less: Allowance for impairment	–	(556)	–	(556)
	–	19,245	–	19,360
Impaired receivables - individually assessed (ii), (iii): - Past due more than 6 months and no response to repayment demands	1,932	1,312	1,056	–
Less: Allowance for impairment	(1,932)	(1,312)	(1,056)	–
	–	–	–	–
Total trade receivables, net	81,793	90,844	43,038	52,450

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

7 TRADE RECEIVABLES (cont'd)

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
(i) Aging of receivables that are past due but not impaired				
< 3 months	25,886	13,891	14,357	–
3 months to 6 months	3,667	2,038	1,187	–
6 months to 12 months	1,418	1,368	564	–
> 12 months	640	496	40	–
	31,611	17,793	16,148	–

(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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of the year	1,868	1,324	556	556
Increase in allowance due to acquisition	–	9	–	–
Charge to profit or loss	596	1,461	500	635
Amounts written off during the year	(523)	(916)	–	(635)
Disposal of a subsidiary corporation	–	(6)	–	–
Currency realignment	(9)	(4)	–	–
Balance at end of the year	1,932	1,868	1,056	556

8 OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Subsidiary corporations (Note 11)	–	–	2,704	4,597
Loan to a subsidiary corporation (Note 11)	–	–	7,377	–
Related parties (Note 5)	38	32	–	–
Advances to staff	186	148	65	4
Prepayments	4,131	1,624	1,926	296
Leasehold prepayments (current portion) (Note 15)	4	4	–	–
Deposits paid for purchase of property	–	790	–	–
Other deposits	484	415	3	3
Advance to suppliers	47	412	–	–
Others	805	525	–	–
Total	5,695	3,950	12,075	4,900
Less: Non-current other receivables	(302)	(323)	(6,303)	–
Current other receivables	5,393	3,627	5,772	4,900

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

8 OTHER RECEIVABLES (cont'd)

The amounts due from subsidiary corporations, 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.

The loan to a subsidiary corporation of $7,377,000 bears interest at a fixed rate of 1.70% per annum, is unsecured and is to be repaid over 8 years, with fixed monthly instalments of $100,000 that commenced from December 2014.

9 DERIVATIVE FINANCIAL INSTRUMENTS

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000
Group				
Forward foreign exchange contracts	4	–	–	–

As at 30 June 2015, 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	
	2015	2014	2015	2014	2015	2014
	FC'000	FC'000	$'000	$'000	$'000	$'000
Group						
Buy United States dollar						
Less than 12 months	572	–	768	–	4	–

As at 30 June 2015, the fair value of forward foreign exchange contracts for the group amounted to $4,000 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.

10 INVENTORIES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Raw materials	6,975	13,628	4,611	11,629
Work-in-progress	10,330	9,032	5,541	5,089
Finished goods, at cost	34,307	32,263	19,268	16,011
Goods-in-transit	6,335	10,328	5,834	9,635
	57,947	65,251	35,254	42,364

Inventories are stated net of an allowance of $209,000 (2014 : $235,000). In addition, $275,000 (2014 : $182,000) of inventories were written off as they were assessed to be not saleable. During the year, there is a write back of inventories obsolescence of $27,000 (2014 : an allowance of $33,000) as they were sold at prices above cost in current year.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

11 SUBSIDIARY CORPORATIONS

	Company	
	2015	2014
	$'000	$'000
Unquoted equity shares, at cost	26,244	26,244
Deemed investment [(a)]	5,552	4,652
Advances	2,018	2,018
	33,814	32,914

The advances to subsidiary corporations 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 subsidiary corporations to secure the bank facilities.

Movements in the allowance for impairment loss:

	Company	
	2015	2014
	$'000	$'000
Balance at beginning of the year	–	11,600
Amounts written off during the year	–	(9,458)
Amounts written back during the year	–	(2,142)
Balance at end of the year	–	–

Impairment loss was recognised for subsidiary corporations for which the recoverable amounts were estimated to be less than the carrying amount of the cost of investment due to the continuing losses of those subsidiary corporations.

Details of the subsidiary corporations are as follows:

Name of company	Principal activities/ Country of incorporation and operation	Proportion of ownership interest and voting power held	
		2015	2014
		%	%
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
Tai Sin (Vietnam) Pte Ltd [(a)]	Intermediate investment holding/ Singapore	100	100
Tai Sin Electric Cables (VN) Company Limited (subsidiary corporation 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 corporation of Tai Sin (Vietnam) Pte Ltd) [(c)]	Trading of electrical products/ Vietnam	90	90

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

11 SUBSIDIARY CORPORATIONS (cont'd)

Name of company	Principal activities/ Country of incorporation and operation	Proportion of ownership interest and voting power held 2015 %	2014 %
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
LKH Precicon Pte Ltd (formerly known as Precicon D&C Pte Ltd) (subsidiary corporation of Lim Kim Hai Electric Co (S) Pte Ltd) [(a)]	Distributor of electrical products/ Singapore	100	100
LKH Projects Distribution Pte Ltd (formerly known as LKH Power Distribution Pte Ltd) (subsidiary corporation of Lim Kim Hai Electric Co (S) Pte Ltd) [(a)]	Distributor of electrical products/ Singapore	100	100
LKH Electric (M) Sdn. Bhd. (subsidiary corporation of Lim Kim Hai Electric Co (S) Pte Ltd) [(b) (f)]	Ceased operations. Previously trading of lights and lighting components/ Malaysia	100	100
CAST Laboratories Pte Ltd [(a) (g)]	Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding/ Singapore	79.1	65
CiPGi Pte Ltd (subsidiary corporation of CAST Laboratories Pte Ltd) [(a)]	Provision of technical testing services, analysis services, construction and infrastructure maintenance activities/ Singapore	79.1	65
CASTconsult Sdn Bhd (subsidiary corporation of CAST Laboratories Pte Ltd) [(b)]	General construction and technical engineering/ Malaysia	79.1	65
PT CAST Laboratories Indonesia (subsidiary corporation of CAST Laboratories Pte Ltd) [(d) (e)]	Provision of oil and gas, non-construction, testing and analysis services/ Indonesia	75.15	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) During the year ended 30 June 2014, the company's subsidiary corporation, 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 corporation of the group.

(f) During the year ended 30 June 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.

(g) During the year ended 30 June 2015, CAST Laboratories Pte Ltd completed the purchase of its own ordinary shares from its non-controlling interests. The share buyback resulted in an increase in the group's equity interest in the subsidiary corporation from 65% to 79.1%.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

11 SUBSIDIARY CORPORATIONS (cont'd)

The following schedule shows the effects of changes in the group's ownership interest in a subsidiary corporation that did not result in change of control, on the equity attributable to owners of the parent:

	2015 $'000	2014 $'000
Non-controlling interest acquired	–	81

Information about the composition of the group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiary corporations	
		2015	2014
Cable and wire manufacturer and dealer in such products	Malaysia	1	1
Dormant (previously trading of lights and lighting components)	Malaysia	1	1
Investment holding	Singapore	1	1
Cable and wire manufacturer and dealer in such products	Vietnam	1	1
Dormant	Singapore	1	1
Distributor of electrical products and investment holding	Singapore	1	1
Distributor of electrical products	Singapore	2	2
		8	8

Information about the composition of the group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiary corporations	
Trading of electrical products	Vietnam	1	1
Electrical switchboards, feeder pillars and components manufacturer and dealer in such products	Brunei	1	1
Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding	Singapore	1	1
Provision of technical testing services, analysis services, construction and infrastructure maintenance activities	Singapore	1	1
General construction and technical engineering	Malaysia	1	1
Provision of oil and gas, non-construction, testing and analysis services	Indonesia	1	1
		6	6

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

11 SUBSIDIARY CORPORATIONS (cont'd)

The table below shows details of non-wholly owned subsidiary corporations of the group that have material non-controlling interests:

Name of subsidiary corporation	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015	2014	2015	2014
		%	%	$'000	$'000	$'000	$'000
PKS Sdn Bhd	Brunei	30	30	149	222	1,121	1,271
CAST Laboratories Pte Ltd and its subsidiary corporations	Singapore	20.9	35	361	874	2,501	4,793
Lim Kim Hai Electric (VN) Company Limited	Vietnam	10	10	24	36	134	118
Total				534	1,132	3,756	6,182

Summarised financial information in respect of each of the group's subsidiary corporations that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	PKS Sdn Bhd		CAST Laboratories Pte Ltd and its subsidiary corporations		Lim Kim Hai Electric (VN) Company Limited	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	4,205	5,132	12,125	13,674	2,117	4,725
Non-current assets	210	352	14,354	7,970	64	33
Current liabilities	(679)	(1,246)	(8,003)	(7,260)	(846)	(3,581)
Non-current liabilities	–	–	(6,773)	(763)	–	–
Equity attributable to owners of the company	2,615	2,967	9,202	8,828	1,201	1,059
Non-controlling interests	1,121	1,271	2,501	4,793	134	118

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

11 SUBSIDIARY CORPORATIONS (cont'd)

	PKS Sdn Bhd		CAST Laboratories Pte Ltd and its subsidiary corporations		Lim Kim Hai Electric (VN) Company Limited	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	8,452	11,558	25,427	29,391	12,181	14,079
Expenses	(7,954)	(10,819)	(24,370)	(27,223)	(11,942)	(13,724)
Profit for the year	498	739	1,057	2,168	239	355
Profit attributable to owners of the company	349	517	696	1,294	215	319
Profit attributable to the non-controlling interests	149	222	361	874	24	36
Profit for the year	498	739	1,057	2,168	239	355
Other comprehensive (loss) income attributable to owners of the company	–	–	(21)	(4)	46	(23)
Other comprehensive (loss) income attributable to the non-controlling interests	–	–	(5)	(2)	5	(3)
Other comprehensive (loss) income for the year	–	–	(26)	(6)	51	(26)
Total comprehensive income attributable to owners of the company	349	517	675	1,290	261	296
Total comprehensive income attributable to the non-controlling interests	149	222	356	872	29	33
Total comprehensive income for the year	498	739	1,031	2,162	290	329
Dividends paid to non-controlling interests	300	300	–	–	14	–
Net cash inflow (outflow) from operating activities	435	1,682	11,508	4,666	(405)	209
Net cash (outflow) inflow from investing activities	(22)	(42)	(8,113)	(314)	1	2
Net cash outflow from financing activities	(1,000)	(1,000)	(3,078)	(3,306)	(135)	–
Net cash (outflow) inflow	(587)	640	317	1,046	(539)	211

12 ASSOCIATES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	1,800	1,800	–	–
Share of post-acquisition results and reserves, net of dividends received	3,430	3,022	–	–
	5,230	4,822	–	–

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

12 ASSOCIATES (cont'd)

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	
		2015	2014	2015	2014
		%	%	%	%
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
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 [(c)]	Mechanical and electrical design and installation/ Myanmar	70	70	70	70
Held by Nylect Technology Ltd Vietnam					
Nylect Technology (Myanmar) Ltd [(c)]	Mechanical and electrical design and installation/ Myanmar	30	30	30	30
Held by Nylect Engineering Pte Ltd					
NEPL Pte Ltd [(a)]	Mechanical and electrical design and installation/ Singapore	100	100	100	100

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

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

12 ASSOCIATES (cont'd)

The above associates are accounted for using the equity method in these consolidated financial statements.

i. The financial year end date of Nylect International Pte. Ltd. is 31 December. This was the reporting date established when that company was incorporated. For the purposes of applying the equity method of accounting, the audited consolidated financial statements of the associate for the year ended 31 December 2014 and the unaudited consolidated management accounts for the intervening period till 30 June 2015 have been used.

ii. The group has significant influence over Nylect International Pte. Ltd. by virtue of the current board representation where the group has appointed one out of the three directors and the group has 30% voting interest.

Summarised financial information in respect of the group's associates are set out below. The summarised financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with FRS, adjusted by the group for equity accounting purposes.

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

	2015 $'000	2014 $'000
Current assets	30,795	33,051
Non-current assets	11,022	6,172
Current liabilities	(24,134)	(22,899)
Non-current liabilities	(250)	(250)
Revenue	60,596	43,888
Profit for the year	1,278	688
Other comprehensive income (loss) for the year	81	(9)
Total comprehensive income for the year	1,359	679
Dividends received from the associate during the year	–	48

Reconciliation of the above summarised financial information to the carrying amount of the interest in the group's associates recognised in the consolidated financial statement:

	2015 $'000	2014 $'000
Net assets of the associates	17,433	16,074
Proportion of the group's ownership interest in associates	30%	30%
Carrying amount of the group's interest in associates	5,230	4,822

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold property $'000	Leasehold land and buildings $'000	Office equipment and furniture $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Group							
Cost:							
At 1 July 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 corporation (Note 35)	–	–	–	30	320	11	361
Disposal of a subsidiary corporation (Note 33)	(1,177)	–	–	(2,389)	–	(295)	(3,861)
Reclassifications from intangible assets (Note 16)	–	–	–	94	–	–	94
At 30 June 2014	2,457	1,752	19,301	5,696	26,964	2,645	58,815
Currency realignment	(200)	(144)	44	(41)	(280)	(7)	(628)
Additions	–	23	8,276	1,485	1,644	511	11,939
Disposals	–	–	(875)	(196)	(388)	(117)	(1,576)
Write-offs	–	–	–	(198)	(370)	–	(568)
At 30 June 2015	2,257	1,631	26,746	6,746	27,570	3,032	67,982
Accumulated depreciation:							
At 1 July 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 corporation (Note 33)	–	–	–	(1,214)	–	(151)	(1,365)
At 30 June 2014	–	325	12,050	4,023	18,048	1,169	35,615
Currency realignment	–	(29)	6	(30)	(185)	(3)	(241)
Depreciation	–	48	363	822	1,812	547	3,592
Disposals	–	–	(54)	(193)	(75)	(88)	(410)
Write-offs	–	–	–	(159)	(185)	–	(344)
At 30 June 2015	–	344	12,365	4,463	19,415	1,625	38,212
Carrying amount:							
At 30 June 2015	2,257	1,287	14,381	2,283	8,155	1,407	29,770
At 30 June 2014	2,457	1,427	7,251	1,673	8,916	1,476	23,200

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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 1 July 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 30 June 2014	7,520	1,510	15,116	1,526	25,672
Additions	48	353	487	–	888
Disposals	–	–	(704)	–	(704)
At 30 June 2015	7,568	1,863	14,899	1,526	25,856
Accumulated depreciation:					
At 1 July 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 30 June 2014	6,848	1,419	11,820	618	20,705
Depreciation	139	86	567	257	1,049
Disposals	–	–	(497)	–	(497)
At 30 June 2015	6,987	1,505	11,890	875	21,257
Carrying amount:					
At 30 June 2015	581	358	3,009	651	4,599
At 30 June 2014	672	91	3,296	908	4,967

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 1 August 1980)	Factory building
22 Gul Crescent Jurong Town Singapore 629530	Leasehold (28 years 7 months from 31 December 2004)	Factory building
11 Gul Lane Jurong Town Singapore 629410	Leasehold (51 years 16 days from 16 July 1981)	Factory building
53 Kallang Place Singapore 339177	Leasehold (60 years from 1 April 1976)	Industrial building
27 Gul Avenue Singapore 629667	Leasehold (60 years from 1 July 1979)	Factory building

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Location	Title	Description
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 1 July 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 29 June 2006)	Factory building
27 Defu Lane Singapore 539380	Leasehold (40 years from 1 February 1979)	Factory building
17 Tuas Avenue 8 Singapore 639232	Leasehold (60 years from 16 December 1995)	Factory building
The Canary Heights Binh Duong Boulevard Binh Hoa Ward Thuan An District Binh Duong Province, Vietnam	Leasehold (50 years from 14 July 2008)	Apartment Unit

The carrying amount of motor vehicles, office equipment, plant and machinery under finance leases for the group as at 30 June 2015 is $840,000 (2014 : $1,366,000).

14 INVESTMENT PROPERTIES

	Group $'000
Cost:	
At 1 July 2013, 30 June 2014 and 30 June 2015	1,559
Accumulated depreciation:	
At 1 July 2013	388
Depreciation for the year	40
At 30 June 2014	428
Depreciation for the year	40
At 30 June 2015	468
Carrying amount:	
At 30 June 2015	1,091
At 30 June 2014	1,131

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

14 INVESTMENT PROPERTIES (cont'd)

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 28 July 1997)	Condominium unit

The fair value of the investment property ("Property A") as at 1 July 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 (2014 : $81,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $16,000 (2014 : $13,000).

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.

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

Description	Fair value as at 30 June 2015 $'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	3,791 (2014 : 3,500)	Level 3 (2014 : Level 3)	Direct comparison method.	Price per square metre.	Range from $6,006 to $7,341 (2014 : $5,546 to $6,778) per square metre.	The higher the transacted price of comparable unit, the higher the fair value.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

15 LEASEHOLD PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Leasehold prepayments	161	162	–	–
Less: Current portion included as prepayment (Note 8)	(4)	(4)	–	–
	157	158	–	–

Leasehold prepayments comprise prepaid land rentals for use of land in Vietnam (2014 : Vietnam). These are charged to profit or loss on a straight-line basis over the term of the relevant lease of approximately 50 years (2014 : 50 years).

16 INTANGIBLE ASSETS

	Customer relationships	Proprietary application software	Internally developed software	Patents, trademarks and technical fees	Total
	$'000	$'000	$'000	$'000	$'000
<u>Group</u>					
Cost:					
At 1 July 2013	2,114	219	234	178	2,745
Currency realignment	–	–	–	1	1
Disposal of a subsidiary corporation	–	–	–	(72)	(72)
Write-offs	–	–	(140)	(107)	(247)
Reclassifications to property, plant and equipment (Note 13)	–	–	(94)	–	(94)
At 30 June 2014 and 30 June 2015	2,114	219	–	–	2,333
Accumulated amortisation:					
At 1 July 2013	331	69	–	171	571
Currency realignment	–	–	–	1	1
Amortisation for the year	232	43	–	7	282
Disposal of a subsidiary corporation	–	–	–	(72)	(72)
Write-offs	–	–	–	(107)	(107)
At 30 June 2014	563	112	–	–	675
Amortisation for the year	232	44	–	–	276
At 30 June 2015	795	156	–	–	951
Carrying amount:					
At 30 June 2015	1,319	63	–	–	1,382
At 30 June 2014	1,551	107	–	–	1,658

The amortisation expense has been included in the line item "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income. The average remaining amortisation period for the intangible assets is 6 years (2014 : 7 years).

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

17 DEFERRED TAX ASSETS (LIABILITIES)

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred tax assets	130	210	–	–
Deferred tax liabilities	(1,541)	(1,665)	(304)	(222)

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	Total
	$'000	$'000	$'000
Group			
At 1 July 2013	–	176	176
Credit (Charge) to profit or loss	7	(25)	(18)
Acquisition of a subsidiary corporation (Note 35)	12	40	52
At 30 June 2014	19	191	210
Credit (Charge) to profit or loss	65	(146)	(81)
Currency realignment	–	1	1
At 30 June 2015	84	46	130

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

Deferred tax liabilities

	Accelerated tax depreciation	Others	Total
	$'000	$'000	$'000
Group			
At 1 July 2013	(1,679)	(214)	(1,893)
Credit to profit or loss	197	27	224
Currency realignment	4	–	4
At 30 June 2014	(1,478)	(187)	(1,665)
Credit to profit or loss	83	27	110
Currency realignment	14	–	14
At 30 June 2015	(1,381)	(160)	(1,541)

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

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

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiary corporations for which deferred tax liabilities have not been recognised is $43.0 million (2014 : $42.3 million). No liability has been recognised in respect of these differences because the group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

	Accelerated tax depreciation $'000
<u>Company</u>	
At 1 July 2013	(322)
Credit to profit or loss	100
At 30 June 2014	(222)
Charge to profit or loss	(82)
At 30 June 2015	(304)

18 BANK OVERDRAFTS AND SHORT-TERM BANK BORROWINGS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Bank loan – secured	1,093	2,137	–	–
Bank overdrafts	–	117	–	–
Trust receipts and bills payable to banks	15,050	23,339	–	12,026
	16,143	25,593	–	12,026

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

i) negative pledge over all assets of a subsidiary corporation; and

ii) corporate guarantee of up to RM62.20 million ($22.21 million) [2014 : RM42.70 million ($16.59 million)], US$3.50 million ($4.71 million) [2014 : US$5.0 million ($6.25 million)] and $8.70 million (2014 : $4.0 million) by the company (Note 32).

The bank overdrafts and short-term bank borrowings bear fixed interest rates ranging from 1.40% to 3.87% (2014 : 1.39% to 7.50%) and Nil (2014 : 1.39% to 1.88%) for the group and company respectively per annum and are due within 12 months.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

19 TRADE PAYABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Outside parties	25,493	24,775	11,321	10,870
Related parties (Note 5)	64	53	–	–
Subsidiary corporations (Note 11)	–	–	2,231	1,378
	25,557	24,828	13,552	12,248

The average credit period on purchases of goods is 90 days (2014 : 90 days).

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

20 OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Accruals [1]	5,908	7,173	1,656	1,996
Provision for directors' fees	256	139	45	40
Provision for onerous contracts	105	191	–	–
Deposit from customers	1,029	1,041	10	101
Sundry payables	1,067	1,007	165	348
Subsidiary corporation (Note 11)	–	–	410	410
Total	8,365	9,551	2,286	2,895
Less: Non-current other payables	(48)	(53)	–	–
Current other payables	8,317	9,498	2,286	2,895

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

The amounts due to a subsidiary corporation is unsecured, interest-free and repayable on demand.

Provision for onerous contracts

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of year	191	200	–	–
Charge to profit or loss	105	191	–	–
Utilised during the year	(191)	(200)	–	–
Balance at end of year	105	191	–	–

Management assesses their best estimate for losses arising from 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 $105,000 (2014 : $191,000). All deliveries made and services rendered during the financial year ended 30 June 2015 which have incurred losses are charged to cost of sales in profit or loss in the financial year ended 30 June 2015.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

21 OBLIGATION UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Amounts payable under finance leases:				
Within one year	224	287	216	274
In the second to fifth year inclusive	100	156	92	144
	324	443	308	418
Less: Future finance charges	(16)	(25)	N/A	N/A
Present value of leases	308	418	308	418
Less: Amount due for settlement within 12 months (shown under current liabilities)			(216)	(274)
Amount due for settlement after 12 months			92	144

	Company			
	Minimum lease payments		Present value of minimum lease payments	
	2015 $'000	2014 $'000	2015 $'000	2014 $'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 30 June 2015 and 2014 approximate their fair value.

The rates of interest for the finance leases were 2.80% to 9.74% (2014 : 2.60% to 7.90%) and Nil% (2014 : 2.60%) for the group and the company respectively per annum.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

22 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	$'000
Issued and paid up capital:		
At 1 July 2013, 30 June 2014 and 30 June 2015	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.

23 TREASURY SHARES

	Group and Company	
	Number of ordinary shares	$'000
At 1 July 2013, 30 June 2014 and 30 June 2015	2,727,000	950

24 RESERVES

Other reserves

Other reserves include share of post-acquisition reserve of an associates and reserves arising from the acquisition of additional interests in subsidiary corporations.

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.

25 REVENUE

	Group	
	2015 $'000	2014 $'000
Sales of goods	264,530	277,954
Rendering of services	25,427	29,391
	289,957	307,345

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

26 OTHER OPERATING INCOME

	Group	
	2015	2014
	$'000	$'000
Bad debts recovered	9	–
Gain on disposal of property, plant and equipment	–	163
Gain on disposal of assets held for sale [(a)]	–	1,244
Interest income from deposits	14	28
Rental of investment properties (Note 14)	81	81
Scrap sales	527	677
Excess of fair value of net identifiable assets acquired over consideration (Note 35)	–	247
Fair value adjustment on derivative financial instruments taken to profit or loss	4	13
Government grants	545	371
Others	171	250
	1,351	3,074

(a) The assets held for sale related to leasehold land and buildings held by Equalight Resources Sdn. Bhd. (Note 34) in Kuantan, Malaysia. They were disposed off in 2014 with a gain amounting to RM3,214,000 (equivalent to $1,244,000) recognised in profit or loss.

27 FINANCE COSTS

	Group	
	2015	2014
	$'000	$'000
Interest expense	690	846

28 INCOME TAX EXPENSE

	Group	
	2015	2014
	$'000	$'000
Income tax		
Current	3,082	3,850
Overprovision in prior years	(237)	(279)
	2,845	3,571
Deferred income tax		
Current	27	162
Overprovision in prior years	(56)	(368)
	(29)	(206)
Total income tax expense	2,816	3,365

Domestic income tax is calculated at 17% (2014 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

28 INCOME TAX EXPENSE (cont'd)

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

	Group	
	2015	2014
	$'000	$'000
Profit before income tax	20,427	26,214
Income tax expense at domestic rate of 17% (2014 : 17%)	3,473	4,456
Non-deductible (taxable) items	168	(177)
Deferred tax benefits not recognised	87	34
Overprovision of taxation in prior years	(293)	(647)
Tax rebates	(195)	(303)
Effect of different tax rates of subsidiary corporations operating in other jurisdictions	164	777
Utilisation of deferred tax benefits previously not recognised	(23)	–
Productivity and Innovation Credit enhanced deduction	(563)	(814)
Effect of tax concessions	–	(67)
Others	(2)	106
	2,816	3,365

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

	Group	
	2015	2014
	$'000	$'000
Tax loss carry forwards		
Balance at beginning of year	1,885	7,795
Adjustment	1,967	1,929
Currency realignment	–	(215)
Deconsolidation of subsidiary corporations	–	(7,824)
Arising during the year	51	200
Balance at end of year	3,903	1,885
Unutilised investment allowance		
Balance at beginning of year	–	1,560
Deconsolidation of subsidiary corporations	–	(1,517)
Currency realignment	–	(43)
Balance at end of year	–	–

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

28 INCOME TAX EXPENSE (cont'd)

	Group	
	2015	2014
	$'000	$'000
Unutilised capital allowance		
Balance at beginning of year	–	1,838
Adjustment	–	(32)
Currency realignment	–	(51)
Deconsolidation of subsidiary corporations	–	(1,755)
Balance at end of year	–	–
Total	3,903	1,885
Deferred tax benefits on above:		
Unrecorded	664	320

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 subsidiary corporations 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.

29 PROFIT FOR THE YEAR

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

	Group	
	2015	2014
	$'000	$'000
Directors' remuneration:		
of the company	1,385	1,592
of the subsidiary corporations	2,413	2,470
Total directors' remuneration	3,798	4,062

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

29 PROFIT FOR THE YEAR (cont'd)

	Group	
	2015	2014
	$'000	$'000
Directors' fee	395	394
Audit fees:		
Auditors of the company	230	258
Other auditors	40	37
Non-audit fees:		
Paid to auditors of the company	40	49
Other auditors	6	17
Cost of inventories recognised as expense	216,821	222,714
Foreign currency exchange adjustment loss	375	584
Property, plant and equipment written off	224	42
Inventories written off	275	182
(Reversal of) Allowance for inventories obsolescence	(27)	33
Provision for onerous contracts	105	191
Bad debts written off	76	98
Allowance for doubtful receivables	596	1,461
Amortisation of leasehold prepayments	4	4
Depreciation expense	3,632	3,580
Amortisation expense	276	282
Loss (Gain) on disposal of property, plant and equipment	11	(163)
Employee benefits expense (including directors' remuneration)	39,358	40,022
Cost of defined contribution plans included in employee benefits expense	2,577	2,550

30 EARNINGS PER SHARE

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

Earnings

	Group	
	2015	2014
	$'000	$'000
Earnings for the purposes of calculation of basic and diluted earnings per share (profit for the year attributable to equity holders of the company)	17,077	21,609

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

30 EARNINGS PER SHARE (cont'd)

Number of shares

	Group	
	2015	2014
Number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	435,515,791	435,515,791

31 DIVIDENDS

During the financial year ended 30 June 2015, the company declared and paid dividends totaling $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 30 June 2014 totaling $6.533 million.

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2015 totaling $3.266 million.

During the financial year ended 30 June 2014, the company declared and paid dividends totaling $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 30 June 2013 totaling $6.533 million.

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

Subsequent to 30 June 2015, the directors of the company recommended that a final tax-exempt dividend be paid at 1.5 cent per ordinary share totaling $6.533 million for the financial year ended 30 June 2015. 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.

32 CONTINGENT LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Corporate guarantee in relation to credit facilities granted to subsidiary corporations (Note 18)	–	–	59,985	53,405

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

33 DISPOSAL OF A SUBSIDIARY CORPORATION

On 18 December 2013, the group's subsidiary corporation, 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 corporation, comprising of 527,500 fully paid-up ordinary shares, for an aggregate sales consideration of NZ$2,500,000 (approximately $2,593,000).

Details of the disposal were 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 corporation reclassified from equity on loss of control of subsidiary corporation	104
Loss on disposal of a subsidiary corporation	(1,367)

The loss on disposal of the subsidiary corporation was 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

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

34 DECONSOLIDATION OF SUBSIDIARY CORPORATIONS

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

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

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

Management had assessed that there was no effective control over the remaining immaterial assets of these subsidiary corporations and had deconsolidated them.

Details of the deconsolidation were 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 subsidiary corporations reclassified from equity on deconsolidation of subsidiary corporations	231
Loss on deconsolidation of subsidiary corporations	254

The loss on deconsolidation of subsidiary corporations was 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 subsidiary corporations

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

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

35 ACQUISITION OF A SUBSIDIARY CORPORATION

On 2 April 2014, the group through its 65% owned subsidiary corporation, 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 corporation 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)

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

35 ACQUISITION OF A SUBSIDIARY CORPORATION (cont'd)

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.

Net cash inflow on acquisition of a subsidiary corporation

	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 PTCL. Revenue for the period amounted to $540,000.

Had the business combination during the year been effected at 1 July 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.

36 COMMITMENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Commitment to purchase fixed quantum of copper from suppliers at market rate at date of delivery	34,042	46,451	34,042	46,451
Capital commitment for the acquisition of property, plant and equipment	322	7,244	–	134
	34,364	53,695	34,042	46,585

37 OPERATING LEASE COMMITMENTS

The group as lessee

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Minimum lease payments under operating leases recognised as an expense in the year	2,013	2,527	411	376

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

37 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Future minimum lease payments payable:				
Within one year	1,470	1,639	420	407
In the second to fifth year inclusive	3,965	3,339	1,671	1,622
After five years	9,189	8,956	5,039	5,284
Total	14,624	13,934	7,130	7,313

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 $81,000 (2014 : $81,000).

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

	Group	
	2015	2014
	$'000	$'000
Future minimum lease receivables:		
Within one year	9	81
In the second to fifth year inclusive	–	60
Total	9	141

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

38 SEGMENT INFORMATION

The group has the following five strategic units, which are its reportable segments. These units offer different products and services, and are managed separately because they sell different products or services and have their own marketing strategies. The group's CEO (the chief operating decision maker) reviews internal management reports of each unit at least quarterly. The following summary describes the operations in each of the group's reportable segments:

- *Cable & Wire.* Includes cable and wire manufacturing and dealing in such products.
- *Switchboard.* Includes manufacturing and dealing in electrical switchboards, feeder pillars and components.
- *Electrical Material Distribution.* Includes distribution of electrical products.
- *Test & Inspection.* Includes laboratories for tests, experiments and researches and provision of quality consultancy services.
- *Others.* Investment holding.

Accordingly, the above are the group's reportable segments under FRS 108. No operating segments have been aggregated to form the above reportable operating segments. 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	Switch-board	Electrical Material Distribution	Test & Inspection	Others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue and results							
2015							
REVENUE							
External sales	184,454	8,452	71,624	25,427	–	–	289,957
Inter-segment sales	1,919	–	76	–	–	(1,995)	–
Total revenue	186,373	8,452	71,700	25,427	–	(1,995)	289,957
RESULT							
Segment result	15,957	584	2,881	1,315	(17)	–	20,720
Interest expense	(625)	–	–	(65)	–	–	(690)
Interest income	10	–	1	3	–	–	14
Share of profit of associates	–	–	383	–	–	–	383
Income tax expense							(2,816)
Non-controlling interests							(534)
Profit attributable to shareholders of the company							17,077

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

38 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							
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

Revenue reported above represents revenue generated from external customers. There were inter-segment sales of $1,995,000 (2014 : $12,877,000) 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						
2015						
Segment assets	131,057	4,200	38,779	26,423	871	201,330
Interest in associates	–	–	5,230	–	–	5,230
Unallocated segment assets						130
Consolidated total assets						206,690
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

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

38 SEGMENT INFORMATION (cont'd)

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						
2015						
Additions to non-current assets	1,767	23	761	9,388	–	11,939
Depreciation and amortisation	1,498	89	760	1,561	–	3,908
Non-cash expenses (income) other than depreciation and amortisation	875	(26)	519	282	(21)	1,629
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

NOTES TO FINANCIAL STATEMENTS

Year Ended 30 June 2015

38 SEGMENT INFORMATION (cont'd)

Geographical information

The group operates in five (2014 : six) principal geographical areas – Singapore, Malaysia, Vietnam, Brunei and Indonesia (2014 : Singapore, Malaysia, Vietnam, Brunei, New Zealand and Indonesia).

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
2015		
Singapore	227,907	24,842
Malaysia	31,408	5,235
Vietnam	12,190	2,200
Brunei	8,948	–
Indonesia	6,693	425
Others	2,811	–
	289,957	32,702
2014		
Singapore	229,189	18,914
Malaysia	28,434	5,442
Vietnam	14,485	1,676
Brunei	12,288	61
New Zealand	10,379	–
Indonesia	4,348	377
Others	8,222	–
	307,345	26,470

ANALYSIS OF SHAREHOLDINGS

As at 16 September 2015

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 16 SEPTEMBER 2015

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	43	1.19	1,001	0.00
100 - 1,000	258	7.12	190,660	0.04
1,001 - 10,000	1,369	37.78	9,200,504	2.11
10,001 - 1,000,000	1,914	52.81	110,477,411	25.37
1,000,001 and above	40	1.10	315,646,215	72.48
Total	3,624	100.00	435,515,791	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 16 SEPTEMBER 2015

No.	Name of shareholders	No. of shares	%
1	LIM BOON HOCK BERNARD	47,401,802	10.88
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	16,392,909	3.76
6	LIM BOON HOH BENEDICT (LIN WENHE, BENEDICT)	14,919,642	3.43
7	LIM HIANG LAN	14,469,490	3.32
8	LIM LIAN HIONG	14,199,132	3.26
9	LIM PHEK CHOO CONSTANCE	11,767,142	2.70
10	DBS NOMINEES PTE LTD	9,190,635	2.11
11	LIM LIAN ENG	8,876,048	2.04
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	AU AH YIAN	6,237,560	1.43
16	CHIA AH HENG	6,161,607	1.41
17	YEN TSUNG HUA	5,122,140	1.18
18	GERALD CHENG KAI YONG	4,452,816	1.02
19	PHILLIP SECURITIES PTE LTD	3,996,293	0.92
20	SEE BENG LIAN JANICE	3,359,888	0.77
		277,974,260	63.82

FREE FLOAT OF EQUITY SECURITIES

On the basis in information available to the Company approximately 41.62% of the equity securities of the company excluding preference shares and convertible securities are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of a listed issuer's equity securities to be held by the public.

ANALYSIS OF SHAREHOLDINGS

As at 16 September 2015

LIST OF SUBSTANTIAL SHAREHOLDERS AND THEIR SHAREHOLDINGS AS AT 16 SEPTEMBER 2015 BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares	
Name	Shareholdings registered in the name of Substantial Shareholders or their Nominees	Shareholdings in which Substantial Shareholders are deemed to have an interest
Mr. Lim Chye Huat @ Bobby Lim Chye Huat (1)	34,216,897	24,021,985
Mdm. Goh Soo Luan (2)	24,021,985	34,216,897
Mr. Lim Boon Hock Bernard (3)	47,849,027	1,967,792
Mdm. Pang Yoke Chun (4)	1,967,792	47,849,027
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 47,849,027 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 Tembusu Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Friday, 23 October 2015 at 11.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 30 June 2015 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 30 June 2015.

3. To approve the payment of up to $225,500 as Directors' fees for the year ending 30 June 2016. (2015 : $180,000)

4. To re-elect the following Directors retiring pursuant to the Articles of Association of the Company:-

   (a) Mr. Soon Boon Siong; and

   (b) Mr. Lee Fang Wen.

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

NOTICE OF ANNUAL GENERAL MEETING

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

(iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier."

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, 7 October 2015

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 "asearned" current year basis, for the financial year ending 30 June 2016 ("FY 2016").

Directors' fees is higher for FY 2016 because an additional Non-executive Director has been appointed to serve on the Board.

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 2016 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) Mr. Soon Boon Siong, is considered to be an independent director by the Board of Directors, and if re-elected under item 4(a) above, will remain as an Audit Committee Member.

(4) Mr. Lee Fang Wen is considered to be an independent director by the Board of Directors, and if re-elected under item 4(b) above, will remain as an Audit Committee Member.

(5) 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 the Audit Committee Chairman.

(6) 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 an Audit Committee Member.

NOTICE OF ANNUAL GENERAL MEETING

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

(7) 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.

(8) 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.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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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 23 October 2015 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 Audited Financial Statements and Reports		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees for year ending 30 June 2016		
4.	(a) Re-election of Mr. Soon Boon Siong as a Director		
	(b) Re-election of Mr. Lee Fang Wen 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 ____________ 2015.

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.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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