



Tai Sin[®]

The Electric Solutions Specialist For Asia Since 1958

SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) **A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	6 months ended 31.12.16 \$'000	6 months ended 31.12.15 \$'000
Revenue	139,733	154,511
Cost of sales	(109,758)	(125,498)
Gross profit	29,975	29,013
Other operating income	2,913	804
Selling and distribution expense	(9,592)	(8,637)
Administrative expense	(9,123)	(8,528)
Other operating expenses	(997)	(680)
Finance costs	(394)	(330)
Share of profit of an associate	339	279
Profit before income tax	13,121	11,921
Income tax expense	(2,095)	(2,019)
Profit after income tax	11,026	9,902
Other comprehensive income (loss) :		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Exchange difference on translation of foreign operations	2	(589)
Changes in share of other comprehensive (loss) income of an associate	(21)	1
Other comprehensive loss for the year, net of tax	(19)	(588)
Total comprehensive income for the year	11,007	9,314
Profit attributable to:		
Shareholders of the company	10,918	9,466
Non-controlling interests	108	436
	11,026	9,902
Total comprehensive income attributable to :		
Shareholders of the company	10,898	8,888
Non-controlling interests	109	426
	11,007	9,314

1(a)(ii) Notes to the statement of profit or loss (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	6 months ended 31.12.16 \$'000	6 months ended 31.12.15 \$'000
Interest income	35	7
Bad debts recovered	48	74
Allowance for doubtful receivables	(966)	(206)
Fair value adjustment on derivative financial instruments	1,302	(4)
Foreign exchange gain (loss)	14	(418)
Adjustment for under provision of income tax in respect of prior years	(9)	-
Gain on disposal of property, plant and equipment	731	42
Property, plant and equipment written off	(31)	(43)
Depreciation of property, plant and equipment	(2,196)	(2,000)
Amortisation of intangible assets	(116)	(138)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	As at 31.12.16 \$'000	As at 30.06.16 \$'000	As at 31.12.16 \$'000	As at 30.06.16 \$'000
ASSETS				
Current assets:				
Cash and bank balances	22,412	34,167	10,567	14,021
Trade receivables	77,965	101,453	39,324	60,141
Other receivables	4,340	3,469	2,293	3,506
Derivative financial instruments	1,343	41	1,343	41
Inventories	58,631	61,303	32,600	38,889
Total current assets	164,691	200,433	86,127	116,598
Non-current assets:				
Other receivables	220	225	4,625	5,219
Subsidiaries	-	-	44,878	41,478
Associate	5,539	5,179	-	-
Property, plant and equipment	38,616	34,510	7,819	6,805
Leasehold prepayments	146	140	-	-
Intangible assets	971	1,087	-	-
Deferred tax assets	69	66	-	-
Total non-current assets	45,561	41,207	57,322	53,502
Total assets	210,252	241,640	143,449	170,100
LIABILITIES AND EQUITY				
Current liabilities:				
Bank overdrafts and short-term bank borrowings	14,271	36,913	1,863	18,728
Trade payables	18,913	24,883	7,017	15,984
Other payables	7,026	10,188	1,929	3,646
Current portion of finance leases	43	164	-	-
Income tax payable	3,320	3,081	2,061	2,036
Total current liabilities	43,573	75,229	12,870	40,394
Non-current liabilities:				
Other payables	67	64	-	-
Non-current portion of finance leases	92	115	-	-
Deferred tax liabilities	1,402	1,453	90	90
Total non-current liabilities	1,561	1,632	90	90

	GROUP		COMPANY	
	As at 31.12.16 \$'000	As at 30.06.16 \$'000	As at 31.12.16 \$'000	As at 30.06.16 \$'000
Capital, reserves and non-controlling interests:				
Share capital	56,288	56,288	56,288	56,288
Treasury shares	(950)	(950)	(950)	(950)
Reserves	108,714	105,180	75,151	74,278
Equity attributable to the shareholders of the Company	164,052	160,518	130,489	129,616
Non-controlling interests	1,066	4,261	-	-
Total equity	165,118	164,779	130,489	129,616
Total liabilities and equity	210,252	241,640	143,449	170,100

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2016		As at 30/06/2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
12,451	1,863	18,349	18,728

Amount repayable after one year

As at 31/12/2016		As at 30/06/2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
92	-	115	-

Details of any collateral

The bank overdrafts and other bank borrowings of the Group are secured by the following:

- i. negative pledge over all assets of a subsidiary; and
- ii. corporate guarantee by the company.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	6 months ended 31.12.16 \$'000	6 months ended 31.12.15 \$'000
Operating activities		
Profit before income tax	13,121	11,921
Adjustments for:		
Depreciation expense	2,196	2,000
Amortisation expense	116	138
Interest income	(35)	(7)
Interest expense	394	330
Fair value adjustment on derivative financial instruments taken to profit or loss	(1,302)	4
Bad debts recovered	(48)	(74)
Allowance for doubtful receivables	966	206
Gain on disposal of property, plant and equipment	(731)	(42)
Property, plant and equipment written off	31	43
Share of profit of an associate	(339)	(279)
Operating cash flows before movement in working capital	14,369	14,240
Trade receivables	22,343	(6,742)
Other receivables	(873)	952
Inventories	2,742	2,120
Trade payables	(6,102)	(4,341)
Other payables	(3,173)	(698)
Cash generated from operations	29,306	5,531
Income tax paid	(1,897)	(1,738)
Net cash from operating activities	27,409	3,793
Investing activities		
Acquisition of additional interests in a subsidiary	(3,400)	-
Purchase of property, plant and equipment	(6,487)	(5,617)
Proceeds from disposal of property, plant and equipment	761	53
Interest received	35	7
Net cash used in investing activities	(9,091)	(5,557)
Financing activities		
Proceeds from short-term bank borrowings	26,116	35,150
Repayment of short-term bank borrowings	(48,296)	(24,604)
Repayment of finance lease obligations	(141)	(136)
Interest paid	(394)	(330)
Dividend paid	(6,968)	(6,533)
Dividend paid to non-controlling interests	(300)	-
Net cash (used in) from financing activities	(29,983)	3,547
Net (decrease) increase in cash and cash equivalents	(11,665)	1,783
Cash and cash equivalents at beginning of period	34,167	23,491
Effect of exchange rate changes on the balance of cash held in foreign currencies	(90)	106
Cash and cash equivalents at end of period	22,412	25,380

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Other reserve \$'000	Accumulated profits \$'000	Equity attributable to shareholders of the company \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 July 2016	56,288	(950)	(2,810)	(728)	108,718	160,518	4,261	164,779
Total comprehensive (loss) income for the period								
Profit for the period	-	-	-	-	10,918	10,918	108	11,026
Other comprehensive loss (income) for the period	-	-	(20)	-	-	(20)	1	(19)
Total	-	-	(20)	-	10,918	10,898	109	11,007
Transactions with owners, recognised directly in equity								
Acquisition of additional interests in a subsidiary ^(a)	-	-	(34)	(362)	-	(396)	(3,004)	(3,400)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(300)	(300)
Final dividend for the previous year paid	-	-	-	-	(6,968)	(6,968)	-	(6,968)
Total	-	-	(34)	(362)	(6,968)	(7,364)	(3,304)	(10,668)
Balance at 31 December 2016	56,288	(950)	(2,864)	(1,090)	112,668	164,052	1,066	165,118

Notes :

- (a) During the period ended 31 December 2016, the Group increased its equity interest in a subsidiary from 79.1% to 100%. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid was recognized directly in equity.

Group	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Other reserve \$'000	Accumulated profits \$'000	Equity attributable to shareholders of the company \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 July 2015	56,288	(950)	(1,781)	(728)	95,376	148,205	3,756	151,961
Total comprehensive (loss) income for the period								
Profit for the period	-	-	-	-	9,466	9,466	436	9,902
Other comprehensive loss for the period	-	-	(578)	-	-	(578)	(10)	(588)
Total	-	-	(578)	-	9,466	8,888	426	9,314
Transactions with owners, recognized directly in equity								
Final dividend for the previous year paid	-	-	-	-	(6,533)	(6,533)	-	(6,533)
Balance at 31 December 2015	56,288	(950)	(2,359)	(728)	98,309	150,560	4,182	154,742

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 July 2016	56,288	(950)	74,278	129,616
Profit for the year, representing total comprehensive income for the period	-	-	7,841	7,841
Transactions with owners, recognized directly in equity				
Final dividend for the previous year paid	-	-	(6,968)	(6,968)
Balance at 31 December 2016	<u>56,288</u>	<u>(950)</u>	<u>75,151</u>	<u>130,489</u>

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 July 2015	56,288	(950)	67,537	122,875
Profit for the year, representing total comprehensive income for the period	-	-	4,388	4,388
Transactions with owners, recognized directly in equity				
Final dividend for the previous year paid	-	-	(6,533)	(6,533)
Balance at 31 December 2015	<u>56,288</u>	<u>(950)</u>	<u>65,392</u>	<u>120,730</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital during the 3 months ended 31 December 2016.

The total number of issued ordinary shares excluding treasury shares as at 31 December 2016 was 435,515,791 (31 December 2015: 435,515,791).

The number of ordinary shares held as treasury shares as at 31 December 2016 was 2,727,000 (31 December 2015: 2,727,000).

As at 31 December 2016, there were no shares that may be issued on conversion of any outstanding convertibles or shares options (31 December 2015: Nil).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares excluding treasury shares as at 31 December 2016 was 435,515,791 (30 June 2016: 435,515,791).

- 1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current reporting year compared with the audited financial statements as at 30 June 2016.

The adoption of new/revised FRS and INT FRS have no material financial impact on the financial statements.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no changes in the accounting policies adopted by the Group and the Company, other than as disclosed in item 4.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	6 months ended 31.12.16	6 months ended 31.12.15
Earnings per ordinary share for the year after deducting any provision for preference dividends:-		
(i) Based on the weighted average number of ordinary shares in issue; and	2.51 cents	2.17 cents
(ii) On a fully diluted basis	2.51 cents	2.17 cents

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31.12.16	As at 30.06.16	As at 31.12.16	As at 30.06.16
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	37.67 cents	36.86 cents	29.96 cents	29.76 cents

Net asset value per share is calculated based on the existing number of shares in issue of 435,515,791 (30 June 2016: 435,515,791 shares).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of profit or loss

The Group's revenue of \$139.73 million for the 6 months ended 31 December 2016 was down 9.56% when compared to \$154.51 million from the last corresponding period. The decrease in revenue was mainly due to the Cable & Wire ("C&W") Segment reporting a decrease of \$16.29 million in revenue, primarily attributable to lower delivery to the Commercial & Residential, Industrial and Infrastructure Sectors in Singapore and a drop in copper prices. The decrease in revenue for Singapore was mitigated by a rise in export sales for projects in Myanmar coupled with increase in the Infrastructure Sector in Malaysia and Vietnam.

Switchboard ("SB") Segment decreased by \$0.81 million mainly due to a lack of new projects launched by the government and completion of existing projects.

The decrease in revenue in the C&W and SB Segment was negated by increase in revenue from:

- a) Test & Inspection ("T&I") Segment which increased by \$1.80 million. This was mainly because of performance of contracts awarded in prior years and new contracts awarded in Indonesia.

b) Electrical Material Distribution (“EMD”) Segment which increased by \$0.53 million. This was mainly due to rebound in sales to the Electronic Cluster during the period.

Other operating income increased by \$2.11 million, attributable to gain on disposal of property, plant and equipment and fair value gain on derivative financial instruments during the period.

Selling and distribution expenses increased by \$0.96 million, mainly because of higher staff cost, higher advertisement and marketing expense to penetrate the retail market in Vietnam.

Administrative expenses increased by \$0.60 million, due to higher staff cost, higher staff welfare and higher depreciation charges as a result of addition of assets and renovation works carried out in the last financial year.

Other operating expenses increased by \$0.32 million, principally attributable to the net impact of higher allowance for doubtful receivables and lower foreign exchange loss during the period.

The Group’s profit before income tax of \$13.12 million for the period ended 31 December 2016, was an increase of \$1.20 million as compared to the last corresponding period. This was traceable to profit before income tax from the C&W Segment increasing by \$0.68 million and T&I Segment by \$0.63 million, offset by lower profit from the SB Segment which decreased by \$0.12 million. Profit before income tax for the EMD Segment remained constant as compared to last corresponding period.

Statement of financial position

Cash and bank balances decreased by \$11.76 million, due to cash purchase of property, plant and equipment, repayment of short-term bank borrowings and acquisition of remaining shares in a subsidiary during the period.

Trade receivables decreased by \$23.49 million, as a result of lower sales in the C&W Segment and the EMD Segment for the quarter ended 31 December 2016 as compared to quarter ended 30 June 2016.

Other receivables increased by \$0.87 million, primarily attributable to down payment for purchase of copper and down payment for acquisition of plant and machinery during the period.

Inventories decreased by \$2.67 million, as a result of lower purchases in the C&W segment which moved in tandem with lower sales during the quarter.

Property, plant and equipment increased by \$4.11 million, mainly due to acquisition of property in Malaysia and offset against depreciation charges during the period.

Bank overdrafts and short-term bank borrowings decreased by \$22.64 million primarily because of settlement made and lower copper purchases during the period.

Trade payables decreased by \$5.97 million to \$18.91 million, due to lower purchases in the C&W Segment.

Other payables decreased by \$3.16 million because of bonuses and gratuity payout for the financial year ended 30 June 2016 coupled with lower advances from customer during the period.

Statement of cash flows

The cash and cash equivalent at the end of the period declined to \$22.41 million compared with \$34.17 million at the end of the last period.

The net cash from operating activities of \$27.41 million was due to lower sales, lower purchases, higher down payment made to supplier, acquisition of plant and machinery, bonus, gratuity and income tax paid during the period.

The net cash used in investing activities of \$9.09 million was for the acquisition of additional shares in a subsidiary and purchase of property, plant and equipment, net of proceeds from disposal of plant and equipment and interest received.

The net cash used in financing activities of \$29.98 million was largely for repayment of bank borrowings, finance lease, dividend and interest paid, net of proceeds from bank borrowings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or a prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Slower economic growth in Singapore could affect the performance of the Group businesses in the next 12 months. The Group expects the business environment to remain challenging due to stiff competition, volatility in foreign exchange rates and copper prices.

Despite the challenges ahead, there are still opportunities for the Group. The Group will focus and strengthen its business development in the Infrastructure Sector in Singapore, Malaysia and Indonesia. At the same time, the C&W segment will continue to expand its market through the local wholesaler and distributor network in Vietnam.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared (recommended) for the current financial period reported on? **Yes**

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.75 cent per ordinary share
Tax Rate	Exempt One-tier

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared (recommended) for the corresponding period of the immediately preceding financial year? **Yes**

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.75 cent per ordinary share
Tax Rate	Exempt One-tier

(c) Date payable

The Interim Exempt One-tier Dividend of 0.75 cent per ordinary share will be paid on 16th March 2017.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 10th March 2017 for the purpose of preparing dividend warrants.

Duly completed transfers received by the Company's Share Registrars, B.A.C.S. Private Limited of 8 Robinson Road #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 9th March 2017 will be registered before entitlements to the Interim Dividend are determined. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said Interim Dividend will be paid by the Company to CDP which will distribute the dividend to holders of the securities accounts.

- 12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

- 13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained from shareholders.

- 14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).**

See last page.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officer(s) required under Rule 720(1) of the Listing Manual.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

- 17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 18. A breakdown of sales.**

Not applicable.

- 19. A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its previous full year.**

Not applicable.

20. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable.

BY ORDER OF THE BOARD

Tan Shou Chieh
Secretary

Singapore, 13 February 2017



Tai Sin[®]

The Electric Solutions Specialist For Asia Since 1958



CERT. NO.: 96-2-0545
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**CONFIRMATION BY THE BOARD OF DIRECTORS
PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

We, the undersigned, being two Directors of Tai Sin Electric Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim financial statements for the second quarter ended 31 December 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors,



Mr. Tay Joo Soon
Chairman



Mr. Lim Boon Hock Bernard
Chief Executive Officer

Singapore, 13 February 2017

Tai Sin Electric Limited

24 Gul Crescent, Jurong Town, Singapore 629531 Tel: (65) 6861 3401 Fax: (65) 6861 4084
Website : www.taisn.com.sg Email : mailbox1@taisn.com.sg Co. Reg. No. : 198000057W