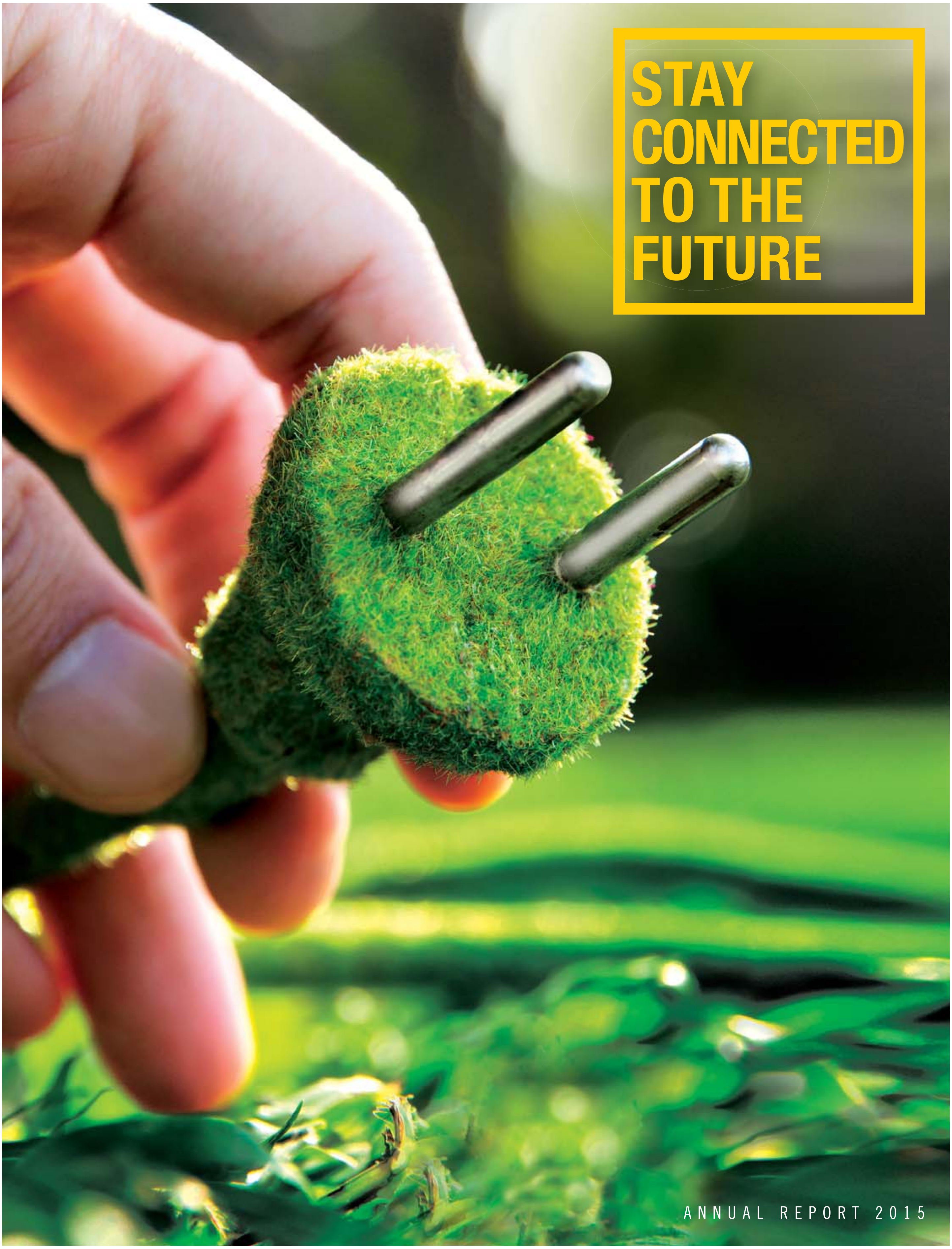


STAY CONNECTED TO THE FUTURE

ANNUAL REPORT 2015

VIBROPOWER

THE CUSTOM POWER SPECIALIST

OUR MISSION

Build a Global Workforce to support our chosen markets.

Provide customer value through excellent after-sales services.

Strengthen existing and develop new markets.

To consistently exceed shareholder's expectations.

OUR CORE VALUES

At VibroPower, there are 3-Powers at work:

PASSION

Our passion fuels our people;

PRIDE

We never say No; and

POSSIBILITIES

We transform challenges to possibilties.

CONTENTS

BUSINESS LOCATIONS

SINGAPORE

VibroPower Corporation Ltd
VibroPower Pte. Ltd.
VibroPower Sales And Services (S) Pte. Ltd.
GMTM Holdings Pte. Ltd.

11 Tuas Avenue 16
Singapore 638929
Tel : (65) 6268 2322
Fax : (65) 6262 2922
www.vibropower.com

Indamex (F.E.) Pte Ltd

38 Tuas Crescent
Singapore 638725
Tel : (65) 6265 6866
Fax : (65) 6265 6966

Scott & English Pte. Ltd.

38 Tuas Crescent
Singapore 638725
Tel : (65) 6265 5388
Fax : (65) 6264 1511

MALAYSIA

VibroPower Generators Sdn. Bhd.

No. 27 - A, First Floor
Jalan Sungai Besi Indah 1/19
Taman Sungei Besi Indah
Seri Kembangan, 43300
Selangor, Malaysia
Tel : (603) 8942 9328
Fax : (603) 8942 9329

CHINA

VibroPower (Shanghai) Generator Co., Ltd.

Room 1001, No.158
Lane 285, Jujin Road
Pudong, New Area,
Shanghai, China
Postal code 201208
Tel : (86) 139 1830 9312

Shanxi Weineng Coal Mine Co Development Co. Ltd

Yangquan City, Shanxi Province
Pingding Country, Nanyang
Shang Village, China
Tel : (86) 035 3568 1550

HONG KONG

VibroPower (HK) Limited

Suite 1222, 12/F, Leighton Centre,
77 Leighton Road, Causeway Bay,
Hong Kong.
Tel : (852) 3465 6939
Fax : (852) 3009 7502

INDIA

VibroPower Generators (India) Pvt. Ltd.

Main Office in Mumbai
305, Atlanta Estate,
Dr. Ambedkar Chowk,
off Western Express Highway,
Goregaon (East)
Mumbai 400 063, India
Tel : (91) 22 40662929
Fax : (91) 22 40662940

RUSSIA

VibroPower Representive Office

Office B2107, Technopark Pulkovo
40/4 Pulkovskoye Shosse, Letter A;
Saint Petersburg, 196158, Russia
Tel : 007 812 456 5910
www.vprussia.com

UNITED KINGDOM

VibroPower (UK) Limited

Suite 5
The ManorCrown
Business Centre
Meadow Drove, Bourne,
Lincolnshire,
United Kingdom
PE10 OBP
Tel : (44) 1733 230010
Fax : (44) 1733 237039

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of VibroPower Corporation Limited ("VibroPower", "the Company" or "the Group") I am pleased to present the annual report of the Company and its subsidiaries for the financial year ended 31 December 2015 ("FY2015").

SUMMARY OF FINANCIAL PERFORMANCE

In FY2015, the Group faced a very challenging market environment for its business of providing customised power generation solutions to industries. FY2015 saw a sharp fall in the price of crude oil as well as metals and minerals such as iron ore, coal, and copper. The slump in commodities was triggered by the slowdown in China's economy and had a chain reaction effect on China's trading partners in Asia. Demand for the Group's products and services from the mining and upstream oil and gas sectors in our major ASEAN and Asia markets were affected. Demand from the construction, engineering and shipbuilding industries were similarly affected.

In Singapore, there was still a demand for our services from the backlog of construction, transportation engineering and in-frastructure projects both from the public and private sectors. Several projects were completed during the early part of the year, while some major projects were deferred and are expected to come on-stream only in FY2016. This resulted in a substantial fall in revenue from Singapore for the Group in FY2015.

Overall, the Group recorded a net loss attributable to Shareholders of S$8.3 million on the back of S$17.7 million in revenue. Singapore accounted for 52% of the Group's revenue. ASEAN countries contributed 30% of revenue while Asia and Rest of the World contributed 10% and 8% respectively.

The Group's financial performance and financial position are presented in greater detail in the Financial and Operations Review section of this Annual Report.

In this Chairman's Message to Shareholders I wish to focus on the road ahead for the Company. We shall stay resilient to ride out the current slump; maintaining our core business even as we are making steady and visible progress towards our goal of moving up the power-generation value chain to be producers of clean energy.

BUSINESS UPDATE

We have made very good progress in our wholly-owned subsidiary Shanxi Weineng Coal Mine Gas Development Co. Ltd's ("SXWN") Shanxi coal mine methane power plant (CMMP) project. The power plant is fully operational.The plant uses methane gas emitted from coal seams as fuel for the generation of electricity. I expect this project to have a significant positive impact on the Group's FY2016 financials.

In our biomass clean energy project in Kluang Malaysia, we have also made progress. After extensive and careful study of the technical feasibilities and commercial viability, we have, on 12 December 2015 entered into a Shareholders Agreement for a joint venture ("VibroPower Green Energy Sdn Bhd") for this biomass power plant project. The biomass power plant will use disposed empty fruit bunches of oil palm as fuel for power generation. Again we are producing clean energy by using waste products. The plant is expected to have a capacity of 20 megawatts, and the electricity produced will be sold to Tenaga National Berhad for its distribution grid.

THE YEAR AHEAD

In the current core business of supplying power generation sets and providing customised power generation solutions to industries, Management will focus on the competitive costing of our products and services and aim to increase sales through more intensive marketing. We have made considerable progress in improving on our operational efficiency, but Management will continue to seek all ways to further increase the Group's productivity.

We are optimistic on our new clean energy business. There is an distinctive trend by many countries in moving towards clean energy. Air pollution in several major cities have already reached intolerable levels; inciting public outcry and galvanising calls for actions to be taken. The signing of the Paris Agreement by 196 countries at the United Nations Climate Change Conference in Paris in December 2015 further solidifies the stand against air pollution caused by the burning of fossil fuels.

VibroPower is well-positioned to ride on the clean energy trend. The coal mine methane and oil palm biomass projects expand the Group's business model. In addition to being a supplier of power generation services we are now producers of clean energy with a stable recurring revenue stream from the offtake of the electricity we generate from our clean energy initiatives. The Group will be in a better position to aim for resilient and sustainable long-term growth. This is our clear strategic direction for the year ahead.

ACKNOWLEDGEMENTS

I would like to thank our shareholders, business partners and business associates for their support through the years. To the management and staff I express my sincere appreciation for the dedication and hard work they have contributed to the Company. Finally, I would like to thank my fellow Directors for their invaluable counsel and advice.

BENEDICT CHEN ONN MENG
Chief Executive Officer

I wish to focus on the road ahead for the Company. We shall stay resilient to ride out the current slump; maintaining our core business even as we are making steady and visible progress towards our goal of moving up the power-generation value chain to be producers of clean energy.

FINANCIAL AND OPERATIONS REVIEW

FINANCIAL REVIEW

On 28 August 2015, the Board of VibroPower Corporation Limited proposed to its Shareholders, a 10:1 consolidation of its Shares so as to more effectively be able to comply with the Singapore Exchange (SGX-ST)'s Minimum Trading Price (MTP) rule of 20 Singapore cents per share for Mainboard listings by the deadline of 1st March 2016.

The Group completed its 10:1 Share Consolidation exercise on 30 October 2015. On completion the issued share capital of the Company comprises 34,527,656 Consolidated Shares (including 1,076,800 treasury shares), after disregarding any fractions of Consolidated Shares arising from the Share Consolidation. Each Consolidated Share ranks pari passu in all respects with each other and will be traded in board lots of 100 Consolidated Shares.

VibroPower Corporation Limited ("VibroPower" or "the Group") recorded a revenue of S$17.7 million for the twelve months ended December 2015 ("FY2015"). This was a decline of 37.3 % from FY2014 and is attributed to the deterioration in the business environment of the Group's major markets of Singapore, the ASEAN Countries, and Other Asian Countries.

The adverse general market conditions and intense competition for limited projects also resulted in a significant fall in gross profit margin. The 19.8% gross profit margin achieved in FY2014 could not be sustained. While revenue declined by 37.3% from the previous year, the cost of sales declined by 22.4% and Gross profit decreased to S$132,000. The Group's net loss attributable to shareholders was S$8.3 million resulting in a post-consolidation negative earnings per share of 24.80 Singapore cents.

The Group's total assets as at 31 December 2015 was S$35.7 million, out of which S$28.2 million was current assets. Inventories (S$14.6 million) and trade and other receivables (S$10.6 million) made up the bulk of the current assets.

The group's total liabilities as at 31 December 2015 was S$20.3 million, out of which S$18.7 million was current liabilities comprising mainly trade and other payables and other financial liabilities, giving the Group a current ratio of 1.5. The debt ratio of the Group (total assets/total liabilities) was 1.75. Cash and cash equivalents increased from S$2.1 million as at 31 December 2014 to S$2.4 million as at 31 December 2015.

Based on the Group's share capital of 33,450,856 Shares (excluding treasury shares) as at 31 December 2015, the net asset value per ordinary share stood at 45.99 Singapore cents.

SEGMENTAL REVIEW

The Group's markets are Singapore, ASEAN countries, Other Asia, and Rest of the World. Singapore remains the largest market for the Group, contributing to 52% of Group revenue in FY2015 approximately in line with a 54% contribution in FY2014. The Group's second largest market is the ASEAN countries which accounted for 30% of revenue in FY2015 as compared to 27% in FY2014. Other Asia countries and Rest of the World contributed 10% and 8% respectively to the Group's revenue in FY2015, a proportion largely unchanged from FY2014.

As the Group's overseas markets are in ASEAN and the other parts of Asia, adverse market conditions resulting from the effects of China's economic slowdown had a significant impact on our business. The end of the decade-long commodities super-cycle which had been supported by Chinese industrial demand led to a decrease in demand for power generation products and services from the region's mining, oil and gas, construction, engineering and shipbuilding industries.

Despite a drop in the Singapore market's contribution to revenue from S$15.3 million in FY2014 to S$9.3 million in FY2015, Singapore remains our most important market. The public housing, transportation engineering and infrastructure sectors of the Singapore economy still has a strong backlog of projects, thus forming a potential market for the Group's business.

OPERATIONS UPDATE

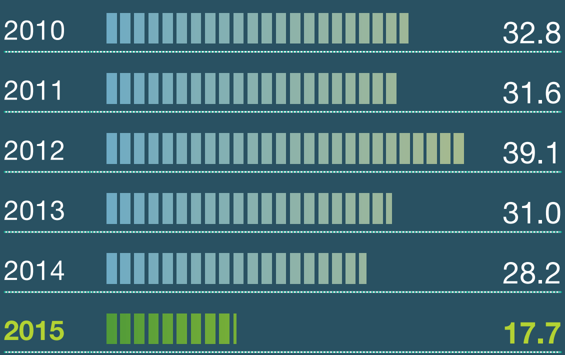
On 09 December 2015, the Board of Directors announced that the Group's wholly-owned subsidiary Shanxi Weineng Coal Mine Gas Development Company Limited's ("SXWN") Shanxi coal mine methane power plant ("CMMPP") had successfully synchronised with the State Grid. On 16 December 2015, the Board of Directors announced that CMMPP had successfully completed its operational endurance test and is now fully operational.

On 13 December 2015, The Board Directors of VibroPower announced that it will be embarking on a biomass power plant ("BPP") project in Kluang, Malaysia. BPP generates power using the empty fruit bunches of palm oil after they have extracted the oil from the fruit as fuel for the power generation. It is also able to use other biomass such as palm kernel shells, wood chips, saw dust and forest residue as fuel. The project was initiated on 12 December 2015 with the Group's signing of a Shareholders' Agreement for a 25% stake in VibroPower Green Energy Sdn Bhd ("VPGE"). The project is in progress and Shareholders will be kept informed of developments as and when they arise.

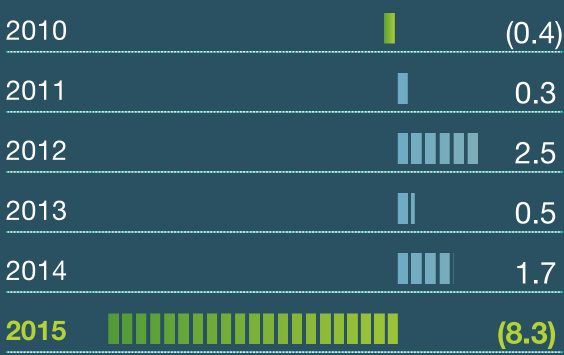
FINANCIAL HIGHLIGHTS (S$MIL)

	2010	2011	2012	2013	2014	**2015**
Turnover	32.8	31.6	39.1	31.0	28.2	**17.7**
(Loss)/Profit before Tax	(0.4)	0.3	2.5	0.5	1.7	**(8.3)**
Shareholders' Equity, Attributable to Equity Holders of the Company	22.1	21.8	22.1	21.1	23.0	**15.4**
Total Assets	33.4	43.1	45.0	43.5	40.7	**35.7**

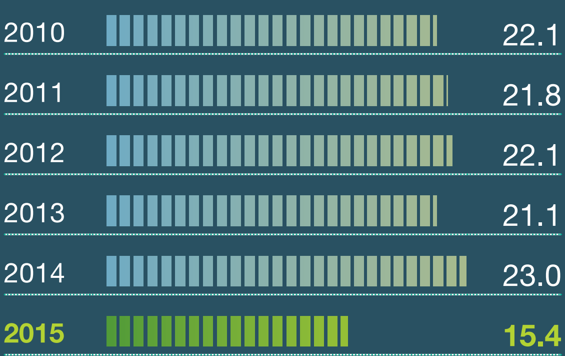
TURNOVER (S$MIL)



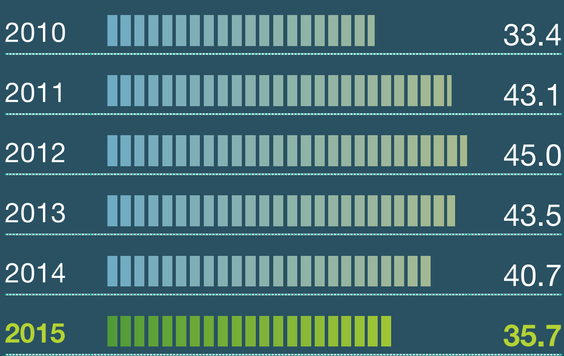
(LOSS)/PROFIT BEFORE TAX (S$MIL)



SHAREHOLDERS' EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (S$MIL)



TOTAL ASSETS (S$MIL)



BOARD OF DIRECTORS

TOH SHIH HUA

BENEDICT CHEN ONN MENG

ERNEST YOGARAJAH S/O BALASUBRAMANIAM

KANG BENG CHIANG

BENEDICT CHEN ONN MENG
Chief Executive Officer

Mr Chen is one of the founders and has been with the Group since 1995. He is the Chief Executive Officer of the Group. He is jointly responsible for the overall direction of the Group. He is also a member of the Company's Remuneration Committee.

Mr Chen has a diploma in Mechanical Engineering from Singapore Polytechnic.

KANG BENG CHIANG
Executive Director
(Resigned on 12 February 2016)

Mr Kang is also one of the founders and has been with the Group since 1995. He is the Executive Director of the Group. He is jointly responsible for the overall direction of the Group. He has more than 30 years of experience in Engineering and General Management.

Mr Kang has a diploma in Electrical Engineering from Singapore Polytechnic and a Diploma in Marketing Management from the Singapore Institute of Management.

ERNEST YOGARAJAH S/O BALASUBRAMANIAM
Independent and Non-Executive Director

Mr Balasubramaniam was appointed as an Independent Director on 10 May 2007. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committee.

Mr Balasubramaniam is a practising lawyer and Director of UniLegal LLC. He has a Bachelor of Laws degree and a Master of Laws Degree from the National University of Singapore.

TOH SHIH HUA
Independent and Non-Executive Director

Ms Toh was appointed as an Independent Director on 28 April 2015. She is the Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee.

Ms Toh is the founder and director of Genesis Capital Pte Ltd, a corporate finance advisory firm since 2004. Ms Toh has a Bachelor of Accountancy degree from Nanyang Technological University and is a member of Institute of Singapore Chartered Accountants.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Benedict Chen Onn Meng
Chief Executive Officer

Ernest Yogarajah s/o Balasubramaniam
Independent and Non-executive Director

Toh Shih Hua
Independent and Non-executive Director

AUDIT COMMITTEE

Toh Shih Hua
Chairman

Ernest Yogarajah s/o Balasubramaniam

Benedict Chen Onn Meng

NOMINATING COMMITTEE

Toh Shih Hua
Chairman

Ernest Yogarajah s/o Balasubramaniam

Benedict Chen Onn Meng

REMUNERATION COMMITTEE

Ernest Yogarajah s/o Balasubramaniam
Chairman

Benedict Chen Onn Meng

Toh Shih Hua

REGISTERED OFFICE AND BUSINESS ADDRESS

11 Tuas Avenue 16
Singapore 638929
Tel : (65) 6268 2322
Fax : (65) 6262 2922
Website: www.vibropower.com

COMPANY SECRETARY

Sia Huai Peng

REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte Ltd

50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623

AUDITORS

Ernst & Young LLP

Public Accountants and Chartered Accountants
One Raffles Quay,
North Tower
Level 18
Singapore 048583

Partner in charge: Yee Woon Yim
(Since reporting year ended 31 December 2014)

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

VibroPower Corporation Limited (the"Company") is committed to maintaining good corporate governance within the Company and its subsidiaries (collectively, the "Group"). The Board recognises the importance of good corporate governance and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximize long-term shareholder value.

This report describes the Company's corporate governance processes and activities for the financial year ended 31 December 2015 ("FY2015"), with specific references made to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"). The Board confirms that for FY2015, the Company has adhered to the principles and guidelines as set out in the Code, where applicable, and has disclosed and explained any deviations from the Code in this report.

A. BOARD MATTERS

The Board's Conduct of its 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 the Management remains accountable to the Board.

The Board is entrusted with the responsibility of the overall management of the Company. Its primary function is to provide effective leadership and direction for the overall business and corporate affairs of the Group to enhance the long-term value for the Company's shareholders and the Group's stakeholders.

Besides carrying out its statutory responsibilities, the Board's role is to:

a) Set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;

b) Establish a framework of effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;

c) Review management performance, approve annual budgets, funding requirements, expansion programs, capital investment and major acquisitions and divestments proposals;

d) Identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;

e) Set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

f) Supervising and monitoring of the Group's management over various matters, including strategic and sustainability issues and business planning processes;

g) Assume responsibility for corporate governance; and

h) Approve the release of the financial results and annual report of the Group to shareholders.

The Board exercises objective judgment independently from Management on corporate affairs of the Group and no individual or small group of individuals dominate the decisions of the Board. All Directors are required to objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company.

To assist in the execution of its responsibilities, the Board has established board committees (the "Board Committees"), which operate under clearly defined terms of reference. These terms of reference are reviewed on a regular basis to ensure their continued relevance. The effectiveness of each Board Committee is also reviewed by the Board. The three (3) Board Committees are:

- the Audit Committee (the "AC")
- the Nominating Committee (the "NC")
- the Remuneration Committee (the "RC")

The Board acknowledges that the Board Committees play an important role in ensuring good corporate governance of the Group and actively engages the Board Committees on matters pertaining to the Group. The Board also acknowledges that while these Board Committees have the authority to examine specific issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. Minutes of all Board Committee meetings held are made available to the Board members.

The Board meets at least two (2) times a year to review and approve, inter alia, the half-year and full year results of the Group. The Board also meets as warranted by circumstances to supervise, direct and control the Group's business and affairs. Additional meetings are convened as and when required. Apart from approvals obtained at Board meetings, important matters are also put to the Board for approval by way of circulating resolutions in writing together with all relevant information pertaining to the matter. As provided in the Constitution of the Company, the Board may convene telephonic and videoconferencing meetings as necessary.

The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during the financial year ended 31 December 2015 are as follows:

	Board	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
No. of meetings held	6	2	1	1
No. of meetings attended by the Directors				
Benedict Chen Onn Meng	6	2*	1*	1
Ernest Yogarajah s/o Balasubramaniam	6	2	1	1
Toh Shih Hua (Appointed on 28 April 2015)	5	1	–	–
Kang Beng Chiang (Resigned on 12 February 2016)	5	1	–	–
Michael Kan Yuet Yun (Retired at AGM held on 28 April 2015)	1	1	1	1

** By invitation*

The Board has adopted a set of internal guidelines setting forth matters that require the Board's review and approval. Matters which are specifically reserved for the Board's decision are those involving significant acquisitions, disposals and funding proposals, diversification of business, reviewing and approving the Group's corporate policies, monitoring the performance of the Group and transactions with interested persons, and those relating to investment, funding, legal, compliance and corporate secretarial matters. The Board will review these internal guidelines on a periodic basis to ensure their relevance to the operations of the Group.

Newly appointed Directors, if any, will be issued a letter of appointment setting out their duties and obligations when they are appointed. They will also undergo an orientation session, which include a briefing by Management on the Group's business operations and governance practices to ensure that new Directors have an insight into the workings of the Group. These were complied with for the new director, Ms Toh Shih Hua, who was appointed to the Board on 28 April 2015.

The Company Secretary and the Company's auditors will advise the existing Directors or if necessary, conduct briefings to the Directors on the new accounting standards and corporate governance practices as well as update them on any changes in the Companies Act and the Listing Manual. Directors also have opportunities to visit the Group's operation facilities in order to have a better understanding of its business operations.

From time to time, the Directors participate in seminars or discussions to keep themselves updated on the latest changes and developments concerning the Group and keep abreast of the latest regulatory changes.

The briefings and updates provided to Directors in FY2015 include:

- The Company Secretary updated the Board members on the amendments to the Companies Act, Cap. 50 and the Listing Manual.
- The Company's Auditors briefed the AC members on changes or amendments to the accounting standards.
- The Chief Executive Officer updated the Board on the business and strategic developments of the Group.

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.

As at the date of this report, the Board comprises one (1) Executive Director and two (2) Independent and Non-Executive Directors as follows:

<u>Executive Chairman and Chief Executive Officer</u>
Mr Benedict Chen Onn Meng

<u>Independent and Non-Executive Directors</u>
Mr Ernest Yogarajah s/o Balasubramaniam
Ms Toh Shih Hua

There is presently a strong and independent element on the Board as two out of three board members (more than 50%) are considered independent. Accordingly, the Company is in compliance with the requirement of the Code where Independent Directors should make up at least half of the Board, where the Chairman of the Board (the "Chairman") and the CEO is the same person.

The criterion of independence is based on the guidelines provided by the Code. The Board considers an "independent" director as one who has no 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 the Director's independent business judgement with a view to the best interest of the Group.

The independence of each Director is reviewed annually by the NC. Each independent director is required to complete a Director's Independence Declaration annually to confirm his independence based on the guidelines as set out in the Code. As at the date of this report, there is no Director who has served on the Board for more than 9 years from the date of his first appointment.

The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive to effective discussion and decision-making and that the Board has an appropriate balance of independent directors. The Board is of the view that the current board size and composition is appropriate for effective decision making, taking into account the scope and nature of the Group's operations.

In recommending new appointments to the Board, the NC takes into consideration the balance and diversity of skills, calibre, experience, expertise, attributes, ability, qualifications and gender, amongst other factors, required to support the Group's business activities or strategies, the current composition and size of the Board, and strives to ensure that the Board has an appropriate balance of Independent Directors.

The Board comprises Directors who are qualified and experienced in various fields including accounting and finance, legal, business and management experience and the requisite industry knowledge.

Skills and Experience:
The Board comprises three Directors who are each experienced and qualified in their respective fields.

Gender:
The Board comprises two male members and a female member.

Knowledge of the Company:
The Executive Chairman and CEO, Mr Benedict Chen Onn Meng, has over 30 years experience in the energy and power generation industry.

The Independent Directors have been having regular meetings with the Group's management to keep abreast of its financial performance, position and prospects. Prior to their appointment, they had undergone an orientation of the Group's business, including onsite visits and meetings with management to familiarise themselves with the Group's business.

Together, the Directors bring a wide and diverse range of business, finance, legal and management experience that will provide effective governance and stewardship for the Group. Please refer to the "Board of Directors" section of the Annual Report for the directors' profile.

Management regularly puts up proposals or reports for the Board's consideration and approval, for instance, proposals relating to specific transactions or general business direction or strategy of the Group. Independent and Non-Executive Directors, will then evaluate these proposals or reports and where appropriate, provide guidance to Management.

In addition, these directors will also review the performance of Management in meeting goals and objectives. Where required, Independent and Non-Executive Directors will meet without the presence of Management or Executive Director to review any matter that may be raised privately.

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.

The Chief Executive Officer and the Chairman of the Board of Directors for the Company is Mr. Benedict Chen Onn Meng. The Board, after careful consideration, is of the opinion that the need to separate the roles of the Chief Executive Officer and Chairman is not necessary for the time being. The presence of a strong independent element and the participation of Independent and Non-Executive Directors ensure that Mr Benedict Chen Onn Meng does not have unfettered powers of decision. This has been reflected in Board and Committee meetings where the Independent and Non-Executive Directors have participated actively in the decision-making process.

The Board has not adopted the recommendation of the Code to have separate persons appointed as the Chairman and the CEO as the Board is of the view that there is a sufficiently strong independent element and safeguards in place to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board, taking into account factors such as the numbers of Independent Directors on the Board as well as the contributions made by each member at meetings which relate to the affairs and operations of the Group. Further, given the Group's current corporate structure, size, nature and scope of operations, the Board is satisfied that one person is able to effectively discharge the duties of both positions.

The Chief Executive Officer is responsible for the proper functioning of the Board and ensures that Board meetings are held as and when necessary. As the Chairman, he also assumes responsibility for the smooth functioning of the Board, ensures the timely flow of information between Management and the Board, sets the agenda for Board meetings, ensures sufficient allocation of time for thorough discussion of each agenda item, promotes a culture of openness and debate at the Board and cultivates high standards of corporate governance.

Mr Ernest Yogarajah s/o Balasubramaniam has been appointed as the Lead Independent Director of the Company. He is the principal liaison in the event that any issues arise between the Independent Directors and the Executive Director. He is available to address the concerns of shareholders, employees or other persons in the event that interaction with the Executive Chairman and CEO has failed to satisfactorily resolve their concerns or where such channel of communications is considered inappropriate.

The Independent Directors meet on a need-to basis amongst themselves and with the Company's external auditors and internal auditors without the presence of Management to discuss matters such as the Group's financial performance, corporate governance and risk management initiatives, Board processes, any internal audit observations.

BOARD MEMBERSHIP

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

The NC comprises the following three members, the majority of whom, including the NC Chairman, are independent:

Ms Toh Shih Hua	(Chairman)
Mr Ernest Yogarajah s/o Balasubramaniam	(Member)
Mr Benedict Chen Onn Meng	(Member)

The NC has adopted written terms of reference defining its membership, administration and duties. Some of the key duties and responsibilities of the NC include:

- reviewing the structure, size and composition of the Board and Board Committees and making recommendations to the Board, where appropriate;
- evaluating whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company;
- developing processes for evaluating the performance of the Board, the Board Committees and Directors and implementing such processes for assessing the effectiveness of the Board as a whole and the contribution of each individual Director;
- nomination and re-nomination of Directors having regard to their contribution, performance and ability to commit sufficient time and attention to the affairs of the Group, taking into account their respective commitments outside of the Group and the roles and scope of responsibilities of such commitments;
- determining the independence of the Directors, taking into consideration guidance from the Code and any other salient factors, at least on an annual basis;
- performing such other duties or functions as may be delegated by the Board or required by regulatory authorities.

The role of NC also includes the recommendation of Directors for retirement by rotation pursuant to the Constitution of the Company. In reviewing the re-nomination of Directors, the NC will take into consideration the results of the assessment conducted on the Board as a whole, the Director's independence, contribution, performance (such as attendance and participation at Board meetings and other board appointments and principal commitments outside of the Group) and any other factors as may be deemed relevant by the NC. Pursuant to the Constitution of the Company, at least one-third of the Board members (except the CEO) are to retire from office by rotation and be subject to re-election by the shareholders at every Annual General Meeting ("AGM"). Taking into consideration that the CEO is instrumental to the Group's operations, the Company has not adopted the guideline for retirement once every 3 years for the CEO.

In addition, the Constitution of the Company provides that a newly appointed Director must retire and submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to re-election at least once every three (3) years. Directors who are due for retirement shall abstain from voting on any resolution in respect of their re-appointment as a Director.

The NC has recommended and the Board has agreed for Ms Toh Shih Hua and Mr Ernest Yogarajah s/o Balasubramaniam to retire and seek re-election at the forthcoming AGM.

Each independent director has completed a Director's Independence Declaration to confirm his independence based on the guidelines as set out in the Code for FY2015. The NC has reviewed and is satisfied with the independence of the independent directors.

As a director's ability to commit time to the Group's affairs is essential for his contribution and performance, the NC has determined that the maximum number of listed company board representations which any Director of the Company may hold is 5. The NC has reviewed each Director's outside directorships and all directors have complied with the maximum limit.

The Company does not have any alternate Directors as the Board does not encourage the appointment of alternate Directors unless it is in exceptional cases.

The NC is responsible for identifying candidates and reviewing all nominations for the appointment of Directors. When a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for purpose of progressive renewal of the Board, the NC will review and assess candidates before making recommendations to the Board. In recommending new appointments to the Board, the NC takes into consideration the balance and diversity of skills, calibre, experience, expertise, attributes, ability, qualifications and gender, amongst other factors, required to support the Group's business activities or strategies, the current composition and size of the Board, and strives to ensure that the Board has an appropriate balance of Independent Directors.

In identifying suitable candidates, the NC may:

- advertise or use the services of external advisors to facilitate a search; and
- consider candidates from a wide range of backgrounds from internal or external sources.

After shortlisting the candidates, the NC shall consider and interview candidates on merit against objective criteria, taking into consideration whether the candidate can devote sufficient time and attention to the affairs of the Group.

Key information of each member of the Board is set out below:

Name of Director	Date of first appointment	Date of last re-election	Present directorships and chairmanships in other listed companies	Directorships and chairmanships in other listed companies over the preceding three years
Benedict Chen Onn Meng	23 May 2000	Not Applicable	Nil	Nil
Ernest Yogarajah s/o Balasubramaniam	10 May 2007	28 April 2014	Independent Director of Patec Precision Industry Co. Ltd listed on the Taiwan Stock Exchange	Nil
Toh Shih Hua	28 April 2015	Not Applicable	Nil	Nil

BOARD PERFORMANCE

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

The NC has established a review process to assess the performance of the Board as a whole on an annual basis. The performance evaluation includes qualitative and quantitative factors including board structure, conduct of meetings, corporate strategy and planning, risk management and internal control, transparency in terms of disclosures and communication with shareholders. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's performance against certain short and long-term financial and non-financial performance indicators and to identify areas for improvement and to implement appropriate action.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the NC will consider such engagement.

For FY2015, all Directors are requested to complete a Board assessment checklist designed to seek their views on the various performance criteria set by the Board, so as to assess the overall performance and effectiveness of the Board. The checklists are completed and submitted to the Company Secretary for collation and the consolidated responses are presented to the NC for review and discussion before making any recommendations to the Board.

The NC has decided unanimously, that the Directors will not be evaluated individually, as each member of the Board contributes in different aspects to the success of the Group, and therefore, it would be more appropriate to assess the Board as a whole. Following its review, the NC is of the view that the Board and its Board Committees operate effectively and each Director has been adequately contributing to the overall effectiveness and objectives of the Board.

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-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are regularly updated by Management on the developments within the Group so that they are equipped to participate fully at Board Meetings. Board papers are prepared for each Board Meeting and include information from Management on the financial, business and corporate issues to enable the Directors to be properly briefed on issues to be raised at Board Meetings.

All Directors have unrestricted access to the Group's records and information and the Independent Directors have access to all levels of key management personnel, including the Company Secretary, in the Group.

The Company Secretary attends the Board and committee meetings and is responsible for ensuring that Board procedures are followed and the minutes of all Board and committees meetings are recorded and circulated to the Board and the committees. The Company Secretary also assists the Board to ensure that applicable rules and regulations are complied with.

The appointment and removal of the Company Secretary are decisions taken by the Board as a whole.

The Company currently does not have a formal procedure for Directors to seek independent professional advice for the furtherance of their duties. However, directors may, on a case-to-case basis, propose to the Board for such independent professional advice, the cost of which may be borne by the Company.

B. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

The RC comprises a majority of Non-Executive Independent Directors as follows:

Ernest Yogarajah s/o Balasubramaniam	(Chairman)
Toh Shih Hua	(Member)
Benedict Chen Onn Meng	(Member)

The RC has adopted written terms of reference defining its membership, administration and duties. Some of the key duties and responsibilities of the RC include:

- reviewing and recommending to the Board for endorsement, a framework of remuneration for the Board and key management personnel of the Group. The framework covers all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, share options, share-based incentives and awards and other benefits-in-kind with a goal to motivate, recruit and retain employees through competitive compensation and progressive policies;

- administering the performance share plan and any other share option scheme or share plan established from time to time, in accordance with the rules of such share plan or share option scheme; and

- performing such other duties or functions as may be delegated by the Board or required by regulatory authorities.

The Group's remuneration policy is to provide compensation packages appropriate to attract, retain and motivate the directors and key management personnel required to run the Group successfully.

The RC recommends for the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to directors' fees (where applicable), salaries, allowances, bonuses and benefits in kind and specific remuneration packages for each director and key management personnel.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services will be borne by the Company.

The RC will review the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

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 should avoid paying more than is necessary for this purpose.

The RC has agreed on a performance-based compensation package for Executive Directors. The remuneration structure for Executive Directors is based on service contracts. These include a profit sharing scheme that is performance related to align their interests with those of the shareholders.

As part of its review, the RC ensures that the Executive Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also takes into consideration the Group's relative performance and the performance of individual Director and key management personnel.

The Company currently does not have any long-term incentive scheme, apart from the employee share performance scheme known as the "VibroPower Share Performance Scheme".

The RC has adopted a framework to remunerate the Independent Directors based on their appointments and roles in respective committees and contributions to the Board and Company. The remuneration packages of Independent Directors comprise a basic director retainer fee and additional fees for appointment to Board Committees. While the remuneration frameworks are not subject to shareholders' approval, the directors' fees for Independent Directors will be subjected to the approval of shareholders at AGMs. None of the Director or key management personnel is involved in deciding his own remuneration.

The Group does not intend to use contractual provisions to allow it to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company, and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policies, 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.

The breakdown for the remuneration of the Directors for FY2015 is as follows :

Name	Salary	Performance Related Bonus	Fees	Allowance and other benefits	Total
$250,000 to $500,000					
Benedict Chen Onn Meng	75%	–	–	25%	100%
Kang Beng Chiang[(1)]	76%	–	–	24%	100%
Below $250,000					
Toh Shih Hua[(2)]	–	–	100%	–	100%
Ernest Yogarajah s/o Balasubramaniam	–	–	100%	–	100%
Michael Kan Yuet Yun[(3)]	–	–	100%	–	100%

Notes :

(1) Mr Kang Beng Chiang resigned as a director on 12 February 2016.

(2) Ms Toh Shih Hua is appointed as a director on 28 April 2015.

(3) Mr Michael Kan Yuet Yun retired as a director on 28 April 2015.

There are no termination and retirement benefits that may be granted to the Directors.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors) for FY2015 is as follows:

Name	Salary	Performance Related Bonus	Fees	Allowance and other benefits	Total
Below $250,000					
Sia Huai Peng	81%	13%	–	6%	100%
Thed Tian Jee	91%	–		9%	100%

There are no termination and retirement benefits that may be granted to the key management personnel. The total remuneration paid to the top two (2) key management personnel for FY2015 was S$177,720. Save as disclosed above, there is no other key management personnel.

There is no employee who is an immediate family member of a Director or CEO and whose remuneration exceeds S$50,000 for FY2015.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar. The remuneration of employees related to the Directors and Substantial Shareholders of the Company will also be reviewed annually by the RC.

In considering the disclosure of remuneration of the Directors and key management personnel, the Company has regarded the industry conditions in which the Group operates as well as the confidential nature of such remuneration. The Company believes that full detailed disclosure of the remuneration of each Director and each key management personnel as recommended by the Code would be prejudicial to the interests of the Group and hamper its ability to retain and nurture the Group's talent pool. The Company has instead presented such information in remuneration bands.

The Company has an employee share performance scheme known as the "VibroPower Share Performance Scheme" ("Share Scheme") which serves to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance. Shareholders have approved the Share Scheme on 30 April 2010. Directors who are also controlling shareholders of the Company and their associates are eligible to participate in the Share Scheme. As at the date of this report, no awards have been granted under the Share Scheme.

C. ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

One of the Board's principal duties is to protect and enhance the long-term value and returns to the shareholders of the Company. The accountability of the Board to the shareholders is demonstrated through the presentation of the interim and annual financial statements, results announcements as well as timely announcements and/or news releases of significant corporate developments and activities so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial performance, position and prospects.

In accordance with the Listing Rules, the Board will provide a negative assurance statement in respect of the interim financial results announcements, to confirm that to the best of its knowledge, nothing has come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Management provides the Board with, amongst others, the management accounts of the Group and the relevant accompanying explanatory information on a half yearly basis. Management also highlights key business indicators and major issues that are relevant to the Group's performance on an on-going basis in order for the Board to make a balanced and informed assessment of the Group's performance, financial performance, position and prospects as well as Management's achievements of the goals and objectives determined.

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.

The Board is responsible for the governance of risks and the overall internal control framework. It ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving the Group's strategic objectives.

Management is responsible to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk exposure, risk tolerance and risk policies.

The Board notes that the system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. Nonetheless, the Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology ("IT") controls. The Board also recognises its responsibilities in ensuring a sound system of internal controls to safeguard shareholders' interests and the Group's assets. Currently, the Group does not have a risk management committee. The Board will look into the need for establishment of a separate Board risk committee at the relevant time.

The Group has engaged Nexia TS Risk Advisory Pte Ltd ("Nexia TS") to assist with the design and implementation of a framework which set out the Group's risk profile, the key risks faced by the Group and the countermeasures in place to manage or mitigate those risks for the review by the AC and the Board. The framework provides an overview of the Group's key risks, how they are managed, and the various assurance mechanisms in place, which will allow the Group to address the on-going changes and challenges in the business environment, reduce uncertainties and facilitate the shareholder value creation process.

With the framework in place, Management would review regularly the key risks identified, considered the relevance of these risks, identify new risks which may arise and assess the internal controls in place to mitigate such risks. Management also reviews all significant policies and procedures and highlights all significant matters to the AC. After the AC has discussed and reviewed these risk matters highlighted to them by Management, a report would be given to the Board for consideration. If there are any matters in which any Board member is of the view poses weakness or risk to the operation of the Group, he can request Management to engage a professional risk consultant to look into it further.

The AC will ensure that a review of the effectiveness of the Group's risk management policies and procedures and internal controls in addressing material risks, including financial, operational, compliance and IT risks are conducted annually. In this respect, the AC will review the audit plans and the findings of the external and internal auditors, and will ensure that Management follows up on the external and internal auditors' recommendations raised, if any, during the audit process.

Based on the internal control policies and procedures established and maintained by the Group, works performed by the external and internal auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the view that the internal control systems of the Group addressing financial, operational, compliance and IT risks are adequate as at the date of this Annual Report.

For FY2015, the Board and the AC have also obtained assurances from the Executive Chairman and CEO and the Group Financial Controller that the Group's risk management and internal control systems in place are adequate and effective in addressing the material risks of the Group in its current business environment including financial, operational, compliance and IT risks and also that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances.

AUDIT COMMITTEE

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

The AC comprises three members. Two members are Independent, Non-Executive Directors with financial and legal background while the third member is an Executive Director. The AC comprises the following members:

Toh Shih Hua	(Chairman)
Ernest Yogarajah s/o Balasubramaniam	(Member)
Benedict Chen Onn Meng	(Member)

The Board recognises that the composition of the AC is not in accordance with the Code's guidelines that the AC should be made up of entirely non-executive directors. However, the Board is of the view that independence is not compromised as majority of the members of the AC, including the Chairman, are Independent and Non-Executive Directors. Accordingly, no individual is able to dominate the AC's decision making process.

The AC meets at least twice a year to review the announcements of the half-year and full-year results before it is approved by the Board for release to the Singapore Exchange Securities Trading Limited ("SGX").

The Board considers Ms Toh Shih Hua, who has extensive accounting and financial management knowledge and experience, well-qualified to chair the AC. The other members of the AC bring with them invaluable experience in legal and business management. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge the duties and responsibilities of the AC.

As a sub-committee of the Board of Directors, the AC assist the Board in discharging their responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in the Group. The AC also reviews and supervises the internal audit functions of the Group.

In performing its functions, the AC has explicit authority to investigate any matter within its terms of reference, having full access to and co-operation by management and full discretion to invite any director or executive officer to attend meetings, and reasonable resources to enable it to discharge its function properly.

The AC has adopted written terms of reference defining its membership, administration and duties. Some of the key duties and responsibilities of the AC include:

- To review the audit plans of the internal and external auditors of the Group and the Company, and review the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- To review the assistance given by the Company's management to the independent auditor;
- To review the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors, as well as the external auditors' report on the balance sheet of the Company and the consolidated financial statements of the Group;
- To review effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- To meet with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- To review the nature and extent of non-audit services provided by the external auditors;
- To review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- To recommend to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and review the scope and results of the audit;
- To report actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate;
- To review the interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual; and
- Any other functions that are requested by the Board, as may be required by statute or the Listing Manual.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Company's operating results and/or financial position.

In discharging the above duties, the AC confirms that it has full access to and co-operation from Management and is given full discretion to invite any Director or executive Director to attend its meetings. In addition, the AC has also been given reasonable resources to enable it to perform its functions properly.

The AC meets with the internal auditors and the external auditors, at least once a year, without the presence of Management in order to have free and unfettered access to unfiltered information and feedback.

The aggregate amount of audit fees paid or payable to the external auditors for FY2015 was stated on page 53 of the Annual report. No non-audit fees were paid to the external auditors in respect of FY2015. The AC has reviewed the adequacy of the resources, experience of the external auditors and of the audit engagement partner assigned to the audit. The AC is satisfied that the external auditors are able to meet their audit obligations.

For the financial year ended 31 December 2015, the Group has complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual issued by the Singapore Exchange Securities Trading Limited in relation to its auditors.

The Company has put in place a whistle-blowing policy and has implemented procedures and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters to the independent directors.

A dedicated email address has been given to all employees to allow whistle-blowers to contact the Independent Directors directly. All complaints or concerns raised will be dealt with, including anonymous complaints. The policy ensures independent investigation of issues/concerns raised and appropriate and timely follow-up action, and provides assurance that whistle blowers will be protected from reprisal or victimization for whistle blowing in good faith and without malice, within the limits of the law. If necessary, the Independent Directors will direct an independent investigation to be conducted on the complaint received. Details of the whistle-blowing policies and arrangements have been made available to all employees. During FY2015, there were no complaints, concerns or issues received.

In FY2015, the AC has reviewed with the Management and the external auditors, the results of the Group before submitting them to the Board for its approval and announcement of the financial results. The AC also reviewed the Group's financial condition, internal and external audit reports.

The AC is kept abreast by Management, the external and internal auditors on changes and updates to accounting standards, and other issues which could have a direct impact on the financial statements of the Group, if any.

None of the members of the Audit Committee is a former partner or director of the Company's external or internal auditors.

INTERNAL AUDIT

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

The internal audit function of the Company is outsourced to Nexia TS Risk Advisory Pte Ltd ("Internal Auditor") which is a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience.

The Internal Auditor report directly to the Chairman of the AC. They carry out their function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. Being an independent function, the audit work is conducted with impartiality and professional care.

The Internal Auditor reviews the effectiveness of the internal control system and management control system, including systems for compliance with laws and regulations. These reviews are conducted once a year to ensure material internal controls are in place.

The AC reviews the adequacy of the internal audit function to ensure that the internal audits are conducted effectively and that Management provides the necessary cooperation to enable the Internal Auditor to perform its function. The AC also reviews the internal audit reports as well as the remedial measures recommended by the Internal Auditor and adopted by Management to address any issues or inadequacies identified.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

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

The Company's corporate governance practices promote fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive and timely basis via SGXNET, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in the Company.

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements and press releases via SGXNET as well as through reports/circulars sent to all shareholders. They are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend general meetings. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

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.

The Company is committed to provide timely disclosure of material information to shareholders and does so through the Annual Report, press releases, results announcements and other SGXNET announcements on developments within the Group or in relation to disclosures required by SGX.

Shareholders are kept informed of developments and performance of the Group through announcements published via SGXNET and the press when necessary as well as in the annual report. Other announcements are also made on an ad-hoc basis where applicable as soon as possible to ensure timely dissemination of the information to shareholders.

The Board regards the AGM as an opportunity to communicate directly with shareholders and encourages greater shareholder participation.

Shareholders are encouraged to attend and raise questions to the directors at the Company's general meetings. At these meetings, shareholders are given the opportunity to express their views and raise issues either formally or informally. These meetings provide opportunities for the Board to engage with shareholders and solicit their feedback.

The Company does not have a fixed dividend policy at present. The frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate.

Taking into account the aforesaid factors, the Board has not recommended dividend to be paid in respect of FY2015.

CONDUCT OF SHAREHOLDER MEETINGS

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.

All shareholders of the Company receive the annual report of the company and notice of AGM within the mandatory period. The notice is also published in the local newspaper and made available on the SGXNET.

Participation of shareholders is encouraged at the Company's general meetings. Each item of special business included in the notice of meeting will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

If shareholders are unable to attend the meetings, the Constitution of the Company allows a shareholder of the Company to appoint up to two (2) proxies to attend and vote in place of the shareholder.

Each item of special business included in the notice of meeting will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

The Board of Directors (including the Chairman of the respective Board committees), Management, as well as the external auditors will attend the Company's AGM to address any questions that shareholders may have.

The Company will make available minutes of general meetings to shareholders upon their written request.

All resolutions at general meetings of the Company will be put to vote by poll so as to better reflect shareholders' shareholding interest and ensure greater transparency. The results of the poll voting on each resolution tabled will be announced after the general meetings via SGXNET.

INTERNAL CODE ON DEALING IN SECURITIES

In line with the rules of the SGX-ST Listing Manual, the Company has adopted a policy on share dealings by its Directors and key officers, setting out the implications of insider trading and providing guidance to employees on dealing in the Company's shares. The key guidelines are:

- Directors and key officers are prohibited from trading in the Company's securities during the period commencing two weeks before the announcement of the Company's half yearly and full year results and prohibition ends on the day after announcement of the results.
- Directors and key officers should not deal in the Company's securities on short-term consideration.
- Directors and key officers of the Company are also required to adhere to the provisions of the Securities and Futures Act, Chapter 289, Companies Act, Chapter 50 and any other relevant laws, rules and regulations with regard to their securities transactions. To enable the Company to monitor such share transactions, Directors and key officers are required to report to the Company whenever they deal in the Company's securities.

The Company has complied with Rule 1207(19) of the SGX-ST Listing Manual in relation to dealings in the Company's securities by the Directors and officers of the Group.

INTERESTED PERSON TRANSACTIONS

The AC reviewed the Group's IPTs for FY2015 to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders. On a half-yearly basis, Management reports to the AC, the IPTs in accordance with the IPT Mandate. Management also informed the AC that the internal control procedures for determining the transaction prices of IPTs have not changed since the date of the last AGM, at which the IPT Mandate was last renewed. The AC is satisfied that the internal controls in respect of the identification, evaluation, review, approval and reporting of IPTs are effective.

The aggregate value of transactions entered into by the Group with interested persons as defined in the SGX-ST Listing Manual for FY2015 are as follow:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Mason Industries Pte Ltd	–	1,851,500

Apart from the aforesaid transactions, there was no other material contract entered into by the Company and/or any of its subsidiaries involving the interests of any director, CEO or controlling shareholder during the year under review.

The Company is seeking a renewal of the Shareholders' Mandate for Interested Person Transactions at the forthcoming AGM.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of VibroPower Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company 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 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Benedict Chen Onn Meng
Ernest Yogarajah s/o Balasubramaniam
Toh Shih Hua (appointed on 28 April 2015)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Holdings registered in name of director		**Holdings in which director is deemed to have an interest**	
	At beginning of the financial year	**At end of the financial year**	**At beginning of the financial year**	**At end of the financial year**
	Ordinary shares of the Company		***Ordinary shares of the Company***	
Name of directors and Companies in which interests are held				
VibroPower Corporation Limited				
Benedict Chen Onn Meng	5,110,350	6,220,220	1,867,500	1,867,500

On 30 October 2015, the Company completed a share consolidation of every ten (10) shares (including treasury shares) in the capital of the Company into one (1) consolidated share. The number of shares at beginning of the year has been restated to reflect the share consolidation.

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

The deemed interest of Benedict Chen Onn Meng arises from shares held through his Central Provident Fund ("CPF") investment account (UOB Kay Hian Pte Ltd) of 87,600 shares (2014: 87,600 shares) and 1,779,900 shares (2014: 1,779,900 shares) which were held through Maybank Nominees (S) Pte Ltd, respectively at the relevant dates.

The directors' interests as at 21 January 2016 were the same as those at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. CONTRACTUAL BENEFITS OF DIRECTORS

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 Companies Act, Chapter 50, 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 as disclosed in the financial statements. Certain directors of the Company have received remuneration from related corporations in their capacity as directors of those related corporations.

There were certain transactions (shown in the financial statements under related party transactions) with corporations which are related to a director.

6. SHARE OPTIONS

During the financial year, no option to take up unissued shares of the Company or related corporations was granted.

During the financial year, there were no shares of the Company or related corporations issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or related corporations under option.

7. AUDIT COMMITTEE

The audit committee (AC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the assistance given by the Company's management to the independent auditor
- Reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors, as well as the external auditors' report on the balance sheet of the Company and the consolidated financial statements of the Group
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC

- Reviewed the nature and extent of non-audit services provided by the external auditors
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed the interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

Other functions performed by the Audit Committee are described in the Report on Corporate Governance included in the Annual Report. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditors provide non-audit services.

8. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Benedict Chen Onn Meng Director	Ernest Yogarajah s/o Balasubramaniam Director

Singapore
30 March 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of VibroPower Corporation Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of VibroPower Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 30 to 83 which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, Chapter 50 (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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 the 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of VibroPower Corporation Limited

OPINION

In our opinion, the consolidated financial statements of the Group and the balance sheet 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 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the 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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

30 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	4	17,685	28,200
Cost of sales		(17,553)	(22,609)
Gross profit		132	5,591
Other items of income			
Interest income	5	10	69
Other credits	6	34	440
Other items of expense			
Marketing and distribution costs		(363)	(516)
Administrative expenses		(3,218)	(3,403)
Finance costs	7	(446)	(374)
Other charges	6	(4,446)	(19)
Share of results of an associate		32	–
(Loss)/profit before tax		(8,265)	1,788
Income tax expense	10	(30)	(102)
(Loss)/profit, net of tax		(8,295)	1,686
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		1,188	682
Other comprehensive income for the year, net of tax		1,188	682
Total comprehensive income for the year		(7,107)	2,368
(Loss)/profit attributable to:			
Owners of the Company		(8,295)	1,686
Non-controlling interests		–	–
		(8,295)	1,686
Total comprehensive income attributable to:			
Owners of the Company		(7,107)	2,368
Non-controlling interests		–	–
		(7,107)	2,368
Earnings per share			
Currency unit		**Cents**	**Cents**
Basic and diluted	11	(24.80)	5.03

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	6,757	5,543	–	–
Investment in subsidiaries	14	–	–	14,318	14,167
Investment in an associate	15	498	–	–	–
Deferred tax assets	16	190	78	–	–
Other receivables	19	51	43	–	–
Other financial asset	17	–	4	–	–
Total non-current assets		7,496	5,668	14,318	14,167
Current assets					
Inventories	18	14,605	16,197	–	–
Trade and other receivables	19	10,658	15,859	723	1,460
Other assets	20	559	829	11	3
Cash and cash equivalents	21	2,355	2,101	91	77
Total current assets		28,177	34,986	825	1,540
Total assets		35,673	40,654	15,143	15,707
EQUITY AND LIABILITIES					
Equity					
Share capital	22	14,767	14,767	14,767	14,767
Treasury shares	22	(388)	(359)	(388)	(359)
Retained earnings		121	8,918	419	1,154
Reserves	23	883	(305)	–	–
Total equity		15,383	23,021	14,798	15,562
Non-current liabilities					
Finance leases	26	115	158	–	–
Loans and borrowings	25	1,399	1,219	–	–
Total non-current liabilities		1,514	1,377	–	–
Current liabilities					
Provisions	24	88	34	–	–
Income tax payable		116	194	–	–
Trade and other payables	27	5,180	5,823	345	145
Finance leases	26	75	63	–	–
Loans and borrowings	25	12,394	8,820	–	–
Other liabilities	28	923	1,322	–	–
Total current liabilities		18,776	16,256	345	145
Total liabilities		20,290	17,633	345	145
Total equity and liabilities		35,673	40,654	15,143	15,707

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

2015 Group	Attributable to owners of the Company Share capital (Note 22) $'000	Treasury shares (Note 22) $'000	Reserves (Note 23) $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Opening balance at 1 January 2015	14,767	(359)	(305)	8,918	23,021	–	23,021
Loss for the year	–	–	–	(8,295)	(8,295)	–	(8,295)
<u>Other comprehensive income</u>							
Foreign currency translation	–	–	1,188	–	1,188	–	1,188
Other comprehensive income for the year, net of tax	–	–	1,188	–	1,188	–	1,188
Total comprehensive income for the year	–	–	1,188	(8,295)	(7,107)	–	(7,107)
<u>Contribution to owners</u>							
Dividends paid (Note 12)	–	–	–	(502)	(502)	–	(502)
Total contributions to owners	–	–	–	(502)	(502)	–	(502)
Purchase of treasury shares	–	(26)	–	–	(26)	–	(26)
Others	–	(3)	–	–	(3)	–	(3)
Total transactions with owners in their capacity as owners	–	(29)	–	(502)	(531)	–	(531)
Closing balance at 31 December 2015	14,767	(388)	883	121	15,383	–	15,383

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

2014 Group	Attributable to owners of the Company Share capital (Note 22) $'000	Treasury shares (Note 22) $'000	Reserves (Note 23) $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Opening balance at 1 January 2014	14,767	(359)	(987)	7,634	21,055	–	21,055
Profit for the year	–	–	–	1,686	1,686	–	1,686
Other comprehensive income							
Foreign currency translation	–	–	682	–	682	–	682
Other comprehensive income for the year, net of tax	–	–	682	–	682	–	682
Total comprehensive income for the year	–	–	682	1,686	2,368	–	2,368
Contribution to owners							
Dividends paid (Note 12)	–	–	–	(402)	(402)	–	(402)
Total contributions to owners	–	–	–	(402)	(402)	–	(402)
Total transactions with owners in their capacity as owners	–	–	–	(402)	(402)	–	(402)
Closing balance at 31 December 2014	14,767	(359)	(305)	8,918	23,021	–	23,021

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

2015 **Company**	**Share capital (Note 22) $'000**	**Treasury shares (Note 22) $'000**	**Retained earnings $'000**	**Total $'000**
Opening balance at 1 January 2015	14,767	(359)	1,154	15,562
Loss for the year	–	–	(233)	(233)
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	–	(233)	(233)
Contribution to owners				
Dividends paid (Note 12)	–	–	(502)	(502)
Total contributions to owners	–	–	(502)	(502)
Purchase of treasury shares	–	(26)	–	(26)
Others	–	(3)	–	(3)
Total transactions with owners in their capacity as owners	–	(29)	(502)	(531)
Closing balance at 31 December 2015	14,767	(388)	419	14,798

2014 **Company**	**Share capital (Note 22) $'000**	**Treasury shares (Note 22) $'000**	**Retained earnings $'000**	**Total $'000**
Opening balance at 1 January 2014	14,767	(359)	690	15,098
Profit for the year	–	–	866	866
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	–	866	866
Contribution to owners				
Dividends paid (Note 12)	–	–	(402)	(402)
Total contributions to owners	–	–	(402)	(402)
Total transactions with owners in their capacity as owners	–	–	(402)	(402)
Closing balance at 31 December 2014	14,767	(359)	1,154	15,562

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000
Cash flows from operating activities			
(Loss)/profit before tax		(8,265)	1,788
Adjustments for:			
Interest income	5	(10)	(69)
Finance costs	7	446	374
Depreciation of property, plant and equipment	13	221	154
Unrealised exchange loss		512	209
Provision for warranty	24	61	4
Allowance/(reversal) for slow moving inventories	6	777	(391)
Obsolete inventory written off		80	–
Trade receivables written off	6	650	–
Loss on disposal of shares in a subsidiary	6	27	–
Impairment loss on trade receivables	19	1,214	10
Impairment loss on other receivables	19	460	–
Share of results of an associate	15	(32)	–
Operating cash flows before changes in working capital		(3,859)	2,079
Changes in working capital			
Decrease in inventories		1,695	3,402
Decrease in trade and other receivables		2,875	1,385
Decrease in other assets		302	117
Decrease in trade and other payables		(491)	(4,776)
Decrease in other liabilities		(336)	(896)
Decrease in provisions		(6)	(10)
Cash flows from operations		180	1,301
Income taxes paid		(220)	(34)
Interest received		2	2
Interest paid		(446)	(374)
Net cash flows (used in)/from operating activities		(484)	895
Cash flows from investing activities			
Purchase of plant and equipment		(1,207)	(2,352)
Disposal of a subsidiary, net of cash disposed of		(42)	–
Investment in an associate		(517)	–
Net cash flows used in investing activities		(1,766)	(2,352)
Cash flows from financing activities			
Dividends paid to equity shareholders	12	(502)	(402)
Proceeds from loans and borrowings		36,533	29,577
Repayment of loans and borrowings		(32,605)	(32,059)
Repayment of obligations under finance leases		(85)	(87)
Purchase of treasury shares	22	(26)	–
Net cash flows from/(used in) financing activities		3,315	(2,971)
Net increase/(decrease) in cash and cash equivalents		1,065	(4,428)
Effects of exchange rate changes on cash and cash equivalents		68	146
Cash and cash equivalents at 1 January		1,222	5,504
Cash and cash equivalents at 31 December	21	2,355	1,222

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 11 Tuas Avenue 16, Singapore 638929.

The principal activities of the Company are those of an investment holding company and the provision of management and administrative support to its subsidiaries.

The principal activities of the subsidiaries are described in Note 14 to the financial statements below.

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 30 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

2.3 *Basis of consolidation and business combinations (cont'd)*

(a) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

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

2.4 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisition of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendment to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale for Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entity: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 and FRS109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

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

2.4 Standards issued but not yet effective (cont'd)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.5 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 *Property, plant and equipment*

(a) Measurement

Items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

2.6 *Property, plant and equipment (cont'd)*

(b) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

(c) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold property and improvements	–	Over the lease term to 2015
Plant and equipment	–	1 to 10 years

The residual values, estimated useful lives and depreciation method of the property, plant and equipment are reviewed, and adjusted as appropriate, at each financial year end date. The effects of any revision are recognised in the profit or loss when the change arises. An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Assets under construction included in lease property and improvements and plant and equipment are not depreciated as these assets are not yet available for use.

(d) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the profit or loss when incurred

(e) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the profit or loss within "Other charges" or "Other credits".

2.7 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.8 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

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

2.8 Joint ventures and associates (cont'd)

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

2.10 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.11 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

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

2.11 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

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

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials: purchase costs on a weighted average basis.

– Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.15 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

2.17 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.18 Leases

(a) As lessee

The Group leases certain plant and equipment under finance leases and leasehold properties under operating leases from non-related parties.

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

The Group leases equipment under finance leases.

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases. The leased asset is derecognised and present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Contingent rents are recognised as an expense in profit or loss when incurred.

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

2.19 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from rendering services is recognised based on the extent of the services rendered.

(c) Interest income

Interest income is recognised using the effective interest method.

2.20 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

2.20 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.21 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

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

2.22 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.23 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

2.25 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) has control or joint control over the Company;

- (ii) has significant influence over the Company; or

- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

2.25 Related parties (cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and/or

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, the management did not make any judgements that have effect on the amounts recognised in the financial statements.

3.2 Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Allowance for doubtful trade and other receivables

An allowance is made for doubtful trade and other receivables for estimated losses resulting from the subsequent inability of the receivables to make required payments. If the financial conditions of the receivables were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade and other receivables and analyses historical bad debts, receivables concentrations, creditworthiness, and changes in payment terms when evaluating the adequacy of the allowance for doubtful trade and other receivables. To the extent that it is feasible, impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the financial year, the trade and other receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the financial year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key source of estimation uncertainty (cont'd)

Net realisable value of inventories

A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the most acceptable evidence available at the end of the financial year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the financial year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the financial year was $14,605,000 (2014: $16,197,000).

Deferred tax estimation

Management judgment is required in determining the amount of current and deferred tax recognised as income or expense and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is more likely than not that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination. The amount of the deferred tax asset at the end of the financial year was $190,000 (2014: $78,000).

Warranty claims

Certain products are covered by product warranty plans of varying periods, depending on local practices and regulations. A related provision is made for future warranty claims after taking into account the historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The warranty obligations are affected by actual product failure rates (field failure rates) and by material usage and service delivery costs incurred in correcting a product failure. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The amount at the end of the financial year was $88,000 (2014: $34,000).

Estimated impairment of subsidiaries

When a subsidiary is in net equity deficit and has suffered losses, a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The amount of the relevant investment is $1,028,000 (2014: $1,031,000) at the end of the financial year. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset affected.

4. REVENUE

	Group	
	2015 $'000	2014 $'000
Sale of goods	17,252	27,419
Rendering of services	433	781
	17,685	28,200

5. INTEREST INCOME

	Group	
	2015 $'000	2014 $'000
Interest income from:		
Loans and receivables	10	69

6. OTHER CREDITS AND (OTHER CHARGES)

	Group	
	2015 $'000	2014 $'000
Impairment loss on trade receivables	(1,214)	(10)
Foreign exchange loss	(866)	(5)
Loss on disposal of shares in a subsidiary	(27)	–
Provision for product warranty expense	(61)	(4)
(Allowance)/reversal for slow moving inventories	(777)	391
Obsolete inventory written off	(80)	–
Impairment loss on other receivables	(460)	–
Trade receivables written off	(650)	–
Referral fee	(276)	–
Deposit forfeited	(35)	–
Others	34	49
Net	(4,412)	421
Presented in profit or loss as:		
Other credits	34	440
Other charges	(4,446)	(19)
Net	(4,412)	421

7. FINANCE COSTS

	Group	
	2015	2014
	$'000	$'000
Interest expense on:		
- Bank loans and bank overdrafts	443	360
- Obligation under finance leases	3	14
	446	374

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015	2014
	$'000	$'000
Salaries and bonuses	3,270	3,657
Contributions to defined contribution plan	132	152
Other benefits	304	227
Total employee benefits expense	3,706	4,036

9. ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	2015	2014
	$'000	$'000
Audit fees to independent auditors of the Company	134	122
Audit fees to other independent auditors	38	45
Non-audit fees	111	101
Employees benefits expense (Note 8)	3,706	4,036
Depreciation of property, plant and equipment (Note 13)	221	154
Rental expenses (Note 30)	329	239
Inventories recognised as an expense in cost of sales (Note 18)	14,247	18,870

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group	
	2015	**2014**
	$'000	**$'000**
Current tax expense:		
Current year	–	183
Under/(over) provision in respect of prior years	142	(89)
	142	94
Deferred tax expense:		
Current year	(112)	8
Income tax expense recognised in profit or loss	30	102

Relationship between tax expense and accounting profit

A reconciliation between tax expense and accounting profit/loss before income tax multiplied by the applicable Singapore corporate tax rates for the years ended 31 December 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
(Loss)/profit before tax	(8,265)	1,788
Income tax (credits)/expense at a tax rate of 17% (2014:17%)	(1,405)	304
Effects of different tax rates in different countries	(205)	(20)
Income not subject to taxation	(110)	–
Non-deductible items	319	14
Effect of partial tax exemption and tax relief	(11)	(111)
Deferred tax assets not recognised	1,304	–
Under/(over) provision in respect of prior periods	142	(89)
Others	(4)	4
Total income tax expense	30	102

There are no income tax consequences of dividends to owners of the Company.

10. INCOME TAX EXPENSE (CONT'D)

Deferred tax assets recognised in profit or loss:

	Group 2015 $'000	Group 2014 $'000
Excess of tax value of plant and equipment over net book value	(91)	5
Tax losses carry forward	–	(3)
Provision for warranty and unutilised leave	3	2
Others	(24)	4
Total deferred tax (credit)/expense recognised in profit or loss	(112)	8

11. EARNINGS PER SHARE

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2015 $'000	Group 2014 $'000
(Loss)/profit, net of tax attributable to owners of the Company	(8,295)	1,686
	Number of shares	
Weighted average number of ordinary shares outstanding for basic earnings per share	33,450,856	33,550,912
Basic earnings per share (cents)	(24.80)	5.03

On 30 October 2015, the Company completed a share consolidation of every ten (10) shares (including treasury shares) in the capital of the Company into one (1) consolidated share. The weighted average number of ordinary shares used to compute the basic earnings per share for the comparative period has been restated to reflect the share consolidation.

There is no dilutive effect in the earnings per share as there were no shares under option or convertible bonds as at financial year end date or during the financial year.

12. DIVIDENDS ON EQUITY SHARES

	Group and Company 2015 $'000	Group and Company 2014 $'000
Declared and paid during the year:		
Dividends on ordinary shares:		
Final tax exempt (1-tier) dividend paid for 2014: 1.5 cents (2013: Nil cents) per share	502	–
Interim tax exempt (1-tier) dividend paid for 2015: Nil cents (2014: 1.2 cents) per share	–	402
	502	402
Proposed but not recognised as liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Final tax exempt (1-tier) dividend for 2015: Nil cents (2014: 1.5 cents) per share	–	503

13. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property and improvements $'000	Plant and equipment $'000	Total $'000
Cost			
At 1 January 2014	2,389	3,789	6,178
Exchange differences	103	100	203
Additions	198	2,224	2,422
Reclassifications	–	40	40
At 31 December 2014	2,690	6,153	8,843
Exchange differences	184	185	369
Additions	171	1,102	1,273
Disposals	–	(4)	(4)
Reclassifications	–	(22)	(22)
At 31 December 2015	3,045	7,414	10,459
Accumulated depreciation			
At 1 January 2014	1,722	1,302	3,024
Exchange differences	76	46	122
Depreciation for the year	2	152	154
At 31 December 2014	1,800	1,500	3,300
Exchange differences	121	61	182
Depreciation for the year	15	206	221
Disposals	–	(1)	(1)
At 31 December 2015	1,936	1,766	3,702
Net book value			
At 31 December 2014	890	4,653	5,543
At 31 December 2015	1,109	5,648	6,757

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets under construction

The Group's leasehold property and improvements included $1,109,000 (2014: $890,000) which relate to expenditure for office renovation in progress. The Group's plant and equipment included $Nil (2014: $4,013,000) which relate to expenditure for a plant in the course of construction.

Assets held under finance leases

There were acquisitions of plant and equipment with a total cost of $41,000 (2014: $70,000) by means of finance leases.

The carrying amount of plant and equipment held under finance leases at the end of the financial year were $272,000 (2014: $310,000).

Leased assets are pledged as security for the related finance lease liabilities.

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	**2014**
	$'000	**$'000**
Unquoted equity shares, at cost	7,028	7,028
Quasi equity loan, at cost (a)	6,000	6,000
Deemed investment in a subsidiary (b)	2,318	2,170
	15,346	15,198
Impairment losses	(1,028)	(1,031)
Net carrying value at end of the year	14,318	14,167
Movements in allowance for impairment:		
Balance at beginning of year	1,031	702
(Reversal)/charge for the year	(3)	329
Balance at end of the year	1,028	1,031

The impairment loss represents the write-down of the carrying value of a subsidiary in full.

(a) This relates to interest free quasi-equity loan of $6,000,000 (2014: $6,000,000) from the Company to its subsidiary, VibroPower Pte Ltd. This loan is not expected to be repaid in the foreseeable future.

(b) The deemed investment in a subsidiary, VibroPower Pte Ltd arose from financial guarantees provided by the Company for bank facilities.

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiaries held by the Company and the Group is listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Effective percentage of equity held by Group 2015 %	2014 %
GMTM Holdings Pte. Ltd. Singapore Investment holding (Ernst & Young LLP, Singapore)	100	100
Shanghai VibroPower Generators Equipment Co. Ltd. [a] People's Republic of China Import and sale of engines and spare parts (Shanghai Mingyudaya Certified Public Accountants Co., Ltd)	100	100
VibroPower Pte. Ltd. Singapore Supply, design, manufacture, installation, commissioning and servicing of generators (Ernst & Young LLP, Singapore)	100	100
Held through VibroPower Pte. Ltd.		
VibroPower (HK) Limited [a] Hong Kong Supply, installation, commissioning and servicing of generators (BDO Limited)	100	100
Indamex (UK) Limited [b] United Kingdom Trader in generator parts and accessories	100	100
VibroPower Generators Sdn. Bhd. Malaysia Trading, installation, commissioning and servicing of diesel generators (Ernst & Young LLP, Malaysia)	100	100
VibroPower Generators (India) Private Limited [a] India Trading, installation, commissioning and servicing of diesel generators (Suresh Surana & Associates)	100	100
VibroPower Sales And Services (S) Pte. Ltd. Singapore Trading, installation, commissioning and servicing of generators (Ernst & Young LLP, Singapore)	100	100

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Effective percentage of equity held by Group 2015 %	2014 %
Held through GMTM Holdings Pte. Ltd.		
Indamex (F.E) Pte. Ltd. Singapore Manufacture and repair of electric generators (Ernst & Young LLP, Singapore)	100	100
VibroPower (UK) Limited [(a)] United Kingdom Import and export of engines and spare parts (Moore Stephens)	100	100
Scott & English Pte. Ltd. Singapore Manufacture and repair of electric generators (Ernst & Young LLP, Singapore)	100	100
VibroPower Generators Middle East (FZE) [(b)] United Arab Emirates Manufacture and repair of electric generators	100	100
Held through VibroPower (HK) Limited		
Shanxi Weineng Coal Mine Gas Development Co., Ltd. [(a)] People's Republic of China Development, operation and management of power generations projects (Shanxi Huihua Certified Public Accountants Co., Ltd)	100	100

(a) Other independent auditors. Audited by firms of accountants other than member firms of Ernst & Young Global. Their names are indicated above.

(b) Not audited as it is not required to be audited under the laws of the respective countries.

In accordance to the Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and the effectiveness of the audit of the Group.

15. INVESTMENT IN AN ASSOCIATE

	Group 2015 $'000	Group 2014 $'000
Shares, at cost	532	–
Share of post-acquisition reserve	32	–
Exchange differences	(66)	–
	498	–

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015 %	2014 %
Held through subsidiary				
VibroPower Green Energy Sdn. Bhd. *	Malaysia	To build and operate a biomass power plant	35	–

* Audited by MHM Associates, Malaysia

The summarised financial information in respect of VibroPower Green Energy Sdn. Bhd, based on FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	VibroPower Green Energy Sdn. Bhd. 2015 $'000
Current assets	1,635
Non-current assets	1,304
Total assets	2,939
Current liabilities	1,516
Non-current liabilities	–
Total liabilities	1,516
Net assets	1,423
Group's share of net assets	498
Carrying amount of the investment	498

15. INVESTMENT IN AN ASSOCIATE (CONT'D)

Summarised statement of comprehensive income

	VibroPower Green Energy Sdn. Bhd. 2015 $'000
Revenue	–
Profit after tax	93
Other comprehensive income	–
Total comprehensive income	93

16. DEFERRED TAX ASSETS

Deferred tax balances in the balance sheet:

	Group	
	2015 $'000	2014 $'000
Excess of tax value of plant and equipment over net book value	164	40
Provision	4	4
Other temporary differences	22	34
Net balance	190	78

At the end of the reporting period, the Group has tax losses of approximately $753,000 (2014: $194,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At end of the reporting period, the Group had potential dividend distribution tax liability amounting to $266,000 (2014: $436,000), associated with undistributed earnings of the Group's subsidiaries. No deferred tax liability (2014: Nil) has been recognised in respect of these differences because the Company is in a position to control the dividend policies of these subsidiaries and provision is made only when there is a plan for dividend distribution.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statement in respect of 2015 and 2014 (Note 12).

17. OTHER FINANCIAL ASSET

	Group	
	2015 $'000	2014 $'000
Unquoted equity shares in corporations as available-for-sale at cost	–	4

The fair value of the unquoted investments as available-for-sale financial assets is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed as used in estimating fair values. Consequently, the investment is carried at cost less allowance for impairment. Impairment losses recognised in profit or loss for equity investments are not reversed.

18. INVENTORIES

	Group	
	2015 $'000	2014 $'000
Parts and components	12,903	11,533
Work-in-progress	1,702	4,664
	14,605	16,197

Inventories are stated after deducting allowance for inventories written down.

Analysis of allowance:

Balance at beginning of the year	223	585
Charged/(reversed) to profit or loss included in other credits and other charges	777	(391)
Exchange differences	30	29
Balance at end of the year	1,030	223
Changes in inventories of work-in-progress	(2,962)	(2,522)
Inventories recognised as an expense in cost of sales	14,247	18,870

The charge for the year amounted to $777,000. The reversal of write-down of inventories in prior year arose from an increase in the net realisable value of the related inventories.

There are no inventories pledged as security for liabilities.

Certain inventories were purchased under trust receipts (Note 25).

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade and other receivables (current):				
Trade receivables:				
Due from external parties	7,238	13,716	–	92
Less allowance for impairment	(1,363)	(1,945)	–	–
Due from subsidiaries	–	–	79	79
Less allowance for impairment	–	–	(79)	(79)
Retention monies	1,370	1,314	–	–
Subtotal	7,245	13,085	–	92
Other receivables:				
Due from subsidiaries	–	–	757	1,388
Less allowance for impairment	–	–	(34)	(20)
Due from an associate	871	–	–	–
Due from a related company	17	–	–	–
Advance for an investment project	1,408	1,750	–	–
Advance for interest in convertible bonds	390	454	–	–
Others	727	570	–	–
Subtotal	3,413	2,774	723	1,368
Total trade and other receivables (current)	10,658	15,859	723	1,460
Other receivables (non-current):				
Other receivable (non-current)	51	43	–	–
Add: Cash at banks and on hand (Note 21)	2,355	2,101	91	77
Total loans and receivables	13,064	18,003	814	1,537

Trade receivables:

Trade receivables are non-interest bearing. They are recognised at their original invoice amounts, which represents their fair values on initial recognition.

19. TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables (Current):

Amounts due from subsidiaries, associate and related party are unsecured, non-interest bearing, non-trade related, and repayable on demand by cash.

Advance for an investment project, advance for interest in convertible bonds are unsecured, interest bearing, non-trade related, and repayable on demand by cash.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Movements in above allowance:				
Trade receivables:				
Balance at beginning of the year	1,945	1,857	79	79
Charged to profit or loss	1,214	10	–	–
Written off during the year	(1,880)	(5)	–	–
Foreign exchange adjustments	84	83	–	–
	1,363	1,945	79	79
Other receivables:				
Balance at beginning and end of the year	–	–	20	20
Charged to profit or loss	460	–	14	–
Foreign exchange adjustments	(3)	–	–	–
	457	–	34	20

The Group monitors its receivables periodically for collectability. The Group evaluates whether there is any objective evidence that the trade and other receivables are impaired and determines the amount of impairment loss as a result of the inability of the counterparties to make required payments.

Trade and other receivables denominated in currency other than the functional currencies of respective entities at 31 December are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Singapore dollar	1,399	1,566	–	–

19. TRADE AND OTHER RECEIVABLES (CONT'D)

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to customers is about 30 - 60 days (2014: 30 - 60 days). But some customers take a longer period to settle the amounts.

(i) Ageing analysis of the age of trade receivable amounts that are past due as at the end of the financial year but not impaired:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables:				
Less than 30 days	2,352	979	–	–
31 to 60 days	150	590	–	–
61 to 90 days	177	876	–	–
Over 90 days	1,278	2,867	–	–
Total	3,957	5,312	–	–

(ii) Ageing analysis as at the end of the financial year of trade receivable amounts that are impaired:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables:				
Over 90 days	1,363	1,945	–	–

Trade receivables that are individually determined to be impaired at the end of the financial year relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

20. OTHER ASSETS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deposits to secure services	387	451	–	–
Prepayments	172	378	11	3
	559	829	11	3

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash at banks and on hand	2,355	2,101	91	77
Less:				
Bank overdrafts (Note 25)	–	(879)	–	–
Cash and cash equivalents	2,355	1,222	91	77

Cash at banks earns interest at floating rates based on daily bank deposits rates, and is not restricted in use.

Cash at banks and on hand denominated in currency other than the functional currencies of respective entities at 31 December are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Singapore dollar	672	170	–	–
United States dollar	12	–	–	–

22. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2015		2014	
	No. of shares issued '000	$'000	No. of shares issued '000	$'000
Issued and fully paid ordinary shares:				
At 1 January	335,509	14,767	335,509	14,767
Share buyback	(1,000)	–	–	–
	334,509	14,767	335,509	14,767
Effects of 2015 share consolidation	(301,058)	–	–	–
At 31 December	33,451	14,767	335,509	14,767

22. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(b) Treasury shares

	Group and Company			
	2015		2014	
	No. of shares issued '000	$'000	No. of shares issued '000	$'000
At 1 January	(9,768)	(359)	(9,768)	(359)
Share buyback	(1,000)	(26)	–	–
Others	–	(3)	–	–
	(10,768)	(388)	(9,768)	(359)
Effects of 2015 share consolidation	9,691	–	–	–
At 31 December	(1,077)	(388)	(9,768)	(359)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

On 30 October 2015, the Company completed a share consolidation of every ten (10) shares (including treasury shares) in the capital of the Company into one (1) consolidated share.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

Capital management:

The objectives when managing capital are to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the financial year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

22. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash at banks and on hand. Adjusted capital comprises all components of equity (i.e. share capital and retained earnings).

	Group	
	2015	**2014**
	$'000	**$'000**
Net debt:		
All current and non-current borrowings including finance leases	13,983	10,260
Less cash at banks and on hand	(2,355)	(2,101)
	11,682	8,159
Adjusted capital:		
Total equity	15,383	23,021
Adjusted capital	15,383	23,021
Debt-to-adjusted capital ratio	76%	35%

The Company itself does not have significant borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

23. RESERVES

	2015	**2014**
	$'000	**$'000**
Foreign currency translation reserve	883	(305)

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Group entities whose functional currencies are different from that of the Group's presentation currency.

24. PROVISION

	Group 2015 $'000	Group 2014 $'000
Provision for product warranty:		
Balance at beginning of the year	34	40
Charged to profit or loss included in other charges	61	4
Used during the year	(6)	(10)
Exchange differences	(1)	–
Balance at end of the year	88	34

Goods are sold with a warranty under which customers are covered for the cost of repairs of any manufacturing defects that become apparent within the first twelve months after installation. A warranty provision is made based on past experience and future expectations and an assessment of probability of an outflow for the warranty obligations as a whole. It is expected that most of these costs will be incurred within the next 12 months from the end of the financial year.

25. LOANS AND BORROWINGS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current:				
Fixed rate bank loans (secured)	1,052	731	–	–
Fixed rate other loans (unsecured)	3,196	–	–	–
Floating rate bank loans (unsecured)	2,852	3,975	–	–
Trust receipts for purchase of inventories (secured)	5,294	4,114	–	–
Subtotal	12,394	8,820	–	–
Non-current:				
Fixed rate bank loans (secured)	837	1,219	–	–
Fixed rate other loans (unsecured)	297	–	–	–
Floating rate bank loans (unsecured)	265	–	–	–
Subtotal	1,399	1,219	–	–
Total	13,793	10,039	–	–

25. LOANS AND BORROWINGS (CONT'D)

Loans and borrowings denominated in currency other than the functional currencies of respective entities at 31 December are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Singapore dollar	11,184	5,012	–	–

The ranges of floating interest rates paid were as follows:

	2015 $'000	2014 $'000
Floating rate bank loans (unsecured)	2.13% to 7.25%	2.13% to 7.25%
Trust receipts for purchase of inventories	1.55% to 6.75%	1.73% to 5.75%

(a) Fixed rate bank loans (secured)

The bank loans comprises of the following:

The bank loan agreement provides among other matters for the following:

1. Repayable by 60 equal instalments, which is due on 6 January 2018
2. Fixed interest rate paid was 2.5% (2014: 2.5%) per annum.
3. Corporate guarantee from the Company

(b) Fixed rate other loans (unsecured)

Other loans comprises of the following:

(i) Loan from a financing company

The loan amounted to $493,000 (2014: Nil) was provided among other matters for the following:

1. Repayable in 3 years, which is due on 29 May 2018.
2. Interest rate at 2.85% per annum.
3. Need to comply with certain financial covenants such as (a) one of the Group's subsidiary maintains minimum tangible networth of $6 million equivalent and a working capital of not less than $3.5 million during the loan tenor and (b) the same subsidiary must not incur any losses on a net profit after tax basis for two consecutive years.
4. Corporate guarantee from the Company.

(ii) Loan from a substantial shareholder and director

The loan amounted to $3,000,000 (2014: Nil) was provided among other matters for the following:

1. Repayable in 180 days, which is due on 29 Apr 2016.
2. Interest rate at 8% per annum for 1st – 3rd month and 10% per annum for 4th – 6th month.
3. Referral fee of 0.9% of loan amount for every $1,000,000 drawdown.

25. LOANS AND BORROWINGS (CONT'D)

(c) Floating rate bank loans (unsecured)

The bank loans comprises of the following:

(i) Addition & Alteration loan

The loan amounted to $442,000 (2014: $422,000) was provided among other matters for the following:

1. Repayable in 3 years, which is due on 18 June 2018.
2. Need to comply with certain financial covenant such as one of the Group's subsidiary maintains minimum tangible networth of $6 million equivalent.
3. Corporate guarantee from the Company.

(ii) Term Loan

The bank loan amounted to $500,000 (2014: $500,000) was provided among other matters for the following:

1. Repayable in 180 days, which is due on 18 April 2016.
2. Need to comply with certain financial covenant such as one of the Group's subsidiary maintains minimum tangible networth of $6 million equivalent.
3. Corporate guarantee from the Company.

(iii) Revolving Term Loan

The bank loan amounted to $2,175,000 (2014: $2,174,000) was provided among other matters for the following:

1. Repayable by 6 equal instalments, which is due on 14 June 2016.
2. One of the Group's subsidiary maintains minimum tangible networth of $6 million equivalent.
3. Corporate guarantee from the Company.

(iv) Overdrafts

1. Bank overdrafts amounted to $Nil (2014: $879,000) is denominated in SGD and repayable on demand.
2. Corporate guarantee from the Company.

(d) Trust receipt

The bank agreement for certain of credit facilities provide among other matters for the following:

1. Repayable on demand. Repayment is due on 16 May 2016.
2. Corporate guarantee from the Company.
3. One of the Group's subsidiary maintains minimum tangible networth of $6 million equivalent.
4. Need to comply with certain financial covenants, such as (a) the net worth of one of the Group's subsidiary be not less than $3.5 million and (b) the net worth of the VibroPower Group be not less than $10 million.

26. FINANCE LEASES

Group 2015	Minimum payments $'000	Finance Charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	80	(5)	75
Due within 2 to 5 years	119	(4)	115
Total	199	(9)	190
Group **2014**			
Minimum lease payments payable:			
Due within one year	66	(3)	63
Due within 2 to 5 years	165	(7)	158
Total	231	(10)	221

It is a policy to lease certain of its plant and equipment under finance leases. The lease term is 3 to 5 years. The rate of interest for finance leases is about 1.8% to 1.9% (2014:1.8% to 1.9%) per year. There is an exposure to fair value interest risk because the interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets. The carrying amount of the lease liabilities is not significantly different from the fair value.

The Group has finance leases for certain items of plant and equipment. These leases have terms of purchase options but no renewal and escalation clauses. Purchase options are at the option of the specific entity that holds the lease.

Finance leases denominated in currency other than the functional currencies of respective entities at 31 December are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Singapore dollar	190	221	–	–

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables:				
External parties	2,472	3,147	166	14
Accruals	1,038	1,993	180	131
Due to an associate	1,593	–	–	–
Due to a related company	–	631	–	–
Subtotal	5,103	5,771	346	145
Other payables:				
Others	77	52	–	–
Subtotal	77	52	–	–
Total trade and other payables	5,180	5,823	346	145
Add:				
Loans and borrowings (Notes 25)	13,793	10,039	–	–
Finance lease (Note 26)	190	221	–	–
Total financial liabilities carried at amortised cost	19,163	16,083	346	145

Trade payables/other payables:

These amounts are non-interest bearing and normally settled on 30-90 days' terms.

Amounts due to an associate:

Amounts due to related companies are unsecured, non-interest bearing and repayable on demand by cash.

Trade and other payables denominated in currency other than the functional currencies of respective entities at 31 December are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Singapore Dollar	1,072	1,323	–	–

28. OTHER LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deposits received from customers	923	1,322	–	–

These amounts are trade related, non-interest bearing and based on contractual terms as established with external parties.

29. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

(a) Related parties

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and non-interest bearing unless stated otherwise.

Purchases were made at an arm's length basis in a manner similar to transactions with third parties.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Other related parties	
	2015	2014
	$'000	$'000
Loan from a substantial shareholder and director	3,000	–
Interest and other expense paid to a director	61	–
Purchases of goods and services from related companies	1,248	1,260
Subcontractor costs paid to related companies	662	608
Purchases of property, plant and equipment from a related company - improvements to leasehold property	98	104

Related companies are companies in which the substantial shareholder is a close relative of a director of the Company.

29. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (CONT'D)

(b) Key management compensation

	Group	
	2015	2014
	$'000	$'000
Short-term employee benefits	982	1,214
Central Provident Fund contributions	19	29
	1,001	1,243

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2015	2014
	$'000	$'000
Remuneration of directors of the Company	941	1,136
Fees to directors of the Company	58	105
Remuneration of other directors of the group	2	2
	1,001	1,243

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

Further information about the remuneration of individual directors is provided in the report on corporate governance.

30. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the financial year but not recognised in the financial statements are as follows:

	Group	
	2015	2014
	$'000	$'000
Commitments to purchase additional plant and equipment	592	992

30. COMMITMENTS (CONT'D)

(b) Operating lease commitments- as lessee

Operating lease payments are rentals payable for land and certain of its factory properties. The land lease from the Jurong Town Corporation is for 22 years and 7 months from 1 March 2013. The lease rental terms are negotiated for an average term of one year and rentals are subject to an escalation clause.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2015 amounted to $329,000 (2014: $239,000).

At the end of the financial year, the total of future minimum lease payments under non-cancellable operating leases is as follows:

	2015 $'000	2014 $'000
Not later than one year	68	10
Later than one year but not later than five years	271	–
Later than five years	998	–
	1,337	10

31. CONTINGENT LIABILITIES

	Group	
	2015 $'000	2014 $'000
Corporate guarantee given for subsidiaries' credit facilities	10,793	10,039

The Company has undertaken to provide financial support to certain subsidiaries, which had net capital deficits as at 31 December 2015. It is impracticable to reliably estimate the exposure.

32. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 – Inputs for asset or liability that are not based on observable market on observable market data (unobservable inputs)

32. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Current trade and other receivables (Note 19), Current other assets (Note 20), Non-current other receivables (Note 19), Provisions (Note 24), Current and Non-current s (Note 25), Finance leases (Note 26), Trade and other payables (Note 27) and Current other liabilities (Note 28).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

Non-current other financial assets (Note 17).

The financial assets are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. The main risks arising from the entity's financial instruments are credit risk, interest risk, liquidity risk and foreign currency risk. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following good market practices.

5. When appropriate may consider investing in shares or similar instruments.

6. When appropriate enter into derivatives or any other similar instruments solely for hedging purposes.

There has been no change to the exposures to risk; the objective, policies and processes for managing the risk and the methods used to measure the risk.

The financial controller monitors the procedures, and reports to the audit committee of the board.

With regards to derivatives, the policies include the following:

1. The management documents carefully all derivatives including the relationship between them and the hedged items at inception and throughout their life.

2. Effectiveness is assessed at the inception of the hedge and at each end of the financial year ensuring that FRS 39 criteria are met. Ineffectiveness is recognised in profit or loss as soon as it arises.

3. Only financial institutions with acceptable credit ratings are used as counterparties for derivatives.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk*

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; and the maximum amount the entity could have to pay if the guarantee is called on. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Concentration of trade receivables as at the end of the financial year:

	Group	
	2015	**2014**
	$'000	**$'000**
Top 1 customer	955	1,192
Top 2 customers	1,855	2,294
Top 3 customers	2,463	3,038

Available-for-sale investments: All of them represent equity shares and therefore there is no fixed maturity.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 (Trade and other receivables).

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain sufficient level of cash at banks and on hand to meet its working capital requirements. The Group maintains a balance between continuity of funding and flexibility through the use of stand-by financial and credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group and to mitigate the effects of fluctuations in cash flows.

Short-term funding may be obtained from short-term loans where necessary without incurring unacceptable losses or risking damage to the Group's reputation.

Analysis of financial instruments by remaining contractual maturities

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group **2015**	**Less than 1 year** **$'000**	**1 - 5 years** **$'000**	**Total** **$'000**
Financial assets			
Trade and other receivables (Note 19)	10,658	51	10,709
Cash at banks and on hand (Note 21)	2,355	–	2,355
Total undiscounted financial assets	13,013	51	13,064
Financial liabilities			
Loans and borrowings (Note 25)	13,043	1,502	14,545
Finance leases (Note 26)	80	119	199
Trade and other payables (Note 27)	5,180	–	5,180
Total undiscounted financial liabilities	18,303	1,621	19,924
Total net undiscounted financial liabilities	5,290	1,570	6,860

Group **2014**	**Less than 1 year** **$'000**	**1 - 5 years** **$'000**	**Total** **$'000**
Financial assets			
Trade and other receivables (Note 19)	15,859	43	15,902
Cash at banks and on hand (Note 21)	2,101	–	2,101
Total undiscounted financial assets	17,960	43	18,003
Financial liabilities			
Loans and borrowings (Note 25)	9,295	1,370	10,665
Finance leases (Note 26)	66	165	231
Trade and other payables (Note 27)	5,823	–	5,823
Total undiscounted financial liabilities	15,184	1,535	16,719
Total net undiscounted financial assets/(liabilities)	2,776	(1,492)	1,284

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Company 2015	Less than 1 year $'000	1 - 5 years $'000	Total $'000
Financial assets			
Trade and other receivables (Note 19)	723	–	723
Cash at banks and on hand (Note 21)	91	–	91
Total undiscounted financial assets	814	–	814
Financial liabilities			
Trade and other payables (Note 27)	346	–	346
Total undiscounted financial liabilities	346	–	346
Total net undiscounted financial assets	468	–	468

Company 2014	Less than 1 year $'000	1 - 5 years $'000	Total $'000
Financial assets			
Trade and other receivables (Note 19)	1,460	–	1,460
Cash at banks and on hand (Note 21)	77	–	77
Total undiscounted financial assets	1,537	–	1,537
Financial liabilities			
Trade and other payables (Note 27)	145	–	145
Total undiscounted financial liabilities	145	–	145
Total net undiscounted financial assets	1,392	–	1,392

Financial guarantee contracts - For financial guarantee contracts, the maximum earliest period in which the guarantee could be called is used. At the end of the financial year, no claims on the financial guarantees are expected. The following table shows the maturity analysis of the contingent liabilities:

Company 2015	Less than 1 year $'000	1 - 5 years $'000	Total $'000
Bank guarantee in favour of a subsidiary	9,394	1,399	10,793
2014			
Bank guarantee in favour of a subsidiary	8,820	1,219	10,039

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the end of the reporting period, approximately 40% (2014: 21%) of the Group's borrowings are at fixed rates of interest.

The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial liabilities:				
Fixed rates	5,382	1,950	–	–
Floating rates	8,411	8,089	–	–
Finance leases:				
Fixed rates	190	221	–	–
Total at end of the year	13,983	10,260	–	–

The floating rate debt obligations are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 (2014: 100) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $84,000 (2014: $81,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily USD. The foreign currencies in which these transactions are denominated are mainly SGD. The Group's trade receivable and trade payable balances at the end of the financial year have similar exposures.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the financial year, such foreign currency balances are mainly in SGD.

The Company itself does not have significant exposure to the foreign currency risk. The non-functional currencies balances as at end of the financial year are not significant.

The Group has certain practices for the management of financial risks. The following guidelines are followed:

- All financial risk management activities are carried out and monitored by senior management staff.
- All financial risk management activities are carried out following good market practices.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk (cont'd)

Sensitivity analysis of foreign currency risk

The following table demonstrates the sensitivity to the Group's profit net of tax to a reasonably possible change in the SGD exchange rates against the respective functional currency of the Group entities, with all other variables held constant.

		Group Increase/(Decrease) Profit net of tax	
		2015	**2014**
		$'000	**$'000**
SGD/USD	- strengthened 2% (2014: 2%)	172	80
	- weakened 2% (2014: 2%)	(172)	(80)

34. FINANCIAL INFORMATION BY OPERATION SEGMENTS

(a) Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the group.

The principal activities of the group are supplying, designing, manufacturing, installing, commissioning and servicing of stationary generators, with capacities ranging from 200kVA to 2,500kVA, used mainly in commercial and industrial properties and housing projects.

The group only has one operating segment supplying generators used mainly in commercial and industrial projects and housing projects.

Primary Analysis By Geographical Segments

For management purpose, the group is organised into four major geographical areas – Singapore, Asean (Brunei, Cambodia, Laos, Malaysia, Myanmar, Indonesia, Philippines, Thailand and Vietnam), Asia (People's Republic of China, Hong Kong, India and Australia) and Rest of the world.

In presenting information on the basis of geographical segments, segment is based on the geographical location of assets (same as the location of the customers). Segment revenue, expenses, assets and liabilities comprise amounts that are either directly attributable to, or can be allocated on a reasonable basis to a segment. Addition of non-current assets is the total cost incurred during the year to acquire property, plant and equipment.

34. FINANCIAL INFORMATION BY OPERATION SEGMENTS (CONT'D)

(b) *Profit or loss from operations and reconciliations*

Segment information of these geographical areas described above is presented below:

	Singapore		Asean		Asia		Rest of the world		Adjustment and elimination		Notes	Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000		2015 $'000	2014 $'000
External customers	9,291	15,279	5,224	7,562	1,710	3,137	1,460	2,222	–	–		17,685	28,200
Inter-segment	6,937	3,061	–	–	–	–	185	–	(7,122)	(3,061)		–	–
Total revenue	16,228	18,340	5,224	7,562	1,710	3,137	1,645	2,222	(7,122)	(3,061)	A	17,685	28,200
Results:													
Interest income	10	69	–	–	–	–	–	–	–	–		10	69
Finance costs	(446)	(374)	–	–	–	–	–	–	–	–		(446)	(374)
Depreciation	(205)	(121)	(4)	–	(11)	(19)	(1)	(14)	–	–		(221)	154
Segment (loss)/profit	(4,146)	1,703	(2,622)	(43)	(761)	138	(768)	(10)	–	–		(8,297)	1,788
Addition of non-current assets	265	240	1	–	1,005	2,159	2	23	–	–		1,273	2,422
Non-current assets	1,674	1,518	5	12	5,076	4,013	2	–	–	–	B	6,757	5,543
Segment assets	58,647	35,082	4,785	10,049	12,415	7,313	1,696	3,410	(41,870)	(15,200)	C	35,673	40,654
Segment liabilities	34,969	17,278	6,334	7,388	11,376	8,003	30	164	(32,419)	(15,200)	D	20,290	17,633

Notes Nature of adjustment and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.
B Non-current assets only include property, plant and equipment.
C Inter-segments assets are deducted from segment assets to arrive at total assets reported in the consolidated balance sheet.
D Inter-segments liabilities are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet.

(c) *Information about a major customer*

Revenue from one major customer amounted to $2,935,000, arising from sales of stationary generators in Singapore (2014: $2,939,000 in Singapore).

STATISTICS OF SHAREHOLDINGS

As at 18 March 2016

Issued and fully paid up capital	:	$15,074,904.862
Number of issued shares	:	34,527,656
Number of total voting shares	:	33,450,856
Number of treasury shares	:	1,076,800 (3.12%)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDINGS	%	NO. OF SHARES	%
1 – 99	100	7.33	1,722	0.00
100 – 1,000	558	40.88	226,497	0.68
1,001 – 10,000	435	31.87	2,099,942	6.28
10,001 – 1,000,000	268	19.63	16,625,600	49.70
1,000,001 AND ABOVE	4	0.29	14,497,095	43.34
TOTAL	1,365	100.00	33,450,856	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 18 March 2016, approximately 56.40 % of the issued ordinary shares of the Company is held by the public, and therefore, the Company is in compliance with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

TWENTY LARGEST SHAREHOLDERS

N O.	NAME	NO. OF SHARES	%
1	BENEDICT CHEN ONN MENG	6,220,220	18.60
2	KANG BENG CHIANG	5,010,075	14.98
3	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	1,779,900	5.32
4	CHEN SIEW MENG	1,486,900	4.45
5	FREDDIE FONG CHEE ENG	861,375	2.58
6	OCBC SECURITIES PRIVATE LIMITED	813,823	2.43
7	TEO CHEE KIAN(ZHANG ZHI QIANG)	459,900	1.37
8	HONG LEONG FINANCE NOMINEES PTE LTD	451,800	1.35
9	LIM SIM BENG	406,800	1.22
10	PHILLIP SECURITIES PTE LTD	370,844	1.11
11	BANK OF SINGAPORE NOMINEES PTE. LTD.	356,900	1.07
12	YAP SENG TECK	352,582	1.05
13	HOW YIM SOO	344,400	1.03
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	325,500	0.97
15	YAP HOCK BENG	321,900	0.96
16	CIMB SECURITIES (SINGAPORE) PTE. LTD.	313,120	0.94
17	SIA LING SING	302,800	0.91
18	CITIBANK NOMINEES SINGAPORE PTE LTD	286,050	0.86
19	UOB KAY HIAN PRIVATE LIMITED	286,003	0.85
20	LEE KUM YOKE	231,100	0.69
	TOTAL	20,981,992	62.74

STATISTICS OF SHAREHOLDINGS

As at 18 March 2016

Substantial Shareholders as at 18 March 2016

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**No. of shares**	**% of shares**	**No. of shares**	**% of shares**
Benedict Chen Onn Meng [1]	6,220,220	18.60	1,867,500	5.58
Kang Beng Chiang	5,010,075	14.98	–	0.00

[1] Of 1,867,500 shares in which Benedict Chen Onn Meng is deemed to be interested, 87,600 shares are held through his CPF investment account (UOB Kay Hian Pte Ltd) and 1,779,900 shares are held through Mayban Nominees (S) Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of the Company will be held at 11 Tuas Avenue 16 Singapore 638929 on 28 April 2016 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

AS ORDINARY BUSINESS

1. To receive and consider the Directors' Statement and Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **Resolution 1**

2. To re-elect the following director retiring pursuant to the Company's Constitution: **Resolution 2**

   Ms Toh Shih Hua (Article 114)

   Ms Toh Shih Hua shall, upon re-election as Director of the Company, remain as Chairman of the Audit Committee, Chairman of the Nominating Committee and a member of Remuneration Committee. Ms Toh Shih Hua shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To re-elect the following director retiring pursuant to the Company's Constitution: **Resolution 3**

   Mr Ernest Yogarajah s/o Balasubramaniam (Article 104)

   Mr Ernest Yogarajah s/o Balasubramaniam shall, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee, a member of the Nominating Committee and a member of the Audit Committee. Mr Ernest Yogarajah s/o Balasubramaniam shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the Directors' fees of $105,000 for the year ending 31 December 2016, payable half-yearly in arrears. **Resolution 4**

5. To re-appoint Ernst & Young LLP as the Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without amendments:

6. **Proposed share issue mandate** **Resolution 6**

   "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 ("SGX-ST"), the Directors of the Company be authorized and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

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

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

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

[See Explanatory Note (i)]

7. **Authority to grant awards and to allot and issue shares pursuant to the VibroPower Performance Share Scheme** **Resolution 7**

“That approval be and is hereby given to the Directors of the Company to grant awards in accordance with the provisions of the VibroPower Performance Share Scheme (“the Scheme”) and to deliver such number of fully paid-up Shares in the form of existing shares held as treasury shares and/or new Shares as may be required to be delivered pursuant to the vesting of awards under the Scheme provided that the aggregate number of shares to be issued and allotted pursuant to the Scheme shall not exceed 15% of the total number of issued shares excluding treasury shares in the capital of the Company from time to time.”

[See Explanatory Note (ii)]

8. And to transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The proposed Resolution 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The proposed Resolution 7, if passed, will empower the Directors of the Company to grant awards and to issue and allot shares in the capital of the Company pursuant to the VibroPower Performance Share Scheme ("the Scheme"). The grant of awards under the Scheme will be made in accordance with the provisions of the Scheme provided that the aggregate number of shares to be issued and allotted shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares in the capital of the Company from time to time. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 6.

BY ORDER OF THE BOARD

SIA HUAI PENG
Company Secretary
Singapore

Date : 8 April 2016

Notes :

a) A member entitled to attend and vote at a general meeting is entitled to appoint no more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.

b) Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at a general meeting. Relevant intermediary is either:

  (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

  (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or

  (iii) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

c) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 11 Tuas Avenue 16 Singapore 638929 not less than 48 hours before the meeting.

d) A proxy need not be a member of the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) 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), 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) 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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VIBROPOWER CORPORATION LIMITED
Company Registration No.: 200004436E
(incoporated to Singapore)

PROXY FORM

IMPORTANT
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We ______________________________ NRIC/Passport No./Registration No. ______________________

of ____

being a member(s) of VibroPower Corporation Limited (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the 2016 Annual General Meeting of the Company to be held at 11 Tuas Avenue 16 Singapore 638929 on 28 April 2016 at 9:30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	For	Against
1	Directors' Statement and Audited Accounts for the year ended 31 December 2015		
2	Re-election of Ms Toh Shih Hua as Director		
3	Re-election of Mr Ernest Yogarajah s/o Balasubramaniam as Director		
4	Approval of Directors' fees for the year ending 31 December 2016, payable half-yearly in arrears		
5	Re-appointment of Ernst & Young LLP as Auditors		
6	Proposed Share Issue Mandate		
7	Authority to grant awards and to allot and issue shares pursuant to the VibroPower Performance Share Scheme		

Signed this ______________ day of ______________ 2016

Total number of shares held

____

Signature or Common Seal of shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the general meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative.

3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the general meeting. Relevant intermediary is either:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or

   (iii) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 11 Tuas Avenue 16 Singapore 638929 not later than 48 hours before the time set for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorized in writing or by an authorised officer of the corporation.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at 72 hours before the time appointed for holding the Annual General 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), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2016.

VIBROPOWER
THE CUSTOM POWER SPECIALIST

VibroPower Corporation Limited
11 Tuas Avenue 16
Singapore 638929
Company Registration No.: 200004436E

www.vibropower.com