



FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

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

Group	3 months ended 30.09.18 \$'000	3 months ended 30.09.17 \$'000
Revenue	85,662	78,335
Cost of sales	(74,971)	(64,601)
Gross profit	10,691	13,734
Other operating income	755	319
Selling and distribution expense	(4,766)	(4,725)
Administrative expense	(4,725)	(4,644)
Other operating expenses	(50)	(680)
Finance costs	(256)	(111)
Share of profit of associates	157	82
Profit before income tax	1,806	3,975
Income tax expense	(405)	(696)
Profit after income tax	1,401	3,279
Other comprehensive income (loss):		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Exchange difference on translation of foreign operations	(854)	(211)
Changes in share of other comprehensive income of associates	50	10
Other comprehensive loss for the period, net of tax	(804)	(201)
Total comprehensive income for the year	597	3,078
Profit attributable to:		
Shareholders of the company	1,337	3,225
Non-controlling interests	64	54
	1,401	3,279
Total comprehensive income attributable to :		
Shareholders of the company	527	3,031
Non-controlling interests	70	47
	597	3,078

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

Group	3 months ended 30.09.18 \$'000	3 months ended 30.09.17 \$'000
Interest income	2	9
Bad debts written off	-	(1)
Allowance for doubtful receivables	(45)	(68)
Fair value gain (loss) on derivative financial instruments	72	(368)
Foreign exchange gain (loss)	222	(237)
Gain on disposal of property, plant and equipment	89	5
Property, plant and equipment written off	-	(6)
Depreciation expense	(1,271)	(1,252)
Amortisation expense	(58)	(58)

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

	GROUP		COMPANY	
	As at 30.09.18 \$'000	As at 30.06.18 \$'000	As at 30.09.18 \$'000	As at 30.06.18 \$'000
ASSETS				
Current assets:				
Cash and bank balances	22,530	18,754	6,090	6,155
Trade receivables	94,379	96,769	49,149	52,741
Other receivables	3,654	3,102	4,121	3,116
Derivative financial instruments	441	369	441	369
Inventories	78,867	70,309	54,473	43,610
Total current assets	199,871	189,303	114,274	105,991
Non-current assets:				
Other receivables	464	494	2,629	2,932
Subsidiaries	-	-	44,615	44,615
Associates	7,717	7,510	-	-
Property, plant and equipment	33,667	34,161	6,554	6,698
Investment property	3,074	3,159	-	-
Leasehold prepayments	127	130	-	-
Intangible assets	565	623	-	-
Deferred tax assets	59	62	-	-
Total non-current assets	45,673	46,139	53,798	54,245
Total assets	245,544	235,442	168,072	160,236
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term bank borrowings	31,224	19,753	14,824	4,641
Trade payables	28,594	28,727	15,030	16,352
Other payables	6,251	8,651	1,643	2,464
Current portion of finance leases	116	-	-	-
Income tax payable	1,923	1,644	1,122	1,122
Total current liabilities	68,108	58,775	32,619	24,579
Non-current liabilities:				
Other payables	82	88	-	-
Non-current portion of finance leases	207	-	-	-
Deferred tax liabilities	2,050	2,079	717	717
Total non-current liabilities	2,339	2,167	717	717

	GROUP		COMPANY	
	As at 30.09.18 \$'000	As at 30.06.18 \$'000	As at 30.09.18 \$'000	As at 30.06.18 \$'000
Capital, reserves and non-controlling interests:				
Share capital	56,288	56,288	56,288	56,288
Treasury shares	(950)	(950)	(950)	(950)
Reserves	118,506	117,979	79,398	79,602
Equity attributable to the shareholders of the Company	173,844	173,317	134,736	134,940
Non-controlling interests	1,253	1,183	-	-
Total equity	175,097	174,500	134,736	134,940
Total liabilities and equity	245,544	235,442	168,072	160,236

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

Amount repayable in one year or less, or on demand

As at 30/09/2018		As at 30/06/2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
16,516	14,824	15,112	4,641

Amount repayable after one year

As at 30/09/2018		As at 30/06/2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
207	-	-	-

Details of any collateral

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

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

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

Group	3 months ended 30.09.18 \$'000	3 months ended 30.09.17 \$'000
Operating activities		
Profit before income tax	1,806	3,975
Adjustments for:		
Depreciation expense	1,271	1,252
Amortisation expense	58	58
Interest income	(2)	(9)
Interest expense	256	111
Gain on disposal of property, plant and equipment	(89)	(5)
Property, plant and equipment written off	-	6
Bad debts written off	-	1
Allowance for doubtful receivables	45	68
Fair value adjustment on derivative financial instruments taken to profit or loss	(72)	368
Share of profit of associates	(157)	(82)
Operating cash flows before movement in working capital	3,116	5,743
Trade receivables	1,895	(3,170)
Other receivables	(431)	(216)
Inventories	(8,880)	(3,912)
Trade payables	(46)	3,284
Other payables	(2,365)	(2,141)
Cash used in operations	(6,711)	(412)
Income tax paid	(260)	(332)
Net cash used in operating activities	(6,971)	(744)
Investing activities		
Purchase of property, plant and equipment	(703)	(412)
Proceeds from disposal of property, plant and equipment	125	19
Interest received	2	9
Net cash used in investing activities	(576)	(384)
Financing activities		
Proceeds from short-term bank borrowings	29,868	12,219
Repayment of short-term bank borrowings	(18,116)	(6,276)
Repayment of finance lease obligations	(9)	(11)
Interest paid	(256)	(111)
Dividend paid to non-controlling interests	-	(3)
Net cash from financing activities	11,487	5,818
Net increase in cash and cash equivalents	3,940	4,690
Cash and cash equivalents at beginning of period	18,754	22,081
Effect of exchange rate changes on the balance of cash held in foreign currencies	(164)	(29)
Cash and cash equivalents at end of period	22,530	26,742

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

Group	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Other reserve \$'000	Accumulated profits \$'000	Equity attributable to shareholders of the company \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 July 2018	56,288	(950)	(2,818)	(1,084)	121,881	173,317	1,183	174,500
Total comprehensive income (loss) for the period								
Profit for the period	-	-	-	-	1,337	1,337	64	1,401
Other comprehensive income (loss) for the period	-	-	(810)	-	-	(810)	6	(804)
Total	-	-	(810)	-	1,337	527	70	597
Balance at 30 September 2018	56,288	(950)	(3,628)	(1,084)	123,218	173,844	1,253	175,097

Group	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve		Other reserve \$'000	Accumulated profits \$'000	Equity attributable to shareholders of the company		Non-controlling interests \$'000	Total equity \$'000
			reserve \$'000	reserve \$'000			\$'000	\$'000		
Balance at 1 July 2017	56,288	(950)	(3,529)	(1,084)	116,660	167,385	1,102	168,487		
Total comprehensive (loss) income for the period										
Profit for the period	-	-	-	-	3,225	3,225	54	3,279		
Other comprehensive (loss) income for the period	-	-	(194)	-	-	(194)	(7)	(201)		
Total	-	-	(194)	-	3,225	3,031	47	3,078		
Transactions with owners, recognised directly in equity										
Dividend paid to non-controlling interests	-	-	-	-	-	-	(3)	(3)		
Balance at 30 September 2017	56,288	(950)	(3,723)	(1,084)	119,885	170,416	1,146	171,562		

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 July 2018	56,288	(950)	79,602	134,940
Loss for the period, representing total comprehensive loss for the period	-	-	(204)	(204)
Balance at 30 September 2018	<u>56,288</u>	<u>(950)</u>	<u>79,398</u>	<u>134,736</u>

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 July 2017	56,288	(950)	77,890	133,228
Profit for the period, representing total comprehensive income for the period	-	-	1,608	1,608
Balance at 30 September 2017	<u>56,288</u>	<u>(950)</u>	<u>79,498</u>	<u>134,836</u>

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

There were no changes in the Company's share capital during the 3 months ended 30 September 2018.

The total number of issued ordinary shares excluding treasury shares as at 30 September 2018 was 435,515,791 (30 September 2017: 435,515,791).

The number of ordinary shares held as treasury shares as at 30 September 2018 was 2,727,000 (30 September 2017: 2,727,000), constituting 0.63% of the total number of ordinary shares outstanding (30 September 2017 : 0.63%).

As at 30 September 2018, there were no outstanding convertibles and no subsidiary holdings (30 September 2017: Nil).

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

The total number of issued ordinary shares excluding treasury shares as at 30 September 2018 was 435,515,791 (30 September 2017: 435,515,791).

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

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

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

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

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

The figures have not been audited nor reviewed.

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

Not applicable.

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

Except as disclosed in item 5 below, the Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current reporting year compared with the audited financial statements as at 30 June 2018.

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

On 1 July 2018, the Group adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) (SFRS(I)). The Group was mainly affected by the following SFRS(I):-

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)
SFRS(I) 9 Financial Instruments
SFRS(I) 15 Revenue from Contracts with Customers

The Group has performed assessment of the transition options and other requirement and has determined that there are no changes to the Group's current accounting policies under the Financial Reporting Standards in Singapore or material adjustment on the initial transition of the new framework.

Notwithstanding, the adoption of the new SFRS(I), interim financial information might be subject to change until all standards on 30 June 2019 are known and incorporated.

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

	3 months ended 30.09.18	3 months ended 30.09.17
Earnings per ordinary share for the year after deducting any provision for preference dividends:-		
(i) Based on the weighted average number of ordinary shares in issue; and	0.31 cents	0.74 cents
(ii) On a fully diluted basis	0.31 cents	0.74 cents

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

	Group		Company	
	As at 30.09.18	As at 30.06.18	As at 30.09.18	As at 30.06.18
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	39.92 cents	39.80 cents	30.94 cents	30.98 cents

Net asset value per share is calculated based on the existing number of shares in issue of 435,515,791 (30 June 2018: 435,515,791 shares).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of profit or loss

For the period 30 September 2018, the Group delivered higher revenue of \$7.327 million, up 9.35% to \$85.662 million when compared to \$78.335 million from the last corresponding period.

The Cable & Wire ("C&W") Segment's revenue posted an increase of \$7.544 million, attributable to higher volume of project deliveries during the period.

Electrical Material Distribution ("EMD") Segment's revenue dropped by \$1.202 million. This was due to lower sales to the Building & Infrastructure and Retail/Trading Sector. Sales to the Industrial sector had also declined particularly the Electronic and Chemical, Oil & Gas Clusters as a result of completion of projects and lower demand in the market.

Test & Inspection ("T&I") Segment's revenue increased by \$1.266 million, primarily due to higher revenue from the Laboratory Testing Services in Malaysia as new projects awarded were executed towards the last financial quarter.

Gross profit ("GP") for the current period declined 22.16% or \$3.043 million to \$10.691 million from \$13.734 million in last corresponding period. The gross profit margin of 12.48%, was lower by 5.05% as compared to 17.53% achieved in the last corresponding period. Lower margins were attributable to pricing pressure from stiff competition in the Infrastructure Sectors which eroded the margins of the C&W Segment projects which were secured 2-3 years ago. In addition, the surge in copper prices greatly affected the margins of Infrastructure projects delivered by the C&W Segment from Singapore and Malaysia market.

Other operating income increased by \$436,000 to \$755,000 from \$319,000. During the period, higher fair value gain on derivative financial instruments and gain on foreign exchange was recorded as the result of a stronger US Dollar as at period end.

Selling and distribution expenses increased by \$41,000 to \$4.766 million. This was mainly because of higher transportation cost in tandem with revenue and exhibition cost.

Administrative expenses increased by \$81,000 to \$4.725 million in the current period, mainly due to higher staff cost.

Other operating expenses decreased from \$680,000 to \$50,000. This was the result of absence of Group's foreign exchange losses and fair value loss on derivative financial instruments during the last corresponding period.

The Group's reported profit before income tax ("PBT") of \$1.806 million for the period ended 30 September 2018, a decrease of \$2.169 million from \$3.975 million in the last corresponding period. The C&W Segment's PBT declined by \$2.455 million to a marginal loss before income tax as a result of lower gross profit margin. The EMD Segment decreased by \$199,000 moving in tandem with lower revenue during the period against higher share of profit from associates. The Switchboard Segment's PBT declined by \$28,000 to \$91,000. Notwithstanding, PBT from the T&I Segment increased by \$520,000 moving in tandem with higher revenue achieved during the period.

Statement of financial position

Cash and bank balances increased by \$3.776 million, due to higher collection from customer towards period end.

Trade receivables decreased by \$2.390 million, mainly the result of lower sales for the quarter ended 30 September 2018 as compared to quarter ended 30 June 2018.

Other receivables increased by \$552,000, primarily attributable to down payments for purchases of property, plant and equipment.

Inventories increased by \$8.558 million, mainly due to higher purchases in the C&W Segment for subsequent delivery.

Property, plant and equipment decreased by \$494,000, mainly due to depreciation charges of \$1.271 million and net of currency adjustment, partially offset against acquisition of plant and equipment amounting to \$1.040 million.

Short-term bank borrowings increased by \$11.471 million primarily because of higher borrowings by the C&W Segment which moved in tandem with higher purchases and higher borrowings by the T&I Segment for its working capital.

Trade payables decreased by \$133,000, substantially due to prompt payment to suppliers in the C&W Segment towards period end.

Other payables decreased by \$2.400 million mainly because of bonus payout for the financial year ended 30 June 2018 during the quarter.

Statement of cash flows

The cash and cash equivalent at the end of the period increased to \$22.530 million compared with \$18.754 million at the end of the last period.

The Group's net cash used in operating activities of \$6.971 million was attributable to operating profit before working capital changes of \$3.116 million, increase in inventories, down payment for purchase of property, plant and equipment, decrease in trade payables, payment of bonus and income tax during the quarter, net of decrease in trade receivables.

The net cash used in investing activities of \$576,000 was mainly for purchase of property, plant and equipment, net of proceeds from disposal of plant and equipment and interest received.

The net cash from financing activities of \$11.487 million was largely due to higher proceeds from short-term bank borrowings, net of repayment of short-term bank borrowings, finance leases and interest paid.

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

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

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

The market remains uncertain and trade tensions dampen investor sentiments.

The business environment for the industries that the Group serves are likely to remain challenging due to intense competition coupled with volatility of copper prices and fluctuation of foreign exchange rates.

The Group will continue to exercise prudence in cost control and financial discipline, in the competitive environment. We remain mindful of the volatile market environment and will keep abreast of market trends to identify more opportunities in the region.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared (recommended) for the current financial period reported on? No

Name of Dividend	Not applicable
Dividend Type	
Dividend Amount per Share (in cents)	
Tax Rate	

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared (recommended) for the corresponding period of the immediately preceding financial year? No

Name of Dividend	Not applicable
Dividend Type	
Dividend Amount per Share (in cents)	
Tax Rate	

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared for the quarter ended 30 September 2018.

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

No IPT mandate has been obtained from shareholders.

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

See last page.

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

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

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

Not applicable.

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

Not applicable.

- 18. A breakdown of sales.**

Not applicable.

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

Not applicable.

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

Not applicable.

BY ORDER OF THE BOARD

Tan Shou Chieh
Secretary

Singapore, 5 November 2018



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**CONFIRMATION BY THE BOARD OF DIRECTORS
PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

We, the undersigned, being two Directors of Tai Sin Electric Limited (the “**Company**”), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim financial statements for the first quarter ended 30 September 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Mr. Lim Chye Huat @ Bobby Lim Chye Huat
Chairman

Mr. Lim Boon Hock Bernard
Chief Executive Officer

Singapore, 5 NOVEMBER 2018

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