

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 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	9 months ended 31.03.18 \$'000	9 months ended 31.03.17 \$'000
Revenue	237,231	205,245
Cost of sales	(196,543)	(160,429)
Gross profit	40,688	44,816
Other operating income	1,101	3,214
Selling and distribution expense	(13,965)	(13,951)
Administrative expense	(14,107)	(13,669)
Other operating expenses	(1,721)	(1,130)
Finance costs	(372)	(497)
Share of profit of an associate	119	307
Profit before income tax	11,743	19,090
Income tax expense	(2,144)	(3,224)
Profit after income tax	9,599	15,866
Other comprehensive income (loss) :		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Exchange difference on translation of foreign operations	317	(998)
Changes in share of other comprehensive income of an associate	32	34
Other comprehensive income (loss) for the period, net of tax	349	(964)
Total comprehensive income for the period	9,948	14,902
Profit attributable to:		
Shareholders of the company	9,484	15,737
Non-controlling interests	115	129
	9,599	15,866
Total comprehensive income attributable to :		
Shareholders of the company	9,860	14,783
Non-controlling interests	88	119
	9,948	14,902

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.

<u>Group</u>	9 months ended 31.03.18 \$'000	9 months ended 31.03.17 \$'000
Interest income	29	38
Bad debts recovered	2	52
Allowance for doubtful receivables	(312)	(1,097)
Fair value adjustment on derivative financial instruments	(632)	950
Foreign exchange (loss) gain	(769)	289
Adjustment for under provision of income tax in respect of prior year	(50)	(77)
(Loss) Gain on disposal of property, plant and equipment	(8)	736
Property, plant and equipment written off	(7)	(32)
Depreciation of property, plant and equipment	(3,765)	(3,432)
Amortisation of intangible assets	(174)	(174)

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

	GROUP		COMPANY	
	As at 31.03.18 \$'000	As at 30.06.17 \$'000	As at 31.03.18 \$'000	As at 30.06.17 \$'000
ASSETS				
Current assets:				
Cash and bank balances	26,911	22,081	14,029	8,879
Trade receivables	87,836	80,795	45,242	41,521
Other receivables	2,582	2,320	4,571	2,837
Derivative financial instruments	-	167	-	167
Inventories	65,509	63,590	39,489	38,361
Total current assets	182,838	168,953	103,331	91,765
Non-current assets:				
Other receivables	305	387	3,228	4,072
Subsidiaries	-	-	44,519	44,519
Associate	5,712	5,561	-	-
Property, plant and equipment	34,176	35,292	6,829	7,326
Investment property	3,186	3,052	-	-
Leasehold prepayments	126	136	-	-
Intangible assets	680	855	-	-
Deferred tax assets	70	76	-	-
Total non-current assets	44,255	45,359	54,576	55,917
Total assets	227,093	214,312	157,907	147,682
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term bank borrowings	23,646	9,994	11,609	-
Trade payables	24,931	23,504	11,950	9,915
Other payables	6,570	8,087	1,924	2,557
Current portion of finance leases	-	49	-	-
Derivative financial instruments	537	72	537	72
Income tax payable	1,538	2,314	789	1,500
Total current liabilities	57,222	44,020	26,809	14,044
Non-current liabilities:				
Other payables	59	69	-	-
Non-current portion of finance leases	-	87	-	-
Deferred tax liabilities	1,615	1,649	410	410
Total non-current liabilities	1,674	1,805	410	410

	GROUP		COMPANY	
	As at 31.03.18 \$'000	As at 30.06.17 \$'000	As at 31.03.18 \$'000	As at 30.06.17 \$'000
Capital, reserves and non-controlling interests:				
Share capital	56,288	56,288	56,288	56,288
Treasury shares	(950)	(950)	(950)	(950)
Reserves	111,672	112,047	75,350	77,890
Equity attributable to the shareholders of the Company	167,010	167,385	130,688	133,228
Non-controlling interests	1,187	1,102	-	-
Total equity	168,197	168,487	130,688	133,228
Total liabilities and equity	227,093	214,312	157,907	147,682

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

Amount repayable in one year or less, or on demand

As at 31/03/2018		As at 30/06/2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
12,037	11,609	10,043	-

Amount repayable after one year

As at 31/03/2018		As at 30/06/2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	87	-

Details of any collateral

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

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

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

Group	9 months ended 31.03.18 \$'000	9 months ended 31.03.17 \$'000
Operating activities		
Profit before income tax	11,743	19,090
Adjustments for:		
Depreciation expense	3,765	3,432
Amortisation expense	174	174
Interest income	(29)	(38)
Interest expense	372	497
Fair value adjustment on derivative financial instruments taken to profit or loss	632	(950)
Bad debts recovered	(2)	(52)
Allowance for doubtful receivables	312	1,097
Loss (Gain) on disposal of property, plant and equipment	8	(736)
Property, plant and equipment written off	7	32
Share of profit of an associate	(119)	(307)
Operating cash flows before movement in working capital	16,863	22,239
Trade receivables	(6,871)	20,995
Other receivables	(174)	274
Inventories	(1,920)	(225)
Trade payables	1,452	(3,115)
Other payables	(1,508)	(4,284)
Cash generated from operations	7,842	35,884
Income tax paid	(2,952)	(3,268)
Net cash from operating activities	4,890	32,616
Investing activities		
Acquisition of additional interests in a subsidiary	-	(3,400)
Purchase of property, plant and equipment	(2,588)	(7,660)
Proceeds from disposal of property, plant and equipment	116	765
Interest received	29	38
Net cash used in investing activities	(2,443)	(10,257)
Financing activities		
Proceeds from short-term bank borrowings	48,646	35,788
Repayment of short-term bank borrowings	(35,488)	(55,050)
Repayment of finance lease obligations	(137)	(153)
Interest paid	(372)	(497)
Dividend paid	(10,235)	(10,235)
Dividend paid to non-controlling interests	(3)	(307)
Net cash from (used in) financing activities	2,411	(30,454)
Net increase (decrease) in cash and cash equivalents	4,858	(8,095)
Cash and cash equivalents at beginning of period	22,081	34,167
Effect of exchange rate changes on the balance of cash held in foreign currencies	(28)	(357)
Cash and cash equivalents at end of period	26,911	25,715

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 2017	56,288	(950)	(3,529)	(1,084)	116,660	167,385	1,102	168,487
Total comprehensive income (loss) for the period								
Profit for the period	-	-	-	-	9,484	9,484	115	9,599
Other comprehensive income (loss) for the period	-	-	376	-	-	376	(27)	349
Total	-	-	376	-	9,484	9,860	88	9,948
Transactions with owners, recognised directly in equity								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(3)	(3)
Final dividend for the previous year paid	-	-	-	-	(6,968)	(6,968)	-	(6,968)
Interim dividend for the year paid	-	-	-	-	(3,267)	(3,267)	-	(3,267)
Total	-	-	-	-	(10,235)	(10,235)	(3)	(10,238)
Balance at 31 March 2018	56,288	(950)	(3,153)	(1,084)	115,909	167,010	1,187	168,197

Group	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Other reserve \$'000	Accumulated profits \$'000	Equity attributable to shareholders of the company \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 July 2016	56,288	(950)	(2,810)	(728)	108,718	160,518	4,261	164,779
Total comprehensive (loss) income for the period								
Profit for the period	-	-	-	-	15,737	15,737	129	15,866
Other comprehensive loss (income) for the period	-	-	(954)	-	-	(954)	(10)	(964)
Total	-	-	(954)	-	15,737	14,783	119	14,902
Transactions with owners, recognised directly in equity								
Acquisition of additional interests in a subsidiary ^(a)	-	-	(34)	(362)	-	(396)	(3,004)	(3,400)
Share of post-acquisition reserve of an associate	-	-	-	8	-	8	-	8
Dividend paid to non-controlling interests	-	-	-	-	-	-	(307)	(307)
Final dividend for the previous year paid	-	-	-	-	(6,968)	(6,968)	-	(6,968)
Interim dividend for the year paid	-	-	-	-	(3,267)	(3,267)	-	(3,267)
Total	-	-	(34)	(354)	(10,235)	(10,623)	(3,311)	(13,934)
Balance at 31 March 2017	56,288	(950)	(3,798)	(1,082)	114,220	164,678	1,069	165,747

Notes :

- (a) During the period ended 31 March 2017, the Group increased its equity interest in a subsidiary from 79.1% to 100%. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid was recognised directly in equity.

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 year, representing total comprehensive income for the period	-	-	7,695	7,695
Transactions with owners, recognized directly in equity				
Final dividend for the previous year paid	-	-	(6,968)	(6,968)
Interim dividend for the year paid	-	-	(3,267)	(3,267)
Total	-	-	(10,235)	(10,235)
Balance at 31 March 2018	56,288	(950)	75,350	130,688

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 July 2016	56,288	(950)	74,278	129,616
Profit for the year, representing total comprehensive income for the period	-	-	11,582	11,582
Transactions with owners, recognized directly in equity				
Final dividend for the previous year paid	-	-	(6,968)	(6,968)
Interim dividend for the year paid	-	-	(3,267)	(3,267)
Total	-	-	(10,235)	(10,235)
Balance at 31 March 2017	56,288	(950)	75,625	130,963

- 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 31 March 2018.

The total number of issued ordinary shares excluding treasury shares as at 31 March 2018 was 435,515,791 (31 March 2017: 435,515,791).

The number of ordinary shares held as treasury shares as at 31 March 2018 was 2,727,000 (31 March 2017: 2,727,000), constituting 0.63% of the total number of ordinary shares outstanding (31 March 2017: 0.63%).

As at 31 March 2018, there were no outstanding convertibles and no subsidiary holdings (31 March 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 31 March 2018 was 435,515,791 (30 June 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)(v) 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.

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 2017 other than as disclosed below.

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

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

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

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

	9 months ended 31.03.18	9 months ended 31.03.17
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	2.18 cents	3.61 cents
(ii) On a fully diluted basis	2.18 cents	3.61 cents

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

	Group		Company	
	As at 31.03.18	As at 30.06.17	As at 31.03.18	As at 30.06.17
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	38.35 cents	38.43 cents	30.01 cents	30.59 cents

Net asset value per share is calculated based on the existing number of shares in issue of 435,515,791 (30 June 2017: 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 9 months ended 31 March 2018, the Group's revenue increased 15.58% to \$237.23 million when compared to \$205.25 million from the last corresponding period.

The Cable & Wire ("C&W") Segment's revenue posted an increase of \$24.75 million, attributable to a surge in copper price and higher delivery to the Commercial & Residential and Infrastructure Sectors in Singapore. However, Malaysia and Vietnam experienced a decline in revenue due to market slowdown in the region as well as lower export to Myanmar.

Electrical Material Distribution ("EMD") Segment revenue grew by \$8.56 million. This was due to higher sales to the Industrial Building, Electronic and Chemical, Oils & Gas Clusters as the segment began to pick up more orders from various projects.

Test & Inspection ("T&I") Segment's revenue was down by \$1.43 million, primarily caused by decrease in Non-Destructive Testing and Heat Treatment revenue from Singapore and Indonesia.

Gross profit ("GP") for the current period declined 9.21% or \$4.13 million to \$40.69 million from \$44.82 million in the last corresponding period despite the Group recording higher revenue. The gross profit margin of 17.15%, was lower by 4.69% as compared to 21.84% achieved in the last corresponding period. Lower margins were attributable to the pricing pressure from stiff competition in the Infrastructure Sector which eroded the margins faced by the C&W and T&I Segment. In addition, the surge in copper prices over the last nine months greatly affected the margins of infrastructure projects delivered by the C&W Segment.

Other operating income fell to \$1.10 million from \$3.21 million in last corresponding period, down \$2.11 million. During the corresponding period ended March 2017, the Group benefited from the gain on disposal of property of \$0.65 million, gain on foreign exchange of \$0.29 million and fair value gain on derivative financial instruments of \$0.95 million.

Selling and distribution expenses slightly increased by \$0.01 million from \$13.95 million in last corresponding period. This was mainly because of higher staff cost offset against lower advertisement and marketing expenses used to penetrate the retail market in Vietnam in last corresponding period.

Administrative expenses increased by \$0.44 million to \$14.11 million in current period, mainly due to higher staff welfare and staff costs.

Other operating expenses increased by \$0.59 million to \$1.72 million. The Group suffered fair value loss on derivative financial instruments and foreign exchange loss as a result of fluctuation of in US Dollar against Singapore Dollar during the period. The increase was offset against lower allowance for doubtful receivables in the current period.

The Group's profit before income tax ("PBT") of \$11.74 million for the period ended 31 March 2018, down \$7.35 million from \$19.09 million in the last corresponding period. PBT of the C&W Segment was lower by \$6.06 million as a result of lower gross profit margin, fair value loss on derivative financial instruments, foreign exchange loss and higher staff cost. The T&I Segment's PBT decreased by \$1.70 million because of intense competition and absence of gain on disposal of property. Notwithstanding, PBT from the EMD Segment increased by \$0.42 million moving in tandem with higher revenue achieved during the period.

Statement of financial position

Cash and bank balances increased by \$4.83 million, due to higher collection from customers towards period end.

Trade receivables increased by \$7.04 million, mainly the result of higher sales for the quarter ended 31 March 2018 as compared to quarter ended 30 June 2017.

Other receivables increased by \$0.26 million, primarily attributable to down payment for purchase of plant and equipment and prepayment of software license, offset partially by settlement from related party.

Inventories increased by \$1.92 million, mainly due to higher purchases in the C&W Segment. The increase was negated by lower inventories in EMD Segment as a result of higher sales for the quarter ended 31 March 2018.

Property, plant and equipment decreased by \$1.12 million, mainly due to depreciation charges of \$3.77 million offset against acquisition of plant and equipment amounting to \$2.59 million.

Trade payables increased by \$1.43 million, substantially due to higher purchases in the C&W Segment during the period.

Short-term bank borrowings increased by \$13.65 million primarily because of higher borrowings by the C&W Segment which moved in tandem with higher purchases.

Other payables decreased by \$1.52 million mostly because of bonus payout for the financial year ended 30 June 2017 during the period.

Statement of cash flows

The cash and cash equivalent at the end of the period increased to \$26.91 million compared with \$22.08 million at the end of the last period.

The Group generated net cash from operating activities of \$4.89 million, attributable to operating profit before working capital changes of \$16.86 million net of increase in trade receivables, inventories and trade payables, payment of bonus and income tax during the period.

The net cash used in investing activities of \$2.44 million 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 \$2.41 million was largely due to higher short-term bank borrowings, net of repayment of short-term bank borrowings, finance lease, dividend 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 Group anticipates the business environment to remain challenging.

The Group is facing pressure from the volatility of copper prices and foreign exchange coupled with the intense competition in the infrastructure sector which could impact the Group's performance.

The main focus of the Group is still on public sector infrastructure projects in the Southeast Asia region, despite uncertainties in realisation of the projects in the near term. With construction demand anticipated to improve over the medium term, there are still opportunities for the Group.

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 third quarter ended 31 March 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, 11 May 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 third quarter ended 31 March 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors,



Mr. Tay Joo Soon
Chairman



Mr. Lim Boon Hock Bernard
Chief Executive Officer

Singapore, 11 MAY 2018

Tai Sin Electric Limited

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