



SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 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	6 months ended 31.12.18 \$'000	6 months ended 31.12.17 \$'000
Revenue	171,515	160,117
Cost of sales	(147,188)	(132,064)
Gross profit	24,327	28,053
Other operating income	1,027	624
Selling and distribution expense	(9,455)	(9,446)
Administrative expense	(9,367)	(9,491)
Other operating expenses	(821)	(1,024)
Finance costs	(559)	(241)
Share of profit of associates	550	234
Profit before income tax	5,702	8,709
Income tax expense	(905)	(1,523)
Profit after income tax	4,797	7,186
Other comprehensive (loss) income:		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Exchange difference on translation of foreign operations	(802)	58
Changes in share of other comprehensive income of associates	40	25
Other comprehensive (loss) income for the period, net of tax	(762)	83
Total comprehensive income for the year	4,035	7,269
Profit attributable to:		
Shareholders of the company	4,633	7,093
Non-controlling interests	164	93
	4,797	7,186
Total comprehensive income attributable to :		
Shareholders of the company	3,862	7,192
Non-controlling interests	173	77
	4,035	7,269

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

Group	6 months ended 31.12.18 \$'000	6 months ended 31.12.17 \$'000
Interest income	8	19
Bad debts recovered	6	-
Allowance for doubtful receivables	(417)	(197)
Fair value loss on derivative financial instruments	(394)	(445)
Foreign exchange gain (loss)	45	(375)
Adjustment for over provision of income tax in respect of prior years	139	-
Gain (loss) on disposal of property, plant and equipment	89	(9)
Property, plant and equipment written off	(10)	(7)
Depreciation expense	(2,561)	(2,506)
Amortisation expense	(116)	(116)

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

	GROUP		COMPANY	
	As at 31.12.18 \$'000	As at 30.06.18 \$'000	As at 31.12.18 \$'000	As at 30.06.18 \$'000
ASSETS				
Current assets:				
Cash and bank balances	18,854	18,754	4,532	6,155
Trade receivables	94,388	96,769	50,572	52,741
Other receivables	3,223	3,102	3,595	3,116
Derivative financial instruments	256	369	256	369
Inventories	84,173	70,309	56,750	43,610
Total current assets	200,894	189,303	115,705	105,991
Non-current assets:				
Other receivables	451	494	2,345	2,932
Subsidiaries	-	-	44,615	44,615
Associates	8,100	7,510	-	-
Property, plant and equipment	40,267	34,161	13,819	6,698
Investment property	3,056	3,159	-	-
Leasehold prepayments	127	130	-	-
Intangible assets	507	623	-	-
Deferred tax assets	61	62	-	-
Total non-current assets	52,569	46,139	60,779	54,245
Total assets	253,463	235,442	176,484	160,236
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term bank borrowings	43,549	19,753	26,933	4,641
Trade payables	26,770	28,727	13,456	16,352
Other payables	6,302	8,651	2,972	2,464
Current portion of finance leases	90	-	-	-
Derivative financial instruments	647	-	647	-
Income tax payable	1,780	1,644	780	1,122
Total current liabilities	79,138	58,775	44,788	24,579
Non-current liabilities:				
Other payables	84	88	-	-
Non-current portion of finance leases	205	-	-	-
Deferred tax liabilities	2,034	2,079	717	717
Total non-current liabilities	2,323	2,167	717	717

	GROUP		COMPANY	
	As at 31.12.18 \$'000	As at 30.06.18 \$'000	As at 31.12.18 \$'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	115,308	117,979	75,641	79,602
Equity attributable to the shareholders of the Company	170,646	173,317	130,979	134,940
Non-controlling interests	1,356	1,183	-	-
Total equity	172,002	174,500	130,979	134,940
Total liabilities and equity	253,463	235,442	176,484	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 31/12/2018		As at 30/06/2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
16,706	26,933	15,112	4,641

Amount repayable after one year

As at 31/12/2018		As at 30/06/2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
205	-	-	-

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	6 months ended 31.12.18 \$'000	6 months ended 31.12.17 \$'000
Operating activities		
Profit before income tax	5,702	8,709
Adjustments for:		
Depreciation expense	2,561	2,506
Amortisation expense	116	116
Interest income	(8)	(19)
Interest expense	559	241
(Gain) Loss on disposal of property, plant and equipment	(89)	9
Property, plant and equipment written off	10	7
Bad debts recovered	(6)	-
Allowance for doubtful receivables	417	197
Fair value adjustment on derivative financial instruments taken to profit or loss	394	445
Share of profit of associates	(550)	(234)
Operating cash flows before movement in working capital	9,106	11,977
Trade receivables	1,558	(7,391)
Other receivables	139	(395)
Inventories	(14,193)	1,350
Trade payables	(1,511)	(1,102)
Other payables	(2,318)	(1,353)
Cash (used in) from operations	(7,219)	3,086
Income tax paid	(1,035)	(1,440)
Net cash (used in) from operating activities	(8,254)	1,646
Investing activities		
Purchase of property, plant and equipment	(8,573)	(1,247)
Proceeds from disposal of property, plant and equipment	135	70
Interest received	8	19
Net cash used in investing activities	(8,430)	(1,158)
Financing activities		
Proceeds from short-term bank borrowings	64,697	27,881
Repayment of short-term bank borrowings	(40,610)	(23,274)
Repayment of finance lease obligations	(38)	(135)
Interest paid	(559)	(241)
Dividend paid	(6,533)	(6,968)
Dividend paid to non-controlling interests	-	(3)
Net cash from (used in) financing activities	16,957	(2,740)
Net increase (decrease) in cash and cash equivalents	273	(2,252)
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	(173)	(94)
Cash and cash equivalents at end of period	18,854	19,735

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	-	-	-	-	4,633	4,633	164	4,797
Other comprehensive income (loss) for the period	-	-	(771)	-	-	(771)	9	(762)
Total	-	-	(771)	-	4,633	3,862	173	4,035
Transactions with owners, recognised directly in equity								
Final dividend for the previous year paid	-	-	-	-	(6,533)	(6,533)	-	(6,533)
Balance at 31 December 2018	56,288	(950)	(3,589)	(1,084)	119,981	170,646	1,356	172,002

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	-	-	-	-	7,093	7,093	93	7,186
Other comprehensive income (loss) for the period	-	-	99	-	-	99	(16)	83
Total	-	-	99	-	7,093	7,192	77	7,269
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)
Total	-	-	-	-	(6,968)	(6,968)	(3)	(6,971)
Balance at 31 December 2017	56,288	(950)	(3,430)	(1,084)	116,785	167,609	1,176	168,785

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
Profit for the period, representing total comprehensive income for the period	-	-	2,572	2,572
Transactions with owners, recognized directly in equity				
Final dividend for the previous year paid	-	-	(6,533)	(6,533)
Balance at 31 December 2018	<u>56,288</u>	<u>(950)</u>	<u>75,641</u>	<u>130,979</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	-	-	5,400	5,400
Transactions with owners, recognized directly in equity				
Final dividend for the previous year paid	-	-	(6,968)	(6,968)
Balance at 31 December 2017	<u>56,288</u>	<u>(950)</u>	<u>76,322</u>	<u>131,660</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 31 December 2018.

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

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

As at 31 December 2018, there were no outstanding convertibles and no subsidiary holdings (31 December 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 December 2018 was 435,515,791 (31 December 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 requirements and has determined that there are no significant changes to the Group's current accounting policies under the Financial Reporting Standards in Singapore or material adjustments 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.

	6 months ended 31.12.18	6 months ended 31.12.17
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	1.06 cents	1.63 cents
(ii) On a fully diluted basis	1.06 cents	1.63 cents

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

	Group		Company	
	As at 31.12.18	As at 30.06.18	As at 31.12.18	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	39.18 cents	39.80 cents	30.07 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 31 December 2018, the Group achieved 7.12% growth in revenue to \$171.515 million compared to \$160.117 million from the last corresponding period.

The Cable & Wire ("C&W") Segment's revenue posted an increase of \$12.802 million, attributable to higher volume of infrastructure and industrial project deliveries during the period.

Electrical Material Distribution ("EMD") Segment's revenue dropped by \$3.502 million. This was due to lower sales to the Building & Infrastructure Sector. Sales to the Industrial sector had also declined, particularly the Electronic, General Manufacturing Clusters and Chemical, Oil & Gas Clusters as a result of completion of projects and weak demand.

Test & Inspection ("T&I") Segment's revenue improved by \$2.309 million, primarily due to higher revenue from the Laboratory Testing Services in Malaysia as new projects awarded were executed towards the last financial quarter. In addition, growth from the overseas heat treatment sales also contributed to higher revenue for the T&I segment.

Switchboard Segment's revenue decreased by \$211,000, mainly due to fewer projects launched by the government.

Gross profit ("GP") for the current period declined 13.28% or \$3.726 million to \$24.327 million from \$28.053 million in last corresponding period. The GP margin of 14.18%, was lower by 3.34% as compared to 17.52% 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 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.

Other operating income increased by \$403,000 to \$1.027 million from \$624,000. This was mainly due to higher gain on disposal of property, plant and equipment, higher scrap sales and rental income. In addition, the group benefited from a gain on foreign exchange as compared to loss on foreign exchange in the last corresponding period. This was due to fluctuation in US Dollar during the period.

Administrative expenses decreased by \$124,000 to \$9.367 million in the current period, because of lower director's remuneration and staff costs.

Other operating expenses decreased from \$1.024 million to \$821,000. This was the result of absence of Group's foreign exchange losses during the last corresponding period offset against higher allowance for doubtful debts during the period.

Finance costs increased to \$559,000 from \$241,000, mainly due to higher utilisation of short-term bank borrowings as a result of higher purchases and acquisition of property during the period.

The Group's profit before income tax ("PBT") of \$5.702 million for the period ended 31 December 2018, was a decrease of \$3.007 million from \$8.709 million in the last corresponding period. The C&W Segment's PBT declined by \$3.764 million as a result of lower gross profit margin. The EMD Segment's PBT decreased by \$19,000 moving in tandem with lower revenue during the period against higher share of profit from associates. The Switchboard Segment's PBT declined by \$16,000 to \$209,000. Notwithstanding, PBT from the T&I Segment increased by \$788,000 moving in tandem with higher revenue achieved during the period.

The Group incurred income tax expenses of \$905,000 for current period, a decrease of \$618,000 primarily due to lower profit before income tax attained by the Group.

Statement of financial position

Trade receivables decreased by \$2.381 million, mainly the result of lower sales for the quarter ended 31 December 2018 as compared to the quarter ended 30 June 2018.

Inventories increased by \$13.864 million, mainly due to higher inventories kept for anticipated delivery of contracted orders.

Property, plant and equipment increased by \$6.106 million, mainly due to acquisition of property, plant and equipment amounting to \$8.908 million, particularly the acquisition of 9 Gul Lane. The increase was partially offset by depreciation charge of \$2.535 million and net of currency adjustment.

Short-term bank borrowings increased by \$23.796 million primarily because of higher borrowings by the C&W Segment which moved in tandem with higher purchases and acquisition of property. T&I Segment's bank borrowings also higher due to increase in working capital requirements.

Trade payables decreased by \$1.957 million, substantially due to lower purchases towards month end by the C&W Segment.

Other payables decreased by \$2.349 million mainly because of bonus payout for the financial year ended 30 June 2018 during the period. Deposit from customers also decreased due to deliveries completed during the period.

Statement of cash flows

The cash and cash equivalent at the end of the period increased to \$18.854 million compared with \$18.754 million at the end of the last period.

The Group's net cash used in operating activities of \$8.254 million was attributable to increase in inventories, reduction in trade and other payables and income tax paid, offset partially by operating profit before working capital changes and reduction in trade receivables.

The net cash used in investing activities of \$8.430 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 \$16.957 million was largely due to higher proceeds from short-term bank borrowings, net of repayment of short-term bank borrowings, finance leases, dividends 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 is expected to remain challenging due to concerns that escalating trade tensions will adversely affect global economic growth. The Group's performance may be affected by factors such as intensifying competition, pressure on selling prices and volatility in the copper prices and foreign exchange rate.

To drive sustainable growth, the Group will continue to secure more projects, exercise cost control and financial discipline diligently, as well as price competitively in order to maintain our edge and profitability.

We remain mindful 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? **Yes**

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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

Not applicable.

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

No IPT mandate has been obtained from shareholders.

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

See last page.

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

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

Not applicable.

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

Not applicable.

- 18. A breakdown of sales.**

Not applicable.

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

Not applicable.

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

Not applicable.

BY ORDER OF THE BOARD

Tan Shou Chieh
Secretary

Singapore, 13 February 2019



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

We, the undersigned, being two Directors of Tai Sin Electric Limited (the “Company”), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim financial statements for the second quarter ended 31 December 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, 13 February 2019

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