

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2019

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 31.03.19 \$'000	9 months ended 31.03.18 \$'000
Revenue	247,729	237,231
Cost of sales	(212,919)	(196,543)
Gross profit	34,810	40,688
Other operating income	3,749	1,101
Selling and distribution expense	(13,968)	(13,965)
Administrative expense	(13,874)	(14,107)
Other operating expenses	(1,461)	(1,721)
Finance costs	(841)	(372)
Share of profit of associates	691	119
Profit before income tax	9,106	11,743
Income tax expense	(1,612)	(2,144)
Profit after income tax	7,494	9,599
Other comprehensive (loss) income:		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Exchange difference on translation of foreign operations	(655)	317
Changes in share of other comprehensive income of associates	18	32
Other comprehensive (loss) income for the period, net of tax	(637)	349
Total comprehensive income for the period	6,857	9,948
Profit attributable to:		
Shareholders of the company	7,297	9,484
Non-controlling interests	197	115
	7,494	9,599
Total comprehensive income attributable to :		
Shareholders of the company	6,652	9,860
Non-controlling interests	205	88
	6,857	9,948

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	9 months ended 31.03.19 \$'000	9 months ended 31.03.18 \$'000
Interest income	18	29
Bad debts (written off) recovered	(26)	2
Loss allowance for trade receivables	(1,425)	(312)
Fair value gain (loss) on derivative financial instruments	2,166	(632)
Foreign exchange gain (loss)	156	(769)
Adjustment for over (under) provision of income tax in respect of prior years	28	(50)
Gain (loss) on disposal of property, plant and equipment	92	(8)
Property, plant and equipment written off	(10)	(7)
Depreciation expense	(3,901)	(3,765)
Amortisation expense	(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 31.03.19 \$'000	As at 30.06.18 \$'000	As at 31.03.19 \$'000	As at 30.06.18 \$'000
ASSETS				
Current assets:				
Cash and bank balances	16,827	18,754	2,979	6,155
Trade receivables	86,806	96,769	44,874	52,741
Other receivables	3,845	3,102	4,179	3,116
Derivative financial instruments	2,169	369	2,169	369
Inventories	66,906	70,309	38,729	43,610
Total current assets	176,553	189,303	92,930	105,991
Non-current assets:				
Other receivables	289	494	2,066	2,932
Subsidiaries	-	-	44,615	44,615
Associates	8,219	7,510	-	-
Property, plant and equipment	40,060	34,161	13,791	6,698
Investment property	3,068	3,159	-	-
Leasehold prepayments	125	130	-	-
Intangible assets	449	623	-	-
Deferred tax assets	61	62	-	-
Total non-current assets	52,271	46,139	60,472	54,245
Total assets	228,824	235,442	153,402	160,236
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term bank borrowings	18,374	19,753	7,248	4,641
Trade payables	25,915	28,727	9,721	16,352
Other payables	5,680	8,651	1,355	2,464
Current portion of finance leases	65	-	-	-
Income tax payable	1,653	1,644	655	1,122
Total current liabilities	51,687	58,775	18,979	24,579
Non-current liabilities:				
Other payables	85	88	-	-
Non-current portion of finance leases	205	-	-	-
Deferred tax liabilities	2,023	2,079	717	717
Total non-current liabilities	2,313	2,167	717	717

	GROUP		COMPANY	
	As at 31.03.19 \$'000	As at 30.06.18 \$'000	As at 31.03.19 \$'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	118,098	117,979	78,368	79,602
Equity attributable to the shareholders of the Company	173,436	173,317	133,706	134,940
Non-controlling interests	1,388	1,183	-	-
Total equity	174,824	174,500	133,706	134,940
Total liabilities and equity	228,824	235,442	153,402	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 31/03/2019		As at 30/06/2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
11,191	7,248	15,112	4,641

Amount repayable after one year

As at 31/03/2019		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	9 months ended 31.03.19 \$'000	9 months ended 31.03.18 \$'000
Operating activities		
Profit before income tax	9,106	11,743
Adjustments for:		
Depreciation expense	3,901	3,765
Amortisation expense	174	174
Interest income	(18)	(29)
Interest expense	841	372
(Gain) Loss on disposal of property, plant and equipment	(92)	8
Property, plant and equipment written off	10	7
Bad debts written off (recovered)	26	(2)
Loss allowance for trade receivables	1,425	312
Fair value adjustment on derivative financial instruments taken to profit or loss	(2,166)	632
Share of profit of associates	(691)	(119)
Operating cash flows before movement in working capital	12,516	16,863
Trade receivables	8,200	(6,871)
Other receivables	(221)	(174)
Inventories	3,090	(1,920)
Trade payables	(2,368)	1,452
Other payables	(2,937)	(1,508)
Cash from operations	18,280	7,842
Income tax paid	(1,804)	(2,952)
Net cash from operating activities	16,476	4,890
Investing activities		
Purchase of property, plant and equipment	(9,644)	(2,588)
Proceeds from disposal of property, plant and equipment	132	116
Interest received	18	29
Net cash used in investing activities	(9,494)	(2,443)
Financing activities		
Proceeds from short-term bank borrowings	75,246	48,646
Repayment of short-term bank borrowings	(76,409)	(35,488)
Repayment of finance lease obligations	(66)	(137)
Interest paid	(841)	(372)
Dividend paid	(6,533)	(10,235)
Dividend paid to non-controlling interests	-	(3)
Net cash (used in) from financing activities	(8,603)	2,411
Net (decrease) increase in cash and cash equivalents	(1,621)	4,858
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	(306)	(28)
Cash and cash equivalents at end of period	16,827	26,911

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	-	-	-	-	7,297	7,297	197	7,494
Other comprehensive income (loss) for the period	-	-	(645)	-	-	(645)	8	(637)
Total	-	-	(645)	-	7,297	6,652	205	6,857
Transactions with owners, recognised directly in equity								
Final dividend for the previous year paid	-	-	-	-	(6,533)	(6,533)	-	(6,533)
Balance at 31 March 2019	56,288	(950)	(3,463)	(1,084)	122,645	173,436	1,388	174,824

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

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 year, representing total comprehensive income for the period	-	-	5,299	5,299
Transactions with owners, recognized directly in equity				
Final dividend for the previous year paid	-	-	(6,533)	(6,533)
Balance at 31 March 2019	56,288	(950)	78,368	133,706

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

- 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 2019.

The total number of issued ordinary shares excluding treasury shares as at 31 March 2019 was 435,515,791 (31 March 2018: 435,515,791).

The number of ordinary shares held as treasury shares as at 31 March 2019 was 2,727,000 (31 March 2018: 2,727,000), constituting 0.63% of the total number of ordinary shares outstanding (31 March 2018 : 0.63%).

As at 31 March 2019, there were no outstanding convertibles and no subsidiary holdings (31 March 2018: 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 2019 was 435,515,791 (31 March 2018: 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.

Interim financial information might be subject to change when the full impact of new standards 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.

	9 months ended 31.03.19	9 months ended 31.03.18
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	1.68 cents	2.18 cents
(ii) On a fully diluted basis	1.68 cents	2.18 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 31.03.19	As at 30.06.18	As at 31.03.19	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	39.82 cents	39.80 cents	30.70 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 nine months ended 31 March 2019, the Group achieved 4.43% growth in revenue to \$247.729 million compared to \$237.231 million from the last corresponding period, attributable mainly to increased revenue in the Cable & Wire and Test & Inspection Segments.

The Cable & Wire ("C&W") Segment's revenue posted an increase of \$13.331 million, attributable to higher infrastructure and industrial project deliveries during the period.

Test & Inspection ("T&I") Segment's revenue improved by \$3.303 million, primarily due to higher revenue from Laboratory Testing Services in Singapore and overseas. In addition, growth from the overseas heat treatment and non-destructive testing services also contributed to higher revenue for the T&I segment.

Electrical Material Distribution ("EMD") Segment's revenue dropped by \$5.576 million. This was due to lower sales to the Building & Infrastructure Sector. Sales to the Industrial Sector also declined, particularly the Electronic, General Manufacturing, Chemical and Oil & Gas Clusters as a result of weak demand.

Switchboard Segment's revenue decreased by \$560,000, due to fewer projects being launched by the government.

Gross profit ("GP") for the current period declined 14.45% or \$5.878 million to \$34.810 million from \$40.688 million in last corresponding period. The GP margin of 14.05%, was lower by 3.10% as compared to 17.15% 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 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 \$2.648 million to \$3.749 million from \$1.101 million. The Group benefited from a gain on foreign exchange of \$156,000 and fair value gain on derivative financial instruments of \$2.166 million as compared to losses suffered in the last corresponding period. This was due to fluctuation in US Dollar and copper prices during the period.

Administrative expenses decreased by \$233,000 to \$13.874 million in the current period, because of lower director's remuneration and staff related costs.

Other operating expenses declined from \$1.721 million to \$1.461 million. 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 offset against higher allowance for doubtful debts during the period.

Finance costs increased to \$841,000 from \$372,000, 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") for the period ended 31 March 2019 eased by \$2.637 million from \$11.743 million in the last corresponding period to \$9.106 million in the current period. The C&W Segment's PBT declined by \$3.960 million as a result of lower gross profit margin. The Switchboard Segment's PBT declined by \$19,000 to \$279,000. Notwithstanding, PBT from the T&I Segment grew \$1.046 million moving in tandem with higher revenue achieved during the period. The EMD Segment's PBT increase of \$291,000 was mainly due to higher share of profit from associates.

The Group incurred income tax expenses of \$1.612 million for current period, a decrease of \$532,000 primarily due to lower profit before income tax attained by the Group.

Statement of financial position

Cash and bank balance decreased by \$1.927 million, due to settlement of short-term bank borrowings towards period end.

Trade receivables declined by \$9.963 million, mainly the result of lower sales for the quarter ended 31 March 2019 as compared to the quarter ended 30 June 2018.

Other receivables increased by \$743,000, primarily attributable to down payment for purchase of plant and equipment offset partially by lower advance payment to suppliers.

Inventories decreased by \$3.403 million, mainly due to lower purchases in the C&W Segment. The decrease was negated by higher inventories kept by the EMD Segment for anticipated delivery in the next quarter.

Property, plant and equipment was up by \$5.899 million, mainly due to acquisition of property, plant and equipment amounting to \$9.979 million, particularly the acquisition of 9 Gul Lane. The increase was partially offset by depreciation charge of \$3.863 million and currency adjustment.

Short-term bank borrowings was down by \$1.379 million primarily because of lower borrowings by the C&W Segment which moved in tandem with lower purchases and settlement towards period end. T&I Segment's bank borrowings was higher due to increase in working capital requirements.

Trade payables decreased by \$2.812 million, substantially due to lower purchases by the C&W Segment.

Other payables decreased by \$2.971 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 decreased to \$16.827 million compared with \$18.754 million at the end of the last period.

The Group's net cash from operating activities of \$16.476 million was attributable to operating profit before working capital changes, reduction in inventories and trade receivables, offset partially by a decrease in trade and other payables and income tax paid.

The net cash used in investing activities of \$9.494 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 used in financing activities of \$8.603 million was mainly due to repayment of borrowings, finance lease, dividends and interest paid net of proceeds from bank borrowings.

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

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

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

The market is expected to remain challenging with the weaker economic outlook for Singapore and across South-East Asia.

Pressure on selling prices as a result of intense competition, volatility in copper prices and foreign exchange rates may continue to impact the Group's performance.

To drive sustainable growth, the Group will persist in its efforts to secure more infrastructure projects, continue to execute cost control and financial discipline diligently, as well as price our product and services competitively.

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? 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 and the reason(s) for the decision.

No dividend has been declared for the third quarter ended 31 March 2019. It is not the Board's present practice to declare any interim dividend for the third quarter of the financial year.

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, 15 May 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 third quarter ended 31 March 2019 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, 15 May 2019

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