Spindex Industries Limited

Annual Report 2015

CORPORATE INFORMATION

Board of Directors

Mr Tan Choo Pie @ Tan Chang Chai
Chairman

Mr Tan Heok Ting
Managing Director

Mr Chen Chang Rong
Executive Director

Mr Chew Heng Ching
Lead Independent Director

Mr Chan Meng Wah Alexander
Independent Director

Audit Committee

Mr Chew Heng Ching
Chairman

Mr Chen Chang Rong

Mr Chan Meng Wah Alexander

Remuneration Committee

Mr Chan Meng Wah Alexander
Chairman

Mr Tan Choo Pie @ Tan Chang Chai

Mr Chew Heng Ching

Nominating Committee

Mr Chan Meng Wah Alexander
Chairman

Mr Tan Choo Pie @ Tan Chang Chai

Mr Chew Heng Ching

Registered Office

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Singapore 628573
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Fax: (65) 62685034
Email: cse@spindex.com.sg
Website: http://www.spindex.com.sg

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01, Singapore Land Tower
Singapore 048623

Company Secretaries

Mr Abdul Jabbar Bin Karam Din

Ms Loh Lee Eng

Auditor

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583

Audit Partner-in-Charge

Mr Ng Boon Heng
Date of Appointment:
Since financial year ended 30 June 2013

Bankers

DBS Bank
Standard Chartered Bank
Malayan Banking Berhad
United Overseas Bank

CONTENTS

ABOUT US

Spindex Industries Limited was founded in 1981. Today it is a highly integrated solution provider of precision machined components and assemblies with manufacturing locations in Singapore, Malaysia, China and Vietnam. The Company serves diverse market sectors consisting of MNCs in imaging and printing, machinery & automotive systems and consumer-related products. Through investments in flexible manufacturing and information technology and an agile organisation, the Company is able to constantly reconfigure its resources to customise its products and services to the individual needs of its customers. Spindex prides itself on its ability to integrate into the supply chain of its worldwide customer base and continuously re-invent itself to be at the forefront of today's global marketplace. It is one of the first machining companies in the region to be certified by ISO 14001, ISO/TS 16949, ISO 9001 and OHSAS 18001. It also has a comprehensive ITE certified in-house training programme and is an approved ITE Training Centre in the ITE Skills Certification in Autonomous Maintenance.

CHAIRMAN'S STATEMENT

Dear Fellow Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of the Group for the financial year ended 30 June 2015.

Tan Choo Pie @ Tan Chang Chai
Chairman

Review of FY2015: A Good Performance

In FY2015, Spindex achieved another year of record performance. Turnover rose 16% to $114.2 million and net profit attributable to shareholders grew 34% to $12.4 million. The strong performance was underpinned by higher demand from existing customers.

The growth in turnover was broad-based across all business sectors. Notably, turnover from Machinery and Automotive Systems (MA) business sector went up by 26% from $45.0 million in FY2014 to $56.5 million in FY2015 as we delivered more automotive systems and machines tools to existing customers. The increase in business allocation from key customers is a testament to the success of the Group's customer-centric strategy. Imaging & Printing (IP) business sector also experienced higher demand from customers and recorded a 9% increase in turnover to $36.2 million. Buoyed by higher orders for components for domestic appliances and leisure products, contributions from the "Others" business sector which comprises the rest of the Group's businesses rose 9% to $21.5 million.

The increase in sales drove gross profit up by 21% to $27.3 million. During the year, the Group benefited from the strengthening of the US dollar against the Asian currencies as the bulk of our sales is dominated in US dollar. Together with the change in sales mix and lower input costs, gross profit margin improved to 24%. Under the favourable foreign exchange environment, the net foreign exchange loss of $0.4 million in FY2014 was reversed to a net gain of $1.9 million in FY2015. However, the Group recorded a loss of $1.4 million on disposal on the sale of its 70% interest in Spindex Energy Services Pte Ltd.

Due to higher demand for its products, the Group's net profit attributable to shareholders rose 34% to record $12.4 million in FY2015.

To reward shareholders for the strong financial performance, your Directors have proposed a first and final cash dividend of 2.8 Singapore cents per ordinary share. Subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 27 October 2015, the proposed dividend will be paid on 19 November 2015.

Strengthening Our Core Competencies

As a highly integrated solution provider of precision machined components, Spindex takes pride in its ability to reconfigure our resources so as to meet the sophisticated and changing requirements of our customers. Over the years, we have forged close strategic partnerships with our key customers by focusing on supporting their business growth. In order to meet the evolving needs of our customers, the Group constantly strives to strengthen our core competencies through prudent and selective investments.

In FY2015, we focused on enhancing our manufacturing capabilities selectively for higher value-added products in industries with growth potential. The increased production capacity and productivity will accord us the flexibility to align our manufacturing activities to the customers' changing demand. In maintaining a longer term view when investing for a sustainable future, the Group's investments in relevant technology, productive assets and human capital are carried out at a steady pace without compromising our financial strength. Together with our consistent efforts to optimise productivity through resource allocation, the Group has benefited from the cumulative incremental improvements achieved over time.

Prospects

Uncertainties persist in much of the global economy and this has contributed to a volatile business environment in East Asia. Besides uncertain business conditions, the Group is also mindful of other challenges such as fluctuation in input costs, increasing pricing pressures and a volatile US dollar. The Group maintains a cautious outlook for FY2016 and will remain vigilant in managing these business risks.

In addition, we will continue with our ongoing efforts to preserve our flexibility by maintaining our financial strength. As of 30 June 2015, the Group's balance sheet remains healthy with cash and bank balances amounted to $22.7 million against negligible bank borrowings. The resultant comfortable net cash position will provide the Group with sufficient financial flexibility to meet market challenges as well as capitalise on business opportunities in the year ahead.

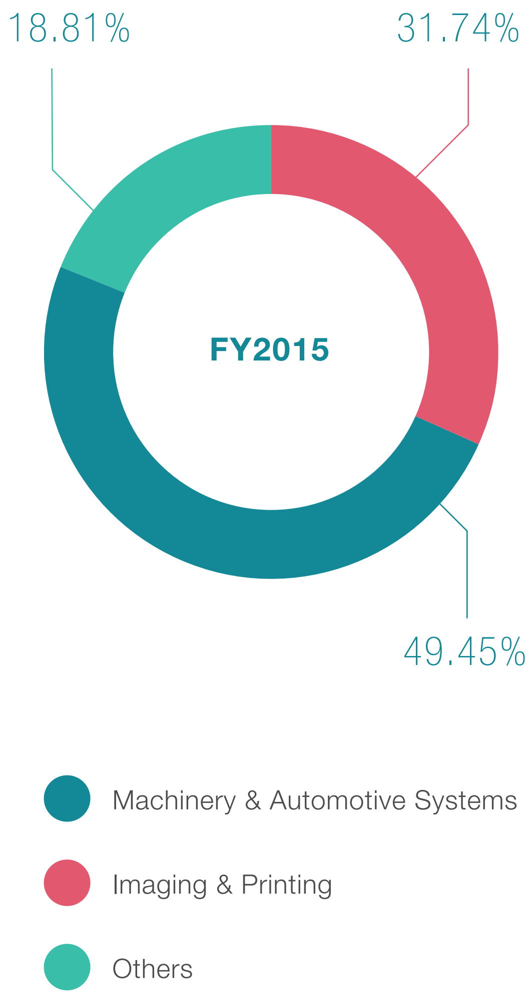
A Word of Thanks

On behalf of the Board, I sincerely thank all our management and staff for their commitment and hard work in contributing to another year of record performance. I also wish to record my appreciation to my fellow directors for their wise counsel and assistance in guiding the Group. Last but not least, I remain grateful to all our customers, bankers, shareholders, business associates and suppliers for their continuing support throughout the year.

Tan Choo Pie @ Tan Chang Chai
Chairman

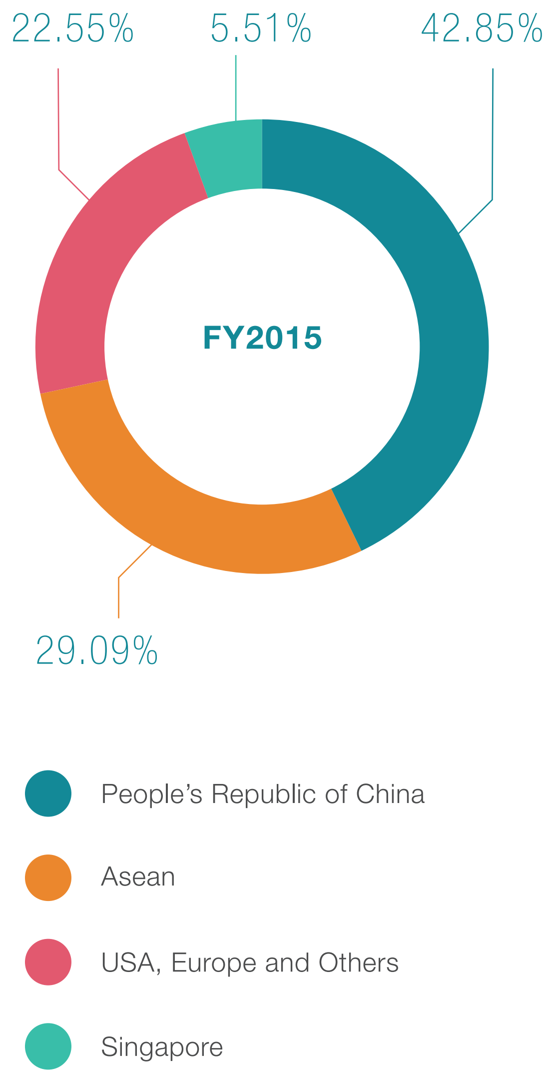
FINANCIAL HIGHLIGHTS

TURNOVER BY BUSINESS SEGMENTS ($'000)



	FY2015	FY2014
Machinery & Automotive Systems	56,465	44,994
Imaging & Printing	36,242	33,331
Others	21,475	19,826
	114,182	98,151

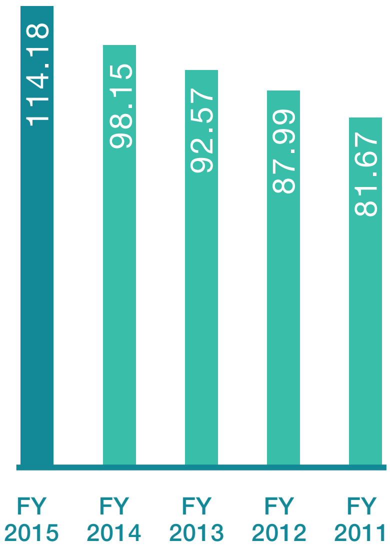
TURNOVER BY GEOGRAPHICAL SEGMENTS ($'000)



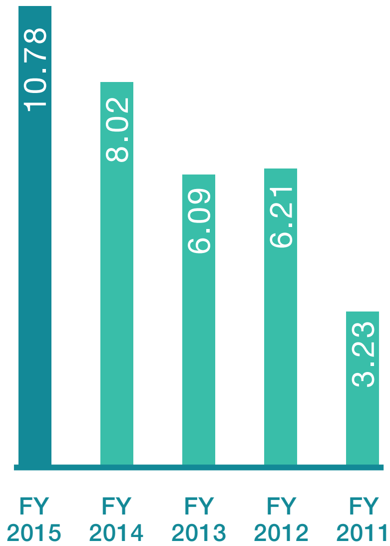
	FY2015	FY2014
People's Republic of China	48,932	40,751
ASEAN (Excludes Singapore)	33,213	30,701
USA, Europe and Others	25,743	21,284
Singapore	6,294	5,415
	114,182	98,151

FINANCIAL HIGHLIGHTS

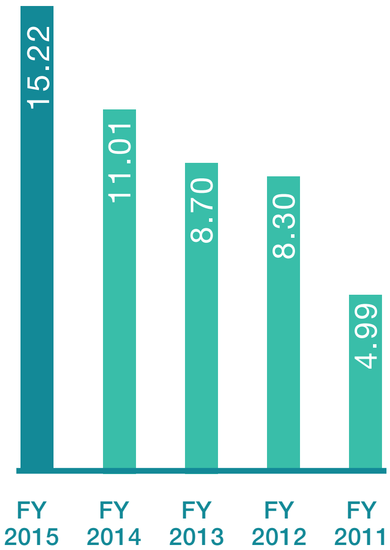
TURNOVER
($ Million)



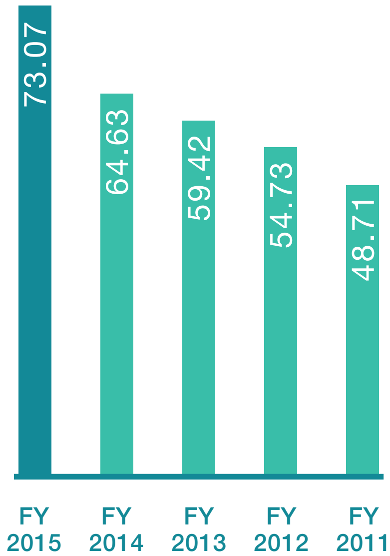
EARNINGS PER SHARE
($ Cents)



PROFIT BEFORE TAXATION
($ Million)



NET TANGIBLE ASSETS PER SHARE
($ Cents)



BOARD OF DIRECTORS

Tan Choo Pie @ Tan Chang Chai

Chairman

Mr Tan Choo Pie @ Tan Chang Chai is a shareholder of the Company and has been the Executive Chairman of the Spindex Group since July 1989. He plays an important role in setting the investment, expansion, diversification and overall strategy of the Group. Mr Tan has over twenty five years of experience and has held positions as senior manager, general manager, managing director and chairman for various companies in the die-casting, electroplating, precision turning, precision machining and various assembly businesses. Mr Tan was also previously Vice-Chairman of Wah Chang International Corporation Pte Ltd and Non-Executive Chairman of MMI Holdings Limited. Mr Tan holds a Bachelor of Chemical Engineering degree.

Tan Heok Ting

Managing Director

Mr Tan Heok Ting was appointed Executive Director in 2010 and appointed as Managing Director on 1st July 2013. He is responsible for the Group's overall management, operations and is also involved in the strategic planning, investment directions of the Group. Mr Tan's work experience prior to Spindex includes precision engineering firms in the business development and senior management positions. Mr Tan holds a Bachelor of Laws Degree and a Bachelor of Commerce degree in Accounting and Finance.

Chen Chang Rong

Executive Director

Mr Chen Chang Rong was appointed as Independent Director of the Company since 2005 and was re-designated as Executive Director in January 2009. He has extensive working experience in manufacturing industries and has held senior management positions of General Manager and CEO for the past 15 years. He was the Deputy General Manager of BOSCH Power Tools (China) for more than 7 years. He is currently an Independent Director of a company listed in the Shenzhen Stock Exchange and a consultant to several international companies in China. Mr Chen is also a member in a committee of experts to the People's Government for the provinces of Zhejiang and Jiangsu. In addition to his Bachelor degree in Mechanical Engineering from Zhejiang University, he holds a MBA degree from China Central University.

BOARD OF DIRECTORS

Chew Heng Ching

Lead Independent Director

Mr Chew Heng Ching has been an Independent Director of the Company since 1998 and Chairman of the Audit Committee. He has been appointed as Lead Independent Director since 1 January 2011. He has more than 30 years of senior management experience in both the public and private sectors and has served as Chairman and Managing Director of various public and private companies. He now sits on the Board of several other public listed companies and charities. Mr Chew is the Founding President of the Singapore Institute of Directors ("SID") and past Chairman of its Governing Council. He is also a Board member and was Chairman of the Singapore International Chamber of Commerce from 2005 to 2007. He was also a Council member of the Singapore Business Federation. He served on both the Corporate Governance Committee and the Council on Corporate Disclosure and Governance. Mr Chew was also a former Deputy Speaker of the Singapore Parliament and a Member of Parliament from 1984 to 2006. He is a graduate, under a Colombo Plan Scholarship, in Industrial Engineering (First Class Honours) and Economics. He holds an Honorary Doctorate in Engineering. He is a Fellow of SID and CPA Australia.

Chan Meng Wah Alexander

Independent Director

Mr Chan Meng Wah joined the Board as Independent Director in September 2010. He brings to the Group extensive years of experience and knowledge. Mr Chan, currently Executive Vice-Chairman at Jebsen & Jessen SEA Pte Ltd, previously served as the Managing Director of Hewlett Packard Singapore and South East Asia, Managing Director and CEO of Yeo Hiap Seng Limited, Executive Director of Far East Organisation, and MMI Holdings Limited. He was Chairman of Singapore Sports Council till 2010, and is Chairman of Sistic Private Limited. Mr Chan was a former Nominated Member of Parliament (NMP) in the 10th Singapore Parliament. Mr Chan holds a Bachelor's Degree of Electrical Engineering (First Class Honours) from University of Singapore, and a Master in Business Administration from University of California, Los Angeles.

SENIOR MANAGEMENT

Francis Wong Liang Kwang

Group General Manager

Mr Wong is currently responsible for the operations of Spindex Group. He joined Spindex Industries Limited in May 1986. Prior to joining the Company, Mr Wong had about 11 years of working experience, with a number of local precision engineering firms. Mr Wong was a Production Engineering Manager with a local precision engineering company before he joined the Company. He first joined Spindex Industries Limited as Production Manager. He was also responsible for the establishment of our Malaysia and Shanghai operations and was eventually promoted to Group General Manager of Spindex in January 2012.

Andrew Orr Geok Cheng

Financial Controller

Mr Orr joined Spindex Industries Limited in June 2011 and is responsible for the Group's Finance, Administration and Human Resource Management. Prior joining to the Group, Mr Orr had more than 10 years of working experiences in auditing and accounting. Mr Orr is a fellow member of the Association of Chartered Certified Accountants (ACCA).

CORPORATE GOVERNANCE

Spindex Industries Limited (the "**Company**") and its subsidiaries (the "**Group**") are committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2012 (the "**Code**"). Good corporate governance establishes and maintains an ethical environment and enhances the interest of all shareholders. The Company has generally adhered to the principles and guidelines as set out in the Code.

This report describes the Company's corporate governance processes and activities that were in place throughout the financial year, with specific reference to the principles and guidelines of the Code.

This report should be read as a whole, instead of being read separately under the different principles of the Code.

THE BOARD'S CONDUCT OF AFFAIRS

PRINCIPLE 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long term success of the Company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board comprises 5 Directors as follows: -

Executive
Tan Choo Pie @ Tan Chang Chai (Chairman)
Tan Heok Ting (Managing Director)
Chen Chang Rong

Independent
Chew Heng Ching (Lead Independent Director)
Chan Meng Wah Alexander

Role of the Board of Directors ("Board")

The primary role of the Board is to lead and control the Company's operations and affairs and to protect and enhance long-term shareholder's value. The Board sets the overall strategy for the Group and supervises executive management. To fulfil this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

To assist in the execution of its responsibilities, the Board has established 3 Board committees, namely, the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Audit Committee ("**AC**"). These Board committees operate within clearly defined terms of reference which are reviewed from time to time. The composition of each Board committee can also be found in the 'Corporate Information' section of the Annual Report.

All Directors exercise due diligence and independent judgment and make decisions objectively in the best interest of the Group.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

Board Meetings and Meetings of Board Committees

The Board meets regularly and additional meetings are convened when deemed necessary by the Board. The Board is furnished with detailed information concerning the Group, to enable the Board to fulfil its responsibilities and to be fully cognizant of the actions of the Group's executive management. All the Directors have unrestricted access to the Company's records and information. Detailed Board papers are prepared for each meeting of the Board and include sufficient information from Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. All the Independent Directors have access to all levels of senior executives in the Group. Frequency of Board meetings and Committee meetings held during the financial year are disclosed in this Report.

Matters Requiring Board's Approval

The Company has adopted internal guidelines setting forth matters that require Board approval. The types of material transactions that require Board approval under such guidelines are listed below:

1. Approval of results announcements;

2. Approval of annual reports and accounts;

3. Proposal of final dividends;

4. Convening of shareholders' meetings;

5. Interested person transactions; and

6. Authorisation of material acquisitions and disposal of assets.

The details of the number of Board meetings held during the financial year as well as the attendance of each Board member at those meeting of various Board committees are disclosed below:

	The Board		AC		NC		RC	
Name of directors	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Tan Choo Pie @ Tan Chang Chai	4	4	4	4	1	1	1	1
Tan Heok Ting	4	4	4	4	1	1	1	1
Chen Chang Rong	4	4	4	4	1	1	1	1
Chew Heng Ching	4	4	4	4	1	1	1	1
Chan Meng Wah Alexander	4	4	4	4	1	1	1	1

Orientation, briefings and training provided for Directors

Formal letters are sent to newly appointed Directors upon their appointment explaining their duties and obligations as Directors. Appropriate trainings are provided for all Directors appointed to the Board as part of their orientation to ensure that they are familiar with the Company's businesses, operations, governance practices and regulatory requirements.

To ensure that the Company is competent in carrying out its roles and responsibilities, regular and ongoing training is provided for the Directors. In addition, the Company has adopted a policy where Directors are encouraged to request for further explanations or informal discussions on any aspects of the Company's operations. The Chairman will make the necessary arrangements for the informal discussions or explanations as requested by the Directors.

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive to effective discussions and decision-making. The Board is of the view that the current Board is appropriate and effective, taking into account the nature and scope of the Company's operations.

The current Board comprises persons with diverse expertise and experience in accounting, legal, business and management, finance and risk management who as a group provide core competencies necessary to meet the Company's requirements. The Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.

Independence of Directors

Pursuant to guideline 2.2 of the Code, the independent directors should make up at least half of the Board. The NC is of the view that there is a strong and independent element on the Board notwithstanding that only one-third of the Board are independent. After taking into account of the views of the NC, the Board considers all the independent directors of the Company are independent in character and judgement and that there are no individual or small group of individuals dominate the Board's decision-making process.

Mr Chew Heng Ching has served as independent director for more than nine years. The Board has carried out a rigorous review of his independence status. The Board's view is that Mr Chew Heng Ching continues to demonstrate the ability to exercise strong independent judgement in his deliberations and to act in the best interests of the Company, and that his length of service has not affected his independence from management, Mr Chew Heng Ching continues to express views, debate issues and objectively and actively scrutinise the management. After taking into account all these factors and having weighted the need for Board refreshment against tenure for relative benefit, the NC and the Board have viewed and determined that Mr Chew Heng Ching continues as an independent director, notwithstanding that his service has been for more than nine years.

The independence of the Directors is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review.

Key information regarding the Directors is found on pages 6 to 7. The Board considers that its directors possess the necessary competencies to lead and govern the Company effectively.

CHAIRMAN AND GROUP MANAGING DIRECTOR

PRINCIPLE 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

The Chairman is the father of the Managing Director. Notwithstanding this, given the separate roles and responsibilities held by them, the Board is of the opinion that their relationship does not affect the independent and effective running of the Board. The Managing Director is responsible for daily management of the Group, whereas the Chairman plays an important role in steering the strategic direction of the Group. In addition, Mr Chew Heng Ching has been appointed as the lead independent director of the Company and is available to shareholders should they have concerns which cannot be solved through the normal channel of the Chairman or which such contact is inappropriate. As such, the Board believes that they are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on the collective decision-making without the Chairman being able to exercise considerable concentration of power or influence.

The Chairman ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the Managing Director. The Chairman also reviews Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. Management staff members who have prepared the papers or who can provide additional insight into the matters to be discussed are invited to present the paper or attend at the relevant time during Board meeting.

BOARD MEMBERSHIP

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

Nominating Committee

The NC was formed on 13 February 2003 and it comprises three members, two of whom are independent Directors. The members are:

Mr Chan Meng Wah Alexander	(Chairman)
Mr Tan Choo Pie @ Tan Chang Chai	(Member)
Mr Chew Heng Ching	(Member)

The NC is regulated by a set of written Terms of Reference and its key functions include:

1. To review annually the independence of each director with reference to the criteria set out in the Code.

2. To review all nominations for new appointments and re-appointments of Directors and put forth their recommendations for approval by the Board.

3. To determine whether a director is able to and has been adequately carrying out his duties as a director of the Company, particularly, where a Director has multiple Board representations.

In determining the independence of directors annually, the NC reviewed and is of the view that Mr Chew Heng Ching is independent and that, no individual or small group of individuals dominate the Board's decision-making process. The NC has also reviewed and is satisfied that Mr Chew Heng Ching and Mr Chan Meng Wah Alexander, who sit on multiple boards, have been able to devote adequate time and attention to the affairs of the Company to fulfil their duties as directors of the Company, in addition to their multiple board appointments.

At present, the Board does not intend to set a maximum number of listed company board representations a Director may hold as it is of the view that different Directors have different abilities and capacity. The effectiveness of a Director should be evaluated by a qualitative assessment of his commitment to the Company, his participation at various board and management meetings, as well as his contributions to the Company's affairs, taking into account his other commitments including his directorships in other listed companies. The NC considers that the multiple board representations held presently by some Directors do not impede their respective performance in carrying out their duties to the Company.

New Directors are at present appointed by way of a Board Resolution, after the NC has deliberated and recommended their appointments. These new Directors submit themselves for re-election by shareholders at the next Annual General Meeting ("**AGM**"). The Company's Articles of Association require one third of the Board to retire by rotation at every AGM. In addition, all Directors (including the Managing Director) submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years.

In its search and nomination process for new directors, the NC has, at its disposal, search companies, personal contacts and recommendations, to cast its net as wide as possible for the right candidates.

The NC takes into account on each director's contribution and performance for the re-appointment of existing directors.

BOARD PERFORMANCE

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

The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board and the Board Committees, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with the Management and standards of conduct of the Directors.

The NC has formulated evaluation procedures and the performance criteria for the assessment of the Board's performance as a whole. It had concluded a Board performance evaluation for the financial year ended 30 June 2015.

The Chairman would act on the results of the Board performance evaluation, and in consultation of the NC, propose, where appropriate, new members to be appointed to the Board or seek resignation of Directors.

ACCESS TO INFORMATION

PRINCIPLE 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board is provided with complete and adequate information on a timely basis prior to the Board meetings and on an on-going basis. The Management circulates copies of the minutes of the meetings of Board and Board committees to all members of the Board to keep them informed of on-going developments within the Group. Board papers are generally sent to Directors before each meeting and would include financial management reports, reports on performance of the Group against the budget with notes on any significant variances, papers pertaining to matters requiring the Board's decision, updates on key outstanding issues, strategic plans and developments in the Group.

The Board has unrestricted access to the Company secretaries, the external auditors as well as the senior management of the Company. At least one Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures and all other rules and regulations applicable to the Company are adhered to. The appointment and removal of the Company Secretary are subject to the Board's approval.

The Directors and the chairman of the respective committees, whether as a group or individually are able to seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such professional advisor is subject to the approval of the Board.

REMUNERATION MATTERS

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

Remuneration Committee

The RC comprises three members, two of whom are independent directors. The members are:

Mr Chan Meng Wah Alexander	(Chairman)
Mr Tan Choo Pie @ Tan Chang Chai	(Member)
Mr Chew Heng Ching	(Member)

The Board considers that Mr Tan Choo Pie @ Tan Chang Chai, who is the Chairman of the Board, significantly contributes in the evaluation by the Committee of the performance of senior management and staff. The Board further believes that the current structure and membership of the RC is beneficial to the Company and will not increase the risk of any potential conflict of interest.

The RC has adopted a set of Terms of Reference which among others, include the following functions:

1. To review and recommend a framework of remuneration for the Chairman, Directors and members of senior management. The framework will cover director's fees, basic salaries, allowances, bonuses and benefits in kind.

2. To review the remuneration packages of all managerial staff that are related to any of the Executive Directors.

3. To recommend to the Board in consultation with Senior Management and the Chairman of the Board, any long term incentive scheme.

No director or member of the RC is involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist in its deliberations.

The RC is able to obtain expert professional advice on remuneration matters as and when necessary.

LEVEL AND MIX OF REMUNERATION

PRINCIPLE 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC will review and determine the remuneration packages for the Directors.

The Executive Directors have service agreements. The Service Agreements may be terminated by either the Company or the Executive Directors giving 6 months' written notice of termination to the other party. The RC is tasked to review and make recommendations on the terms of the service contracts.

Non-executive Directors have no service contracts and are paid Directors' fees. Directors' fees are determined by the Board taking into consideration the remuneration framework adopted by the RC. Payment of Directors' fees is subject to approval of the Company at each AGM.

DISCLOSURE OF REMUNERATION

PRINCIPLE 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The remuneration of the directors in the various remuneration bands is as follows:

	2015			2014		
	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total
$750,000 to $999,999	2	–	2	–	–	–
$500,000 to $749,999	–	–	–	2	–	2
$250,000 to $499,999	–	–	–	–	–	–
$0 to $249,999	1	2	3	1	2	3
	3	2	5	3	2	5

Remuneration of Directors and Key Management Personnel

A breakdown of the total remuneration of the Directors of the Company and the top five management personnel of the Group (who are not directors) for the financial year ended 30 June 2015, is set out below:

	Salary##	AWS/Bonus/ Profit Sharing##	Directors' Fees	Total Remuneration
Directors				
$750,000 to $999,999				
Tan Choo Pie @ Tan Chang Chai	47%	53%	–	100%
Tan Heok Ting	40%	60%	–	100%
$500,000 to $749,999	–	–	–	–
$250,000 to $499,999	–	–	–	–
Below $250,000				
Chen Chang Rong	82%	18%	–	100%
Chew Heng Ching	–	–	100%*	100%
Chan Meng Wah Alexander	–	–	100%*	100%
Key Management Personnel#				
$250,000 to $499,999				
Francis Wong Liang Kwang	78%	22%	–	100%
Below $250,000				
Andrew Orr Geok Cheng	81%	19%	–	100%

* The above proposed Directors' Fees for Independent Directors are subject to shareholders' approval at the Company's AGM to be held on 27 October 2015.

\# Currently there are only 2 key management personnel in the Group.

\## The salary and AWS/Bonus/Profit Sharing shown are inclusive of employer portion of CPF contribution.

The Board was of the opinion that the information disclosed in the Annual Report would be sufficient for shareholders to have an adequate understanding of the Company's remuneration policies and practice.

In view of the competitive pressure in the industry and talent market as well as confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Company and its Group not to disclose the exact remuneration of the Directors and key management personnel (who are not directors) in the Annual Report and that the disclosure based on the above remuneration bands is appropriate.

The aggregate remuneration paid to the top five management personnel was S$588,640#.

No Directors were granted options pursuant to the ESOS during the financial year ended 30 June 2015. The Spindex ESOS has expired on 4 March 2011.

Remuneration of Employee who is an immediate family of directors

A breakdown of the remuneration of employee who is related to a Director or the Managing Director whose remuneration exceeds $50,000 in the Group's employment for the financial year ended 30 June 2015 is set out below:

Name of Executive Officers	Salary###	AWS/Bonus###	Allowances and Others	Total Remuneration
Executive Officers who receive $100,000 to $150,000				
Foo Fang Huar	78%	22%	–	100%
Executive Officers who receive $50,000 to $100,000	–	–	–	–

The salary and AWS/Bonus shown are inclusive of employer portion of CPF contribution.

Foo Fang Haur is the Grandnephew of Chairman and Nephew of Managing Director.

In view of the competitive pressure in the industry and talent market as well as confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Company and its Group not to disclose the exact remuneration of the employee who is related to a Director or the Managing Director in the Annual Report and that the disclosure based on the above remuneration band is appropriate.

ACCOUNTABILITY AND AUDIT

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

The Board's primary role is to protect and enhance long-term value and returns for the shareholders. In the discharge of its duties to the shareholders, the Board, when presenting annual financial statements and announcements, seeks to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis.

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' investment and the assets of the Group. The Board and the AC, with the assistance of the internal auditors, have reviewed the adequacy of the Group's internal controls, including financial, operational and compliance risks, as well as the Group's information technology controls and risk management systems.

The Company's internal auditors conduct an annual review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk assessment at least annually to ensure the adequacy thereof. This review is conducted by the Company's internal auditors which presented their findings to the AC.

As part of the external audit plan, the external auditors also review certain key accounting controls relating to financial reporting, covering only selected financial cycles and highlight material findings, if any, to the AC.

The AC reviews the findings of both the internal and external auditors and the effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect.

The Board has received from the Managing Director and the Financial Controller on a half yearly basis before each half yearly meeting in relation to the announcement on financial statements, that the financial records have been properly maintained and the financial statements are prepared in compliance with the International Financial Reporting Standards and are not false and misleading in any material aspect.

The Board has also received written assurance from the Managing Director and the Financial Controller that:

(a) The financial records of the Group have been properly maintained and financial statements for the financial year ended 30 June 2015 give a true and fair view of the Group's operations and finances; and

(b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed and actions taken by the Management and on-going reviews and continuing efforts at enhancing controls and processes, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, as well as the Group's information technology controls and risk management systems were adequate as at 30 June 2015.

The Board notes that the system of internal control provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Board and the AC wish to highlight that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Financial risks relating to the Group set out in Note 33 to the Financial Statements of this Annual Report on pages 70 to 75.

AUDIT COMMITTEE

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

The AC comprises of three members, two of whom are independent directors. The members are:

Mr Chew Heng Ching	(Chairman)
Mr Chen Chang Rong	(Member)
Mr Chan Meng Wah Alexander	(Member)

The Board considers that it is not necessary for the time being, for all three members of the AC to be Independent Directors taking into account the nature and the scope of the Company's operations. In addition, the AC welcomed the participation of Mr Chen Chang Rong, the Executive Director, at AC meetings to provide direct assistance to the Company's financial operations.

The Board is of the opinion that the members of the AC have sufficient expertise and experience to discharge their duties.

The role of the AC is to assist the Board with discharging its responsibilities, maintaining adequate accounting records and developing and maintaining effective internal control systems. In addition to pursuing this goal, the AC will:

1. Recommend to the Board the appointment or re-appointment of the external auditors;

2. Review with external auditors the audit plan, their evaluation of the system of internal controls, monitor management's response and actions to correct any noted deficiencies;

3. Review the scope and results of the audit and the independence and objectivity of the external auditors;

4. Determine that no unwarranted management restrictions are being placed upon the external auditors;

5. Review of the internal audit program including the scope and results of the internal audit;

6. Review the financial statements with Management and external auditors for submission to the Board; and

7. Review interested person transaction.

The AC met twice with the external auditors with the presence of the Company's Management. In the review of the financial statements for the financial year ended 30 June 2015, the AC discussed with management and the external auditors the accounting principles that were applied and their judgment of items that might affect the financial statements. Based on the review and discussions, the AC is of the view that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects.

In performing its functions, the AC met once with the external auditors and internal auditor (without the presence of the Company's Management) and reviewed the overall scope of the external audit, the internal audit and the assistance given by the Management to the auditors. The external auditors and internal auditor have unrestricted access to the AC.

The AC has in place a whistle-blowing framework, which provides an avenue for the staff of the Company to access the AC members and Chairman to raise concerns about improprieties. Contact details of these persons have been made available to all staff.

The AC has reviewed the non-audit services provided by the external auditor, Ernst & Young LLP, and is of the opinion that the provision of such services does not affect their independence. Details of the fees paid and payable to the auditors in respect of audit and non-audit services are disclosed in the Note 7 to the financial statements.

The AC has recommended the re-appointment of Ernst & Young LLP as external auditor at the forthcoming Annual General Meeting.

The Company has complied with Rules 712 and 715, read with Rule 716 of the Listing Manual of SGX-ST in relation to its appointment of external auditors. The Board has reviewed the suitability of the appointment of external auditors for the Group's significant foreign-incorporated subsidiaries and confirmed that the appointment would not compromise the standard and effectiveness of the audit of the Group.

INTERNAL AUDIT

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

The AC has explicit authority to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices, with full access to and co-operation of the Management as well as full discretion to invite any director or executive director to attend its meetings and has been given reasonable resources to enable it to perform its functions properly. Both the internal and external auditors have unrestricted access to the AC.

Internal auditors, in the course of their audit, review the effectiveness of the Group's material internal controls. Material non-compliance, internal control weaknesses and key business risks noted in their audit and alignment plans to address these risks and weaknesses are communicated to the Management accordingly and tabled for discussion at AC meetings with updates by the Management on the status of these action plans.

The Management also underwent a Risk Assessment exercise during the year to establish the various risks facing the Group and develop a framework to manage those risks.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 30 June 2015.

However, the Board and the AC noted that all internal controls contain inherent limitations and no system of internal controls and risk management can provide absolute assurance in this regard or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Group's internal controls system.

SHAREHOLDERS RIGHTS AND RESPONSIBLITIES

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

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company strongly encourages shareholder participation during AGMs. Shareholders are able to proactively engage the Board and the Management on the Group's business activities, financial performance and other business related matters.

COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Board of Directors is accountable to the shareholders while the management of the Company is accountable to the Board.

All announcements, half-year and full year financial results are released to SGX-ST via SGXNET. The Company has appointed an investor relations firm on a retainer basis, to communicate regularly with the analysts and they monitor the dissemination of material information to ensure that it is disclosed to the market in a timely manner.

All shareholders of the Company receive the Annual Report and notice of AGM. The notice is also advertised in the newspaper. At AGMs, shareholders are given the opportunity to air their views and ask Directors or Management questions regarding the Company. In addition, the external auditors and chairmen of the various Board committees are present and available to address questions.

The Articles of Association of the Company allow shareholders of the Company to appoint one or two proxies to attend and vote on their behalf.

CONDUCT OF SHAREHOLDER MEETINGS

PRINCIPLE 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company welcomes the views of shareholders on matters concerning the Company and encourages shareholders' participation at AGMs. The chairmen of the AC, the NC and the RC of the Company will be present at general meetings to answer questions from shareholders. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company Secretary, with the assistance of his representative, prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and the Management. These minutes are available to shareholders upon request.

INTERESTED PERSON TRANSACTIONS

All Directors are required to officially disclose their interest in the Company including any Interested Person Transactions ("IPT") with the Company. All Directors practise good governance by updating the Company about changes in their interests in a timely manner. The AC has reviewed the IPT entered into during the financial year by the Company. In accordance with Rule 907 of the Listing Manual of SGX-ST, no disclosure of such transactions is necessary as the aggregate value of all IPTs during the financial year under review were less than S$100,000.

MATERIAL CONTRACTS

Except as disclosed in Note 30 (Related Party Disclosures) of the Notes to the Financial Statements, there were no material contracts of the Company and its subsidiaries involving the interests of each director or controlling shareholders, were subsisting at or entered into since the end of the last financial year.

DEALINGS IN SECURITIES

In relation to dealings in the Company's securities by directors and officers of the Group, the Company has adopted its own internal code modelled after the provisions of Listing Rule 1207(19) on dealings in securities. The Company, directors and officers of the Group are prohibited dealing in the securities of the Company during the period commencing one (1) month before the announcement of the Company's half-year and full-year results, and ending on the date of announcement of the relevant results or when they are in possession of any unpublished price sensitive information on the Group. The Company discourages the trading of the Company's shares for short term gain by both directors and senior employees.

In view of the process in place, in the opinion of the Directors, the Company has complied with Listing Rule 1207(19) on dealings in securities.

FINANCIAL CONTENTS

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Spindex Industries Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2015.

Directors

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

Tan Choo Pie @ Tan Chang Chai	(Chairman)
Tan Heok Ting	(Managing Director)
Chen Chang Rong	
Chew Heng Ching	
Chan Meng Wah Alexander	

Arrangements to enable directors to acquire shares or debentures

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

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations, as stated below:

	Direct interest			Deemed interest		
	At 1.7.2014	At 30.6.2015	At 21.7.2015	At 1.7.2014	At 30.6.2015	At 21.7.2015
The Company						
(Ordinary shares)						
Tan Choo Pie @ Tan Chang Chai	28,175,670	28,175,670	28,175,670	–	–	–
Chew Heng Ching	20,000	20,000	20,000	–	–	–
Tan Heok Ting	314,000	1,214,000	1,214,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Mr Tan Choo Pie @ Tan Chang Chai is deemed to be interested in the shares held by the Company in all its subsidiaries.

Except as disclosed in this report, no director who held office at the end of the financial year had an interest in the shares, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or the end of the financial year and on 21 July 2015.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than emoluments received from related corporations) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Audit Committee

The Audit Committee performed the functions specified in the Singapore Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited as detailed in the Report on Corporate Governance.

Other information required by the Singapore Exchange Securities Trading Limited

The Company has adopted an internal policy, which sets out the procedure for the notification to and approval by the Audit Committee, in relation to transactions with interested persons. The Company did not enter into any interested person transaction which requires disclosure or shareholders' approval under SGX-ST rules regulating interested person transactions.

No material contracts to which the Company or any subsidiary, is a party and which involve Directors' interests subsisted at the end of the financial year, or have been entered into since the end of the previous financial year.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Tan Choo Pie @ Tan Chang Chai
Director

Tan Heok Ting
Director

Singapore
21 September 2015

STATEMENT BY DIRECTORS

We, Tan Choo Pie @ Tan Chang Chai and Tan Heok Ting, being two of the directors of Spindex Industries Limited (the "Company"), do hereby state that, in the opinion of the directors,

(i) the accompanying consolidated statement of comprehensive income, balance sheets, statements of changes in equity and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and

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

On behalf of the Board of Directors,

Tan Choo Pie @ Tan Chang Chai
Director

Tan Heok Ting
Director

Singapore
21 September 2015

Report on the consolidated financial statements

We have audited the accompanying financial statements of Spindex Industries Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 29 to 79, which comprise the balance sheets of the Group and the Company as at 30 June 2015, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements, and to maintain accountability of assets.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

For the Financial Year ended 30 June 2015

To The Members of Spindex Industries Limited

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

21 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	4	114,182	98,151
Cost of sales		(86,843)	(75,489)
Gross profit		27,339	22,662
Other income, net	5	2,203	1,705
Distribution and selling expenses		(2,110)	(1,731)
Administrative expenses		(10,789)	(11,594)
Loss on disposal of a subsidiary and loan written off	6	(1,415)	–
Profit from operations	7	15,228	11,042
Financial expenses	9	(13)	(28)
Profit before tax		15,215	11,014
Income tax expense	10	(3,017)	(1,954)
Profit for the year		12,198	9,060
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(155)	(1,169)
Total comprehensive income for the year		12,043	7,891
Profit attributable to:			
Owners of the Company		12,434	9,258
Non-controlling interest		(236)	(198)
		12,198	9,060
Total comprehensive income attributable to:			
Owners of the Company		12,279	8,089
Non-controlling interest		(236)	(198)
		12,043	7,891
Earnings per share attributable to owners of the Company (cents per share)			
- Basic	11	10.78	8.02
- Diluted	11	10.78	8.02

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

BALANCE SHEETS

As at 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current assets					
Property, plant and equipment	12	42,723	36,084	2,237	2,459
Land use right	13	293	286	–	–
Deferred tax assets	25	281	211	–	–
Investment in subsidiaries	14	–	–	12,169	12,519
Loan due from a subsidiary	15	–	–	–	2,700
		43,297	36,581	14,406	17,678
Current assets					
Inventories	16	17,518	12,669	2,547	2,333
Trade receivables	17	28,693	22,492	5,401	5,493
Other receivables and deposits	18	2,548	1,064	3,908	106
Prepayments		2,885	1,148	75	192
Due from subsidiaries	19	–	–	2,620	3,695
Pledged bank balances	20	86	94	–	–
Cash and cash equivalents	20	22,585	26,240	11,664	12,068
		74,315	63,707	26,215	23,887
Current liabilities					
Trade payables	21	15,975	12,089	2,265	2,290
Other payables and accruals	22	13,471	10,755	3,097	2,314
Provision for defects	23	1,153	868	329	398
Due to subsidiaries	19	–	–	2,321	3,689
Term loan – current portion	24	113	333	–	–
Provision for tax		192	142	–	–
Deferred capital grants		42	–	42	–
		30,946	24,187	8,054	8,691
Net current assets		43,369	39,520	18,161	15,196
Non-current liabilities					
Term loan – non-current portion	24	–	125	–	–
Deferred tax liabilities	25	1,910	1,353	7	7
Deferred capital grants		327	–	327	–
Provision for restoration costs	26	131	114	–	–
		2,368	1,592	334	7
Net assets		84,298	74,509	32,233	32,867
Equity attributable to owners of the Company					
Share capital	27	13,145	13,145	13,145	13,145
Reserves	29	71,153	61,412	19,088	19,722
Equity attributable to owners of the Company		84,298	74,557	32,233	32,867
Non-controlling interest		–	(48)	–	–
Total equity		84,298	74,509	32,233	32,867

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

	Attributable to owners of the Company							
	Share capital	Share option reserve	Foreign currency translation reserve	Reserve fund	Accumulated profit	Total reserves	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
		(Note 29a)	(Note 29b)	(Note 29c)				
Group								
Opening balance at 1 July 2013	13,145	411	(3,151)	2,778	55,362	55,400	–	68,545
Capital contribution by non-controlling interest	–	–	–	–	–	–	150	150
Net profit for the year	–	–	–	–	9,258	9,258	(198)	9,060
Other comprehensive income for the year	–	–	(1,169)	–	–	(1,169)	–	(1,169)
Total comprehensive income for the year	–	–	(1,169)	–	9,258	8,089	(198)	7,891
Appropriation to/(from) reserve fund/ accumulated profit	–	–	–	331	(331)	–	–	–
Expiry of employee share options	–	(411)	–	–	411	–	–	–
Dividend on ordinary shares (Note 28)	–	–	–	–	(2,077)	(2,077)	–	(2,077)
At 30 June 2014 and 1 July 2014	13,145	–	(4,320)	3,109	62,623	61,412	(48)	74,509
Capital contribution by non-controlling interest	–	–	–	–	–	–	–	–
Net profit for the year	–	–	–	–	12,434	12,434	(236)	12,198
Other comprehensive income for the year	–	–	(155)	–	–	(155)	–	(155)
Total comprehensive income for the year	–	–	(155)	–	12,434	12,279	(236)	12,043
Appropriation to/(from) reserve fund/ accumulated profit	–	–	–	259	(259)	–	–	–
Attributable to disposal of a subsidiary	–	–	–	–	–	–	284	284
Dividend on ordinary shares (Note 28)	–	–	–	–	(2,538)	(2,538)	–	(2,538)
Closing balance at 30 June 2015	13,145	–	(4,475)	3,368	72,260	71,153	–	84,298

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 30 June 2015

	Attributable to owners of the Company				
	Share capital $'000	Share option reserve $'000 (Note 29a)	Accumulated profit $'000	Total reserves $'000	Total equity $'000
Company					
Opening balance at 1 July 2013	13,145	411	18,869	19,280	32,425
Net profit for the year	–	–	2,519	2,519	2,519
Total comprehensive income for the year	–	–	2,519	2,519	2,519
Expiry of employee share options	–	(411)	411	–	–
Dividend on ordinary shares (Note 28)	–	–	(2,077)	(2,077)	(2,077)
At 30 June 2014 and 1 July 2014	13,145	–	19,722	19,722	32,867
Net profit for the year	–	–	1,904	1,904	1,904
Total comprehensive income for the year	–	–	1,904	1,904	1,904
Dividend on ordinary shares (Note 28)	–	–	(2,538)	(2,538)	(2,538)
Closing balance at 30 June 2015	13,145	–	19,088	19,088	32,233

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000
Operating activities			
Profit before tax		15,215	11,014
Adjustments for:			
Depreciation of property, plant and equipment	7,12	4,808	3,901
Amortisation of land use right	13	15	15
(Gain)/loss on disposal of property, plant and equipment	7	(9)	44
Amortisation of deferred income		(24)	–
Loss on disposal of a subsidiary and loan written off		1,415	–
Interest expense	9	13	28
Interest income	5	(123)	(126)
Write-back of inventories	7	(78)	(77)
Allowance for doubtful debts	17	–	1
Provision for defects	23	953	679
Write-back of provision for defects	23	(588)	(739)
Unrealised exchange gain		(276)	(222)
Operating cash flows before changes in working capital		21,321	14,518
(Increase)/decrease in:			
Inventories		(4,796)	113
Trade receivables		(6,279)	(985)
Other receivables and deposits		(188)	31
Prepayments		(1,737)	(562)
Increase/(decrease) in:			
Trade payables		3,941	(296)
Other payables and accruals		2,768	3,568
Cash flows from operations		15,030	16,387
Income taxes paid		(2,613)	(2,190)
Tax refund		298	158
Interest paid		(13)	(28)
Interest received		123	126
Net cash flows from operating activities		12,825	14,453
Investing activities			
Purchase of property, plant and equipment	12	(14,508)	(11,104)
Proceeds from government grants		393	–
Proceeds from disposal of property, plant and equipment		30	130
Net cash flows used in investing activities		(14,085)	(10,974)
Financing activities			
Capital contribution from non-controlling interest of a subsidiary		–	150
Dividend paid on ordinary shares	28	(2,538)	(2,077)
Repayment of term loans		(328)	(319)
Net cash flows used in financing activities		(2,866)	(2,246)
Net (decrease)/increase in cash and cash equivalents		(4,126)	1,233
Cash and cash equivalents at beginning of financial year		26,240	25,308
Currency alignment on opening cash balances		471	(301)
Cash and cash equivalents at end of financial year	20	22,585	26,240

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

1. Corporate information

Spindex Industries Limited (the "Company") is a limited liability company, incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 6 Neythal Road, Singapore 628573.

The principal activities of the Company are to carry on the business as manufacturer, importer, exporter and dealer of mechanical, electrical and electronic parts. The principal activities of the subsidiaries are manufacturing and trading of mechanical, electrical, electronic parts, precision machine parts and other engineering materials.

There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 July 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendments to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 114 Regulatory Deferral Accounts	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017
FRS 109 Financial Instruments	1 January 2018

Except for FRS 115 Revenue from Contracts with Customers and FRS 109 Financial Instruments, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of FRS 115 and FRS 109 are described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers.

Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

FRS 109 Financial Instruments

The ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement was issued in December 2014. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption.

The Group is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

2.4 *Basis of consolidation*

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

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

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

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

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.5 *Subsidiaries*

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

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

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the date of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

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

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.17. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Factory building – freehold land	50 years
Leasehold land and buildings	25 – 50 years
Leasehold improvements	3 – 5 years
Plant and machinery	5 – 10 years
Furniture and fittings	6 years
Motor vehicles	6 years
Office equipment	3 – 6 years
Quality control equipment	5 years
Warehouse equipment	5 – 6 years

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 *Land use rights*

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term of 30 years.

2.9 *Convertible loan*

Convertible loan with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract. On issuance of convertible loans, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss. The remainder of the proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on conversion or redemption. When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

2. Summary of significant accounting policies (cont'd)

2.10 *Impairment of non-financial assets*

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

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

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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

2.11 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

Loans and receivables

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

De-recognition

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

2. Summary of significant accounting policies (cont'd)

2.11 *Financial instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

Financial liabilities at amortised cost

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

De-recognition

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

2.12 *Impairment of financial assets*

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

Financial assets carried at amortised cost

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

2. Summary of significant accounting policies (cont'd)

2.12 *Impairment of financial assets (cont'd)*

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

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

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.13 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits which are subject to an insignificant risk of changes in value.

Cash and cash equivalents carried in the statements of financial position are classified and accounted for as loans and receivables under FRS 39.

2.14 *Inventories*

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

- Raw materials – purchase cost, freight and other transportation and incidental costs on a weighted average basis; and

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

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

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

2. Summary of significant accounting policies (cont'd)

2.15 *Provisions*

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

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

<u>Provision for defects</u>

Provision for defects are recognised for expected claims on products sold during the last one year. It is based on past experience of the level of returns. The estimate is revised annually.

<u>Provision for restoration costs</u>

Provision for restoration costs arise from the obligation to restore the leased premises the Group occupies to their original condition upon expiry of the leases. Restoration costs are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of the asset.

The estimated future costs of restoration are reviewed annually and adjusted as appropriate. Changes in estimated future costs are added to or adjusted from the cost of the asset.

2.16 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.17 *Borrowing costs*

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

2. Summary of significant accounting policies (cont'd)

2.18 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related services are performed.

Singapore

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension scheme. The Company makes monthly contributions based on stipulated contribution rates.

People's Republic of China ("PRC")

The subsidiaries incorporated in the PRC are required to provide certain staff pension benefits to their employees under existing PRC legislation. Pension contributions are provided at rates stipulated by PRC legislation and are contributed to a pension fund managed by government agencies, which are paying pensions to the PRC subsidiaries' retired employees.

Malaysia

The subsidiary incorporated and operating in Malaysia is required to make contributions to the Employees Provident Fund (EPF), a defined contribution pension scheme. The subsidiary makes monthly contributions based on stipulated contribution rates.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the date of the reporting period.

(c) *Employee share option scheme*

Employees (including senior executives) of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2. Summary of significant accounting policies (cont'd)

2.19 *Operating leases*

As lessee

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

2.20 *Financial guarantee*

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

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

2.21 *Revenue*

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

(a) *Sale of goods*

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

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

2. Summary of significant accounting policies (cont'd)

2.22 *Income taxes*

(a) *Current tax*

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

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

(b) *Deferred tax*

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

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

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

2. Summary of significant accounting policies (cont'd)

2.22 *Income taxes (cont'd)*

(b) *Deferred tax (cont'd)*

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

(c) *Sales tax*

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

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

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

2.23 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.24 *Share capital*

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

2. Summary of significant accounting policies (cont'd)

2.25 *Contingencies*

A contingent liability is:

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

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

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

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

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

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

2.26 *Related parties*

A related party is defined as follows:

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

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

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

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

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

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

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

2. Summary of significant accounting policies (cont'd)

2.26 ***Related parties (cont'd)***

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

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

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

3. Significant accounting judgments and estimates

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

3.1 ***Judgments made in applying accounting policies***

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) *Income taxes*

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities at the date of the reporting period were $192,000 (2014: $142,000), $1,910,000 (2014: $1,353,000) respectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgments and estimates (cont'd)

3.2 *Key sources of estimation uncertainty*

(i) *Useful lives of plant and equipment*

The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the plant and machinery, quality control equipment and warehouse equipment, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the date of the reporting period is disclosed in Note 12 to the financial statements.

(ii) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 34(b) to the financial statements.

(iii) *Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has tax losses and capital allowances carried forward amounting to $12,998,000 (2014: $10,579,000). These losses relate to the Company which has had a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The Company has neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets.

If the Group was able to recognise all unrecognised deferred tax assets relating to tax losses and capital allowances, the Group's net profit would increase by $2,209,000 (2014: $1,798,000).

4. Revenue

Revenue comprises sale of goods in the normal course of business, net of returns.

5. Other income, net

	Group	
	2015	**2014**
	$'000	**$'000**
Sales of scrap	1,951	1,508
Interest income from fixed deposits	123	126
Others	129	71
	2,203	1,705

6. Loss on disposal of a subsidiary and loan written off

During the year, the Company has entered into a sale and purchase agreement to dispose of its 70% interest in shares of Spindex Energy for a consideration of $1,750,000 and in return for the sales consideration, the Company will write off the outstanding convertible loan amounting to $3,826,917 (including the accrued interest of $26,917). The sale consideration will be received by the Company in two tranches, with the first tranche of $1,000,000 to be paid on or prior to 24 July 2015 and second tranche of $750,000 to be paid on 11 December 2015, being the date falling six months after the date of the sale and purchase agreement.

Statement of financial position

	2015
	$'000
Assets:	
Property, plant and equipment	2,501
Trade and other receivables	389
Cash and bank balances	211
Total assets	3,101
Liabilities:	
Trade and other payables	(4,046)
Deferred income	(1)
	(4,047)
Net liabilities	(946)

6. Loss on disposal of a subsidiary and loan written off (cont'd)

The effects of the disposal of the subsidiary and loan written off are as follows:

	2015 $'000
Sales consideration:	
Cash	1,750
Carrying value of net liabilities	946
Non-controlling interests	(284)
Gain on disposal	2,412
Loan written off	(3,827)
Net loss on disposal of subsidiary and loan written off	(1,415)

7. Profit from operations

This is determined after charging/(crediting) the following:

	Note	Group 2015 $'000	Group 2014 $'000
Audit fees:			
- Auditors of the Company		62	55
- Other auditors		98	86
Non-audit fees:			
- Auditors of the Company		44	21
- Other auditors		18	9
Total audit and non-audit fees		222	171
Depreciation of property, plant and equipment	12	4,808	3,901
Allowance of impairment loss on trade receivables	17	–	1
Write-back of inventories	16	(78)	(77)
Provision for defects	23	953	679
Write-back of provision for defects	23	(588)	(739)
Foreign exchange (gain)/loss, net		(1,927)	367
Employee benefits	8	27,098	22,646
Operating lease expenses		441	363
(Gain)/loss on disposal of property, plant and equipment		(9)	44

8. Employee benefits

	Group	
	2015	2014
	$'000	$'000
Wages, salaries and bonuses	22,935	19,560
Defined contribution plans	2,492	2,011
Other personnel costs	1,671	1,075
	27,098	22,646

9. Financial expenses

	Group	
	2015	2014
	$'000	$'000
Interest expense		
- bank loans, representing total interest expense on financial liabilities at amortised cost	13	28

10. Income tax expense

(a) ***Major components of income tax expense***

The major components of income tax expense for the financial years ended 30 June 2015 and 2014 are:

	Group	
	2015	2014
	$'000	$'000
Current income tax		
- current year	2,389	1,747
- over provision in respect of prior years	(1)	(12)
Deferred income tax		
- movement in temporary differences	720	225
- over provision in respect of prior years	(91)	(6)
Income tax expense recognised in profit or loss	3,017	1,954

10. Income tax expense (cont'd)

(b) ***Relationship between tax expense and accounting profit***

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit before tax	15,215	11,014
Tax at the domestic tax rate applicable to profits of 17%	2,587	1,872
Tax effect of:		
- different tax rates in other countries	667	305
- expenses not deductible for tax purposes	398	82
- income not subject to tax	(45)	(22)
- over provision in respect of prior years	(92)	(18)
- deferred tax assets not recognised	424	508
- utilisation of deferred tax assets not recognised in prior years	(13)	(147)
- utilisation of reinvestment allowance	(964)	(651)
- others	55	25
Income tax expense recognised in profit or loss	3,017	1,954

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Subsidiaries

Spindex Precision Engineering (Shanghai) Co., Ltd.
Spindex Precision Engineering (Suzhou) Co., Ltd.

For the subsidiaries incorporated in the People's Republic of China ("PRC"), provision for PRC Enterprise Income Tax ("EIT") is on the basis of statutory profit for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for tax purposes.

Spindex Precision Engineering (Shanghai) Co., Ltd. and Spindex Precision Engineering (Suzhou) Co., Ltd. is subjected to a corporate tax rate of 25%.

10. Income tax expense (cont'd)

Spindex Industries (Hanoi) Co., Ltd.

Under the tax scheme in Vietnam, this subsidiary is subject to Corporate Income Tax ("CIT") based on 10% of taxable profit within 15 years and 20% for the ensuing fiscal years. It is entitled to an exemption from CIT for 4 years commencing with the first year of earning profits, and a 50% reduction for the following 7 years.

Under the Decree 24/2007/ND-CP dated 14 February 2007, effective from fiscal year 2007, business entities licensed before 11 January 2007 (WTO event) and under the tax incentive/holiday periods because of meeting the export rate requirement shall be taxed as usual only after the year 2011. From 1 July 2011 to 31 December 2011, Spindex Industries (Hanoi) Co., Ltd. ("Hanoi") still used the corporate tax rate of 5%. Hanoi has applied to the Tax Authority to use the rate of 7.5% effective from 1 January 2012 onwards.

Synturn (M) Sdn. Bhd.

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) on the estimated assessable profit for the year.

11. Earnings per share (cents)

Basic earnings per share is calculated by dividing the net profit for the financial year of $12,434,000 (2014: $9,258,000) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing net profit for the financial year by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the information used in the computation of diluted earnings per share for the years ended 30 June:

	Weighted average number of shares	
	2015	**2014**
	'000	**'000**
Weighted average number of ordinary shares for basic earnings per share computation	115,365	115,365
Effects of dilution:		
- Share options	–	–
Weighted average number of ordinary shares for diluted earnings and loss per share computation	115,365	115,365

12. Property, plant and equipment

Group	Freehold land $'000	Factory building on freehold land $'000	Leasehold land and buildings $'000	Leasehold improve-ments $'000	Plant and machinery $'000	Furniture and fittings $'000	Motor vehicles $'000	Office equipment $'000	Quality control equipment $'000	Warehouse equipment $'000	Total $'000
Cost											
At 1.7.2013	1,219	6,003	10,646	1,235	60,773	1,004	332	2,151	1,632	2,616	87,611
Additions	–	–	78	330	9,620	118	83	243	457	175	11,104
Disposals	–	–	–	–	(969)	(4)	(146)	(12)	(6)	–	(1,137)
Adjustment	–	(4)	–	–	(6)	(9)	–	(62)	10	(10)	(81)
Exchange difference on translation	(29)	(141)	(147)	(28)	(954)	(11)	(7)	(35)	(32)	(44)	(1,428)
At 30.6.2014 and 1.7.2014	1,190	5,858	10,577	1,537	68,464	1,098	262	2,285	2,061	2,737	96,069
Additions	–	–	149	531	12,072	95	350	151	746	414	14,508
Disposals	–	–	(11)	–	(240)	(93)	–	(21)	–	(268)	(633)
Disposal of subsidiary	–	–	–	–	(2,137)	(82)	–	(60)	(306)	–	(2,585)
Exchange difference on translation	(102)	(506)	487	(46)	58	(2)	17	22	(9)	40	(41)
At 30.6.2015	1,088	5,352	11,202	2,022	78,217	1,016	629	2,377	2,492	2,923	107,318
Accumulated depreciation											
At 1.7.2013	–	534	5,537	726	44,522	918	324	1,958	1,132	2,201	57,852
Charge for the year	–	66	329	61	3,032	30	11	78	182	112	3,901
Disposals	–	–	–	–	(796)	(4)	(146)	(11)	(6)	–	(963)
Adjustment	–	–	–	–	(3)	(6)	–	(49)	10	(10)	(58)
Exchange difference on translation	–	(13)	(48)	(20)	(565)	(9)	(5)	(32)	(22)	(33)	(747)
At 30.6.2014 and 1.7.2014	–	587	5,818	767	46,190	929	184	1,944	1,296	2,270	59,985
Charge for the year	–	83	356	107	3,671	52	49	97	228	165	4,808
Disposals	–	–	(3)	–	(228)	(93)	–	(20)	–	(268)	(612)
Disposal of subsidiary	–	–	–	–	(38)	(18)	–	(12)	(16)	–	(84)
Exchange difference on translation	–	(58)	161	29	272	1	11	30	7	45	498
At 30.6.2015	–	612	6,332	903	49,867	871	244	2,039	1,515	2,212	64,595
Net carrying amount											
At 30.6.2015	1,088	4,740	4,870	1,119	28,350	145	385	338	977	711	42,723
At 30.6.2014	1,190	5,271	4,759	770	22,274	169	78	341	765	467	36,084

12. Property, plant and equipment (cont'd)

Company	Leasehold land and building $'000	Plant and machinery $'000	Furniture and fittings $'000	Motor vehicles $'000	Office equipment $'000	Quality control equipment $'000	Warehouse equipment $'000	Total $'000
Cost								
At 1.7.2013	4,940	8,765	574	–	752	328	383	15,742
Additions	–	685	–	–	80	–	–	765
Disposals	–	(935)	(24)	–	(15)	(4)	–	(978)
At 30.6.2014 and 1.7.2014	4,940	8,515	550	–	817	324	383	15,529
Additions	–	170	10	350	15	–	37	582
Disposals	–	(1,648)	(93)	–	(9)	(105)	(94)	(1,949)
At 30.6.2015	4,940	7,037	467	350	823	219	326	14,162
Accumulated depreciation								
At 1.7.2013	3,814	7,909	560	–	721	231	376	13,611
Charge for the year	163	151	7	–	16	31	2	370
Disposals	–	(868)	(24)	–	(15)	(4)	–	(911)
At 30.6.2014 and 1.7.2014	3,977	7,192	543	–	722	258	378	13,070
Charge for the year	163	191	5	34	22	4	9	428
Disposals	–	(1,334)	(93)	–	(7)	(45)	(94)	(1,573)
At 30.6.2015	4,140	6,049	455	34	737	217	293	11,925
Net carrying amount								
At 30.6.2015	800	988	12	316	86	2	33	2,237
At 30.6.2014	963	1,323	7	–	95	66	5	2,459

Leasehold land and buildings have remaining lease terms ranging from 15 to 19 years (2014: 16 to 20 years) as at the balance sheet date.

As at 30 June 2015, Synturn (M) Sdn. Bhd., a subsidiary incorporated in Malaysia, has leasehold land and building, with a net carrying amount of $2,391,000 (2014: $2,655,000), pledged as securities for banking facilities granted by a bank (Note 24).

13. Land use right

	Group 2015 $'000	Group 2014 $'000
Cost		
At 1 July	399	385
Additions	–	15
Exchange differences	31	(1)
At 30 June	430	399
Accumulated amortisation		
At 1 July	113	99
Amortisation for the year	15	15
Exchange differences	9	(1)
At 30 June	137	113
Net carrying amount	293	286
Amount to be amortised		
Not later than one year	15	11
Later than one year but not later than five years	62	47
Later than five years	216	228

The Group has land use rights over one plot of state-owned land in Vietnam, where the Group's Vietnam operations reside. The land use right is not transferable and has a remaining tenure of 19 years (2014: 20 years).

14. Investment in subsidiaries

	Company 2015 $'000	Company 2014 $'000
Unquoted equity shares, at cost:		
Cost at beginning and end of financial year	12,169	12,519

14. Investment in subsidiaries (cont'd)

The Company had the following subsidiaries as at 30 June:

Name of subsidiary	Principal Activities	Country of incorporation and place of business	Percentage of equity held by the Group		Cost of investment	
			2015	2014	2015	2014
			%	%	$'000	$'000
Synturn (M) Sdn. Bhd.+	Manufacturing and trading of precision machine parts and other engineering materials	Malaysia	100	100	1,304	1,304
Spindex Precision Engineering (Shanghai) Co., Ltd. ^	Manufacturing and trading of mechanical, electrical and electronic parts	People's Republic of China	100	100	4,323	4,323
Spindex Precision Engineering (Suzhou) Co., Ltd. ^^	Manufacturing and trading of mechanical, electrical and electronic parts	People's Republic of China	100	100	3,569	3,569
Spindex Industries (Hanoi) Co., Ltd. #	Manufacturing and trading of mechanical, electrical and electronic parts	Vietnam	100	100	2,973	2,973
Spindex Energy Services Pte. Ltd. *	Manufacturing and trading of mechanical, electrical and electronic parts	Singapore	–	70	–	350
					12,169	12,519

+ Audited by Ernst & Young LLP, Johor Bahru.

^ Audited by Crowe Horwath China Certified Public Accountants Co., Ltd, Shanghai Branch (previously known as Wan Long Certified Public Accountants Co., Ltd, Shanghai Branch Firm).

^^ Audited by Suzhou Fangben Certified Public Accountants.

Audited by Ernst & Young Vietnam Limited.

* Audited by Ernst & Young LLP, Singapore.

15. Loan due from a subsidiary

The Company entered into a convertible loan agreement on 9 December 2013 with Spindex Energy Services Pte Ltd, pursuant to which the company has agreed to grant Spindex Energy Services Pte Ltd a loan amounting to an aggregate principal amount of up to a maximum of S$5 million. The loans are denominated in SGD, bear interest at the rate of 4.25% per annum.

During the year, the company wrote off the outstanding convertible loan amounting to $3,826,917 (including the accrued interest of $26,917) on 12 June 2015 as part of the agreement to dispose its 70% interest in shares of Spindex Energy Services Pte Ltd.

16. Inventories

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Reporting period:				
At cost				
Finished goods	7,616	4,691	1,197	1,220
Work-in-progress	4,647	3,928	407	790
Raw materials	4,255	3,609	462	285
Goods-in-transit	976	423	480	20
At net realisable value				
Finished goods	24	18	1	18
Inventories at lower of cost and net realisable value	17,518	12,669	2,547	2,333
Income statement:				
Inventories recognised as an expense in cost of sales	74,999	65,207	27,046	27,403
Inclusive of the following credit:				
- Write-back of inventories	(78)	(77)	(60)	(68)

17. Trade receivables

The table below is an analysis of trade receivables as at 30 June:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not past due and not impaired	17,734	16,347	3,676	4,174
Past due but not impaired *	10,959	6,145	1,725	1,319
	28,693	22,492	5,401	5,493
Impaired trade receivables - individually assessed				
Customers who defaulted on payment	57	52	–	–
Customers who disputed on invoices billed	7	7	7	7
Less: Accumulated impairment losses	(64)	(59)	(7)	(7)
	–	–	–	–
Total trade receivables, net	28,693	22,492	5,401	5,493

17. Trade receivables (cont'd)

Trade receivables are non-interest bearing and are generally on 45-90 days credit terms. They are recognised at their original amounts which represent their fair values on initial recognition.

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
* *Aging of trade receivables that are past due but not impaired*				
Less than 30 days	7,544	3,792	1,376	1,126
30 to 60 days	2,080	1,854	199	149
61 to 90 days	1,062	460	113	44
More than 90 days	273	39	37	–
	10,959	6,145	1,725	1,319

The carrying amount of trade receivables impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

The Group's and the Company's trade receivables that are impaired at the date of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At beginning of financial year	59	60	7	7
Allowance for doubtful debts	–	1	–	–
Exchange difference on translation	5	(2)	–	–
At end of financial year	64	59	7	7

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

Trade receivables denominated in foreign currencies at 30 June are as follows:

	Group	
	2015	2014
	$'000	$'000
United States Dollar	20,270	15,692
Malaysian Ringgit	1,192	1,231
Renminbi	6,418	4,796

18. Other receivables and deposits

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Other receivables	2,220	907	3,908	106
Deposits	328	157	–	–
	2,548	1,064	3,908	106

Included in other receivables for both Group and Company comprise of an amount of $1,750,000 due from the purchaser upon disposal of the subsidiary (Note 6).

Included in the other receivables at Company level comprise of dividend receivable from Spindex Suzhou amounting to $2 million.

19. Due from/(to) subsidiaries

	Company	
	2015	2014
	$'000	$'000
Due from subsidiaries		
Trade	1,943	3,089
Non-trade	677	606
	2,620	3,695
Due to subsidiaries		
Trade	2,278	3,689
Non-trade	43	–
	2,321	3,689

These balances are unsecured, interest free and are repayable within the next twelve months.

20. Cash and cash equivalents

Cash and cash equivalents comprise:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Fixed deposits	1,069	3,274	512	509
Cash and bank balances	21,602	23,060	11,152	11,559
	22,671	26,334	11,664	12,068
Less: Pledged bank balances	(86)	(94)	–	–
Cash and cash equivalents	22,585	26,240	11,664	12,068

20. Cash and cash equivalents (cont'd)

Cash and bank balances of the Group amounting to $86,000 (2014: $94,000) were pledged to a bank to secure banking facilities.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The fixed deposits earn interest from 0.50% to 5% (2014: 0.50% to 5.2%) per annum. The average tenure of fixed deposits is 1 month.

Cash and cash equivalents denominated in foreign currencies at 30 June are as follows:

	Group	
	2015	2014
	$'000	$'000
United States Dollar	13,656	12,831
Renminbi	2,975	4,997
Malaysian Ringgit	314	619
Vietnamese Dong	1,143	950
Swiss Franc	186	304
Japanese Yen	–	7
Euro	62	17

21. Trade payables

Trade payables are non-interest bearing and are normally settled on 30 – 90 days terms.

Trade payables denominated in foreign currencies at 30 June are as follows:

	Group	
	2015	2014
	$'000	$'000
United States Dollar	3,422	3,494
Renminbi	10,612	6,504
Malaysian Ringgit	466	484
Euro	175	187
Swiss Franc	26	39

22. Other payables and accruals

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Other payables	5,503	5,009	123	143
Accrued operating expenses	2,265	970	785	319
Accrued payroll benefits	5,703	4,776	2,189	1,852
	13,471	10,755	3,097	2,314

Other payables are non-interest bearing and are normally settled on 30 – 90 days terms.

23. Provision for defects

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At beginning of financial year	868	1,009	398	462
Provision for the financial year	953	679	329	398
Write-back of provision	(588)	(739)	(398)	(462)
Utilised against provision	(65)	(69)	–	–
Exchange difference on translation	(15)	(12)	–	–
At end of financial year	1,153	868	329	398

A provision is recognised for expected claims on products sold during the last one year, based on past experience of the level of returns. It is expected that most of these costs will be incurred within one year from the date of the reporting period.

Assumptions used to calculate the provision for defects are based on current sales levels and current information available on returns based on the past experiences for all products sold.

24. Term loan

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Secured				
Due within one year	113	333	–	–
Due after one year	–	125	–	–
	113	458	–	–
Total term loan	113	458	–	–

Term loan matures in October 2015. This loan bears interest at bank's base lending rate less 1.8% per annum. The interest rates for current financial year is 4.80% (2014: 4.50%) per annum.

The long term loan is secured as follows:

(a) loan facility for the Malaysia subsidiary is secured by leasehold land and building of the Malaysia subsidiary with a net carrying amount of approximately $2,391,000 (2014: $2,655,000) (Note 12); and

(b) cash margin of $86,000 (2014: $94,000) pledged to a licensed bank for bank guarantee facilities granted to the subsidiary; and

(c) corporate guarantee issued by the Company to the subsidiary (Note 31c).

The carrying amount of the loan is a reasonable approximation of fair value as it is a floating rate instrument that is re-priced to market interest rates on or near the end of the reporting period.

25. Deferred tax

Deferred income tax as at 30 June relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	1,411	1,004	510	350
Undistributed reserves of overseas subsidiaries	499	349	189	47
	1,910	1,353		
Deferred tax assets				
Differences in depreciation for tax purposes	(15)	(14)	(1)	(178)
Provisions and other taxable temporary differences	(266)	(197)	(69)	–
	(281)	(211)		
Deferred income tax expense			629	219

	Company			
	Balance sheet		Income statement	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	7	7	–	–
Net deferred tax liabilities	7	7		
Deferred income tax credit			–	–

At the date of the reporting period, the Group has tax losses and capital allowances of approximately $12,998,000 (2014: $10,579,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

<u>Tax consequences of proposed dividends</u>

There are no income tax consequences (2014: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

26. Provision for restoration costs

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At beginning of financial year	114	108	–	–
Provision for the financial year	17	6	–	–
At end of financial year	131	114	–	–

27. Share capital

	Group and Company	
	2015	2014
	$'000	$'000
Issued and fully paid		
At beginning and end of financial year		
– 115,365,000 ordinary shares	13,145	13,145

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

28. Dividends

	Group and Company	
	2015	2014
	$'000	$'000
Declared and paid during the year		
Final exempt (one-tier) dividend of 2.20 (2014: 1.80) cents per ordinary share in respect of the previous financial year	2,538	2,077
Proposed but not recognised as a liability as at 30 June		
Final exempt (one-tier) dividend of 2.80 (2014: 2.20) cents per ordinary share	3,230	2,538

29. Reserves

(a) ***Share option reserve***

Employees share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

29. Reserves (cont'd)

(b) ***Foreign currency translation reserve***

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) ***Reserve fund***

In accordance with the relevant laws and regulations of the People's Republic of China ("PRC"), profits of the subsidiaries, Spindex Precision Engineering (Shanghai) Co., Ltd., and Spindex Precision Engineering (Suzhou) Co., Ltd., are available for distribution in the form of cash dividends to the investors after the subsidiaries have (1) satisfied all tax liabilities; (2) provided for losses in previous years and (3) made appropriations to statutory reserve fund. The subsidiaries have to appropriate at least 10% of its annual profit after tax as determined in accordance with the PRC accounting standards and regulations applicable to the subsidiaries until the statutory reserve fund reaches 50% of its registered capital. Appropriation to the staff bonus and welfare fund is determined at the discretion of the board of directors of the subsidiaries.

The statutory reserve fund is not available for distribution as dividends but it can be used to offset losses or be capitalised as capital.

For the financial year ended 30 June 2015, the board of directors of the subsidiaries resolved to appropriate 10% (2014: 10%) of the net profit as reported in its statutory financial statements for the financial year ended 30 June 2015 to the reserve fund.

30. Related party transactions

Except for related party information disclosed elsewhere in the financial statements, there were no transactions between the Group and related parties who were not members of the Group during the year.

Compensation of key management personnel

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Short-term employee benefits	2,353	2,092
Defined contribution plans	31	33
Directors' fees	120	120
Total compensation paid	2,504	2,245
Comprise amounts paid to:		
Directors of the Company		
- fees	120	120
- remuneration	1,795	1,567
	1,915	1,687
Other key management personnel	589	558
	2,504	2,245

31. Commitments and contingent liabilities

(a) ***Capital expenditure commitments***

Capital expenditure contracted for as at the date of the reporting period but not recognised in the financial statements is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Commitments in respect of contracts placed	2,450	3,337	28	157

(b) ***Operating lease commitments – as lessee***

The Group and the Company have entered into commercial leases for rental of buildings. Most leases contain renewable options. There are no restrictions imposed by lease arrangements, such as those concerning dividends, additional debts and further leasing. These non-cancellable operating leases have remaining lease terms ranging from 15 to 19 years (2014: 16 to 20 years).

Future minimum lease payments under non-cancellable leases are as follows as of 30 June:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Not later than one year	238	276	165	167
Later than one year but not later than five years	835	880	783	787
Later than five years	3,579	4,073	3,384	3,910
	4,652	5,229	4,332	4,864

(c) ***Guarantee***

The Company has provided a corporate guarantee to a bank for a $113,000 (2014: $458,000) loan (Note 24) taken by its Malaysian subsidiary.

32. Segment information

For management purposes, the Group is organised on a world-wide basis into major product categories based on the industries in which the Group serves, as follows:

(i) Imaging and printing

(ii) Machinery and automotive systems

(iii) Others (domestic appliances, consumer electronics, data storage, telecommunications, energy and others)

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its product categories separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs), other operating income, administrative expenses and income taxes are managed on a group basis and are not allocated to the product categories.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

32. Segment information (cont'd)

(a) ***Business segments***

	Imaging and printing		Machinery and automotive systems		Others*		Adjustments and eliminations		Group	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Revenue										
External customers	36,242	33,331	56,465	44,994	21,475	19,826	–	–	114,182	98,151
Inter-segment	2,440	1,955	12,551	12,290	9,035	9,157	(24,026)	(23,402)	–	–
Total revenue	38,682	35,286	69,016	57,284	30,510	28,983	(24,026)	(23,402)	114,182	98,151
Segment profit	8,656	7,952	14,383	10,605	4,300	4,105	–	–	27,339	22,662
Distribution and selling expenses	(677)	(588)	(1,053)	(728)	(380)	(415)	–	–	(2,110)	(1,731)
Unallocated other income									2,203	1,705
Unallocated expenses									(12,204)	(11,594)
Operating profit									15,228	11,042
Financial expenses									(13)	(28)
Income tax expense									(3,017)	(1,954)
Net profit for the financial year									12,198	9,060
Assets										
Trade receivables	6,966	5,665	16,365	11,847	5,362	4,980	–	–	28,693	22,492
Unallocated assets	–	–	–	–	–	–	–	–	88,919	77,796
Total assets									117,612	100,288
Liabilities										
Provision for defects	366	295	570	398	217	175	–	–	1,153	868
Unallocated liabilities	–	–	–	–	–	–	–	–	32,161	24,911
Total liabilities									33,314	25,779
Other segment information										
Depreciation of plant and machinery	1,177	1,030	1,833	1,390	661	612	–	–	3,671	3,032
Unallocated depreciation of other assets	–	–	–	–	–	–	–	–	1,137	869
Depreciation expense for the financial year									4,808	3,901

* Others – include domestic appliances, consumer electronics, data storage, telecommunications, energy and others

32. Segment information (cont'd)

(b) *Geographical segments*

The Group's geographical segments are based on the location of the Group's customers. Non-current assets and additions to property, plant and equipment are based on the location of those assets.

Revenue, non-current assets and capital expenditure information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets		Capital expenditure	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
People's Republic of China	48,932	40,751	13,967	9,894	4,863	1,643
Singapore	6,294	5,415	2,237	4,986	582	3,350
ASEAN (excludes Singapore)	33,213	30,701	27,093	21,701	11,006	6,301
USA, Europe and others	25,743	21,284	–	–	–	–
	114,182	98,151	43,297	36,581	16,451	11,294

Information about major customers

Customers with revenue more than 10% of the Group's total revenue amounted to $28,833,000 (2014: $14,283,000), arising from "Machinery and automotive systems" segments.

33. Financial risk management and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Financial Controller. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group manages its interest rate risk by placing such balances on varying maturities and interest rate terms. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually repriced at intervals of one year (2014: at intervals of one year) from the date of the reporting period.

33. Financial risk management and policies (cont'd)

(a) ***Interest rate risk (cont'd)***

The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. At the date of the reporting period, 0% (2014: 0%) of the Group's borrowings are at fixed interest rate.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates in Malaysia had been 50 basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $1,000 (2014: $19,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(b) ***Foreign currency risk***

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily United States Dollars (USD), Renminbi (RMB) and Malaysian Ringgit (RM).

The foreign currencies in which these transactions are denominated are mainly USD. Approximately 98% (2014: 99%) of the Group's sales are denominated in foreign currencies while almost 90% (2014: 92%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the date of the reporting period have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the date of the reporting period, such foreign currency balances (mainly in USD) amounted to $13,656,000 (2014: $12,831,000) and $7,149,000 (2014: $5,438,000) for the Group and the Company respectively. The foreign currency balances is described in more detail in Note 20.

The Group entered into foreign currency forward exchange contracts in order to limit the Group's exposure to adverse fluctuations in foreign currency exchange rates. It is the Group's policy not to enter into derivative forward foreign exchange contracts for speculative purposes.

As at 30 June 2015, the Group and Company did not hold any financial derivatives. (2014: Nil).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, People's Republic of China ("PRC") and Vietnam. The Group's net investments in Malaysia, PRC and Vietnam are not hedged as currency positions in RM, RMB and USD are considered to be long-term in nature.

33. Financial risk management and policies (cont'd)

(b) *Foreign currency risk (cont'd)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a 10% (2014: 10%) strengthening or weakening of USD, RMB, RM, CHF, EUR and Vietnam Dong (VND) exchange rates against SGD, with all other variables held constant, on the Group's and Company's profit before taxation.

		Group		Company	
		2015	2014	2015	2014
		$'000	$'000	$'000	$'000
USD / SGD	- strengthened	7,711	2,364	1,239	942
	- weakened	(7,711)	(2,364)	(1,239)	(942)
RMB / SGD	- strengthened	(113)	274	200	–
	- weakened	113	(274)	(200)	–
RM / SGD	- strengthened	(651)	(295)	–	–
	- weakened	651	295	–	–
CHF / SGD	- strengthened	(15)	26	(11)	27
	- weakened	15	(26)	11	(27)
EUR / SGD	- strengthened	19	(15)	(1)	(2)
	- weakened	(19)	15	1	2
VND / SGD	- strengthened	24	55	–	–
	- weakened	(24)	(55)	–	–

(c) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

33. Financial risk management and policies (cont'd)

(c) *Credit risk (cont'd)*

Exposure to credit risk

At the date of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– The carrying amounts of each class of financial assets recognised in the balance sheets,

– A nominal amount of $113,000 (2014: $458,000) relating to a corporate guarantee provided by the Company to the bank on a subsidiary's bank loan.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the date of the reporting period is as follows:

	Outstanding balance		Percentage of total trade receivables	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**%**	**%**
By industry:				
Imaging and printing	6,966	5,665	24	25
Machinery and automotive systems	16,365	11,847	57	53
Others	5,362	4,980	19	22
By region:				
Singapore	1,062	1,283	4	6
People's Republic of China	12,653	9,606	44	43
ASEAN (excludes Singapore)	6,047	5,231	21	23
USA, Europe and others	8,931	6,372	31	28

At the date of the reporting period, approximately 28% (2014: 30%) of the Group's trade receivables were due from 5 major customers who are multi-industry conglomerates.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade receivables).

33. Financial risk management and policies (cont'd)

(d) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to monitor and maintain a level of cash and bank balances deemed sufficient to finance the Group's operations and mitigate the effects of fluctuations in cash flows. At the date of the reporting period, 100% (2014: 73%) of the Group's term loan (Note 24) will mature in less than one year based on the carrying amounts reflected in the financial statements.

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

	One year or less $'000	Over one year $'000	Total $'000
Group			
2015			
Financial assets			
Trade receivables	28,693	–	28,693
Other receivables and deposits	2,548	–	2,548
Cash and cash equivalents	22,671	–	22,671
Total undiscounted financial assets	53,912	–	53,912
Financial liabilities			
Trade payables	15,975	–	15,975
Other payables and accruals	13,471	–	13,471
Term loan	118	–	118
Total undiscounted financial liabilities	29,564	–	29,564
Total net undiscounted financial assets/(liabilities)	24,348	–	24,348
2014			
Financial assets			
Trade receivables	22,492	–	22,492
Other receivables and deposits	1,064	–	1,064
Cash and cash equivalents	26,334	–	26,334
Total undiscounted financial assets	49,890	–	49,890
Financial liabilities			
Trade payables	12,089	–	12,089
Other payables and accruals	10,755	–	10,755
Term loan	381	127	508
Total undiscounted financial liabilities	23,225	127	23,352
Total net undiscounted financial assets/(liabilities)	26,665	(127)	26,538

33. Financial risk management and policies (cont'd)

(d) ***Liquidity risk (cont'd)***

	One year or less $'000	Over one year $'000	Total $'000
Company			
2015			
Financial assets			
Trade receivables	5,401	–	5,401
Other receivables and deposits	3,908	–	3,908
Due from subsidiaries	2,620	–	2,620
Cash and cash equivalents	11,664	–	11,664
Total undiscounted financial assets	23,593	–	23,593
Financial liabilities			
Trade payables	2,265	–	2,265
Other payables and accruals	3,097	–	3,097
Due to subsidiaries	2,321	–	2,321
Total undiscounted financial liabilities	7,683	–	7,683
Total net undiscounted financial assets	15,910	–	15,910
2014			
Financial assets			
Trade receivables	5,493	–	5,493
Other receivables and deposits	106	–	106
Due from subsidiaries	3,695	–	3,695
Cash and cash equivalents	12,068	–	12,068
Total undiscounted financial assets	21,362	–	21,362
Financial liabilities			
Trade payables	2,290	–	2,290
Other payables and accruals	2,314	–	2,314
Due to subsidiaries	3,689	–	3,689
Total undiscounted financial liabilities	8,293	–	8,293
Total net undiscounted financial assets	13,069	–	13,069

34. Financial instruments

(a) ***Fair value of financial instruments***

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

A. ***Fair value of financial instruments that are carried at fair value***

At the end of the reporting period, there are no financial instruments that are carried at fair value.

34. Financial instruments (cont'd)

(a) ***Fair value of financial instruments (cont'd)***

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other receivables and payables, amounts due from/(to) subsidiaries (Note 19) , and term loans at floating rate (Note 24).

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

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The Group and the Company does not have any financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximations of the fair value as at the financial year end.

(b) ***Classification of financial instruments***

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the reporting period by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Total $'000
Group			
2015			
Assets			
Trade receivables	28,693	–	28,693
Other receivables and deposits	2,548	–	2,548
Cash and cash equivalents	22,671	–	22,671
Total financial assets	53,912	–	53,912
Total non-financial assets			63,700
Total assets			117,612
Liabilities			
Trade payables	–	15,975	15,975
Other payables and accruals	–	13,471	13,471
Long term loans	–	113	113
Total financial liabilities	–	29,559	29,559
Total non-financial liabilities			3,755
Total liabilities			33,314

34. Financial instruments (cont'd)

(b) *Classification of financial instruments (cont'd)*

	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Total $'000
Group			
2014			
Assets			
Trade receivables	22,492	–	22,492
Other receivables and deposits	1,064	–	1,064
Cash and cash equivalents	26,334	–	26,334
Total financial assets	49,890	–	49,890
Total non-financial assets			50,398
Total assets			100,288
Liabilities			
Trade payables	–	12,089	12,089
Other payables and accruals	–	10,755	10,755
Long term loans	–	458	458
Total financial liabilities	–	23,302	23,302
Total non-financial liabilities			2,477
Total liabilities			25,779

	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Total $'000
Company			
2015			
Assets			
Trade receivables	5,401	–	5,401
Other receivables and deposits	3,908	–	3,908
Due from subsidiaries	2,620	–	2,620
Cash and cash equivalents	11,664	–	11,664
Total financial assets	23,593	–	23,593
Total non-financial assets			17,028
Total assets			40,621
Liabilities			
Trade payables	–	2,265	2,265
Other payables and accruals	–	3,097	3,097
Due to subsidiaries	–	2,321	2,321
Total financial liabilities	–	7,683	7,683
Total non-financial liabilities			705
Total liabilities			8,388

34. Financial instruments (cont'd)

(b) ***Classification of financial instruments (cont'd)***

	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Total $'000
Company			
2014			
Assets			
Trade receivables	5,493	–	5,493
Other receivables and deposits	106	–	106
Due from subsidiaries	3,695	–	3,695
Cash and cash equivalents	12,068	–	12,068
Total financial assets	21,362	–	21,362
Total non-financial assets			20,203
Total assets			41,565
Liabilities			
Trade payables	–	2,290	2,290
Other payables and accruals	–	2,314	2,314
Due to subsidiaries	–	3,689	3,689
Total financial liabilities	–	8,293	8,293
Total non-financial liabilities			405
Total liabilities			8,698

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit standing and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2015 and 2014.

As disclosed in Note 29(c), certain subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the calendar years ended 31 December 2014 and 2013.

35. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes net debt, loans and borrowings, trade payables, other payables and accruals, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company less abovementioned restricted statutory reserve fund.

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables (Note 21)	15,975	12,089	2,265	2,290
Other payables and accruals (Note 22)	13,471	10,755	3,097	2,314
Due to subsidiaries (Note 19)	–	–	2,321	3,689
Long term loans (Note 24)	113	458	–	–
Less:				
Cash and cash equivalents (Note 20)	(22,671)	(26,334)	(11,664)	(12,068)
Net cash	6,888	(3,032)	(3,981)	(3,775)
Equity attributable to owners of the Company	84,298	74,509	32,233	32,867
Less:				
Statutory reserve fund	(3,368)	(3,109)	–	–
Total capital	80,930	71,400	32,233	32,867
Capital and net debt	87,818	68,368	28,252	29,092
Gearing ratio	n.m.	n.m.	n.m.	n.m.

n.m: Not meaningful

36. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 21 September 2015.

DETAILS OF MAJOR PROPERTIES IN THE GROUP

For the Financial Year ended 30 June 2015

Major properties of the Group are as follows:

DESCRIPTION	LOCATION	AREA (SQ. METRES)	TENURE OF LEASE	NET BOOK VALUE 2015 $'000	NET BOOK VALUE 2014 $'000
Leasehold property	Singapore 6 Neythal Road Singapore 628573	4,477	60 years	800	963
	People's Republic of China 475 Fa Sai Road WaiGaoQiao Free Trade Zone Shanghai 200131 China	8,144	50 years	3,083	2,903
	Vietnam* Lot No. 7A Noi Bai Industrial Zone Quang Tien Commune Soc Son District Hanoi Vietnam	9,578	30 years	1,143	1,064
Freehold property	Malaysia 6 Jalan Istimewa 7 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Malaysia	9,470	NA	2,717	2,941
	Malaysia 8 Jalan Istimewa 7 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Malaysia	8,364	NA	4,074	4,119

* Figures exclude land use right.

STATISTICS OF SHAREHOLDINGS

As at 16 September 2015

Issued and Fully Paid-up Shares	:	115,365,000
Class of Shares	:	Ordinary shares
Voting Rights	:	On show of hands – one vote for each member On poll – one vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.12	4	0.00
100 - 1,000	91	10.98	88,800	0.08
1,001 - 10,000	395	47.65	2,383,880	2.06
10,001 - 1,000,000	320	38.60	26,890,546	23.31
1,000,001 AND ABOVE	22	2.65	86,001,770	74.55
TOTAL	**829**	**100.00**	**115,365,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAN CHOO PIE @ TAN CHANG CHAI	28,175,670	24.42
2	CITIBANK NOMINEES SINGAPORE PTE LTD	7,092,600	6.15
3	PHILLIP SECURITIES PTE LTD	7,021,100	6.09
4	DB NOMINEES (SINGAPORE) PTE LTD	5,735,000	4.97
5	TEOH ENG TECK	4,824,000	4.18
6	RAFFLES NOMINEES (PTE) LIMITED	4,339,700	3.76
7	LIE KHIN SIN	3,800,000	3.29
8	UOB KAY HIAN PRIVATE LIMITED	3,495,200	3.03
9	SEE BENG LIAN JANICE	2,335,000	2.02
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,987,200	1.72
11	TAN SUNG SUNG	1,864,000	1.62
12	CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,805,800	1.57
13	SIM BENG CHYE	1,724,000	1.49
14	GO MEI LIN	1,692,000	1.47
15	DBS NOMINEES (PRIVATE) LIMITED	1,630,900	1.41
16	PUI CHENG WUI	1,457,600	1.26
17	LOH BUCK CHIN JENIGELINE	1,415,000	1.23
18	TAN HEOK TING	1,214,000	1.05
19	YEO SENG CHONG	1,125,000	0.98
20	OCBC SECURITIES PRIVATE LIMITED	1,110,000	0.96
	TOTAL	83,843,770	72.67

Based on the information available to the Company, approximately 74.33% of the Company's equity securities are held in the hands of the public. This is in compliance with Rule 723 of the Listing manual of the SGX-ST which require at least 10% public float of a listing issuer's equity securities to be held by public.

NAME OF SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES DIRECT INTEREST	NO. OF SHARES DEEMED INTEREST
Tan Choo Pie @ Tan Chang Chai	28,175,670	–
Yeo Seng Chong	1,125,000	5,885,000
Lim Mee Hwa	150,000	6,860,000
Peter Mitchell Collery	–	6,693,300

NOTICE OF THE 28TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of the Company will be held at 6 Neythal Road Singapore 628573 on Tuesday, 27 October 2015 at 2.30 p.m. for the following purposes:

AS ROUTINE BUSINESS:

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 30 June 2015, together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of 2.80 cents per ordinary share tax exempt (one-tier) for the financial year ended 30 June 2015 (previous year: final dividend of 2.20 cents per ordinary share tax exempt (one-tier)). **(Resolution 2)**

3. To re-elect Mr Chan Meng Wah Alexander as a Director under Article 115 of the Company's Articles of Association. [See Explanatory Note (i)] **(Resolution 3)**

4. To re-elect Mr Chew Heng Ching as a Director under Article 115 of the Company's Articles of Association. [See Explanatory Note (ii)] **(Resolution 4)**

5. To approve the payment of Directors' fees of S$136,125 for the financial year ended 30 June 2015 (previous year: S$120,000). **(Resolution 5)**

6. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other routine business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

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

8. "SHARE ISSUE MANDATE

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:

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

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

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

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

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed ten per cent (10%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below):

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

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

(2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

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

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note (iii)]
(Resolution 7)

By Order of the Board

Abdul Jabbar Bin Karam Din
Joint Company Secretary

Singapore, 12 October 2015

NOTICE OF THE 28TH ANNUAL GENERAL MEETING

Explanatory Notes

(i) **Resolution 3** – Mr Chan Meng Wah Alexander is an Independent Director, upon re-election as a Director of the Company, he will remain as a member of Audit Committee and the Chairman of the Nominating and Remuneration Committees.

(ii) **Resolution 4** – Mr Chew Heng Ching is a Lead Independent Director, upon re-election as a Director of the Company, he will remain as the Chairman of Audit Committee and a member of the Nominating and Remuneration Committees.

(iii) **Resolution 7** – If passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 7 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of ten per cent (10%) for shares issued other than on a pro rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 7, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities and (ii) any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.

3. The instrument appointing a proxy must be lodged at the registered office of the Company at 6 Neythal Road, Singapore 628573 not less than forty eight (48) hours before the time fixed for the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SPINDEX INDUSTRIES LIMITED

(Registration No. 198701451M)

PROXY FORM
28TH ANNUAL GENERAL MEETING

IMPORTANT:

1. For Investors who have used their CPF monies to buy Spindex's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name)

of ______________________________ (Address)

being a member/members of the above Company, hereby appoint:

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

and/or failing him/her (delete as appropriate)

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the 28th Annual General Meeting of the Company to be held at 6 Neythal Road, Singapore 628573 on 27 October 2015 at 2.30 p.m. and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of meeting in accordance with my/our directions as indicated with an "x" in the appropriate space below. Where no such direction is given, the proxy/proxies may vote or abstain from voting on any matter at the Meeting or at any adjournment thereof.

NOTE: The Chairman of the AGM will be exercising his right under Article 84 of the Articles of Association of the Company to demand a poll in respect of the Ordinary Resolution to be put to the vote at the AGM and at any adjournment thereof. Accordingly, the Ordinary Resolution at the AGM will be voted on by way of a poll.

No.	Resolutions	For	Against
	ROUTINE BUSINESS		
1.	Adoption of Directors' Report and Audited Accounts for the financial year ended 30 June 2015 **(Resolution 1)**		
2.	Payment of proposed final dividend of 2.80 cents per ordinary share tax exempt (one-tier) **(Resolution 2)**		
3.	Re-election of Mr Chan Meng Wah Alexander as a Director **(Resolution 3)**		
4.	Re-election of Mr Chew Heng Ching as a Director **(Resolution 4)**		
5.	Approval of Directors' fees amounting to S$136,125 **(Resolution 5)**		
6.	Re-appointment of Messrs Ernst & Young LLP as Auditors **(Resolution 6)**		
7.	Any other routine business		
	SPECIAL BUSINESS		
8.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Chapter 50 **(Resolution 7)**		

* Please indicate your vote "For" or "Against" with a tick (√) within the box provided.

Dated this __________ day of ________________ 2015

Total Number of Shares held in:	
CDP Register	
Register of Members	

____

Signature(s) of member(s)
Or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. Save as provided in the Articles of Association, a member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be lodged at the Company's Registered Office at 6 Neythal Road, Singapore 628573 not less than forty eight (48) hours before the time set for the meeting.

4. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy.

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

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

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 October 2015.

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