Lindeteves - Jacoberg Limited

annual report 11

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Corporate Information

Board of Directors

Christian Schmidt
Non-Executive, Non-Independent Chairman

Wolfgang Kloser
Chief Executive Officer

Knut Unger
Independent Director

Volker Felix Zuleck
Independent Director

Thomas Adrian Schaetti
Non-Executive & Independent Director
(appointed on 28 April 2011)

Audit Committee

Volker Felix Zuleck
Chairman/Independent Director

Knut Unger
Member/Independent Director

Wolfgang Kloser
Member

Nominating Committee

Volker Felix Zuleck
Chairman/Independent Director

Knut Unger
Member/Independent Director

Thomas Adrian Schaetti
Member/Non-Executive, Independent
(appointed on 28 April 2011)

Remuneration Committee

Volker Felix Zuleck
Chairman/Independent Director

Knut Unger
Member/Independent Director

Christian Schmidt
Member/Non-Executive & Non-Independent Director

Company Secretary

Chan Wan Mei, ACIS
Low Siew Tian, ACIS

Registered Office

141 Market Street
International Factors Building #07-01
Singapore 048944
Tel no: [+65] 6227 0308
Fax no: [+65] 6227 0605
Email: mgt@linjacob.com

Registrar, Agent and Transfer Officer

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte Ltd)
80 Robinson Road
#02-00
Singapore 068898

Auditors

PricewaterhouseCoopers LLP
8 Cross Street
#17-00
PWC Building
Singapore 048424
Audit Partner: Daniel Khoo
(appointed from financial year ended 31 December 2011)

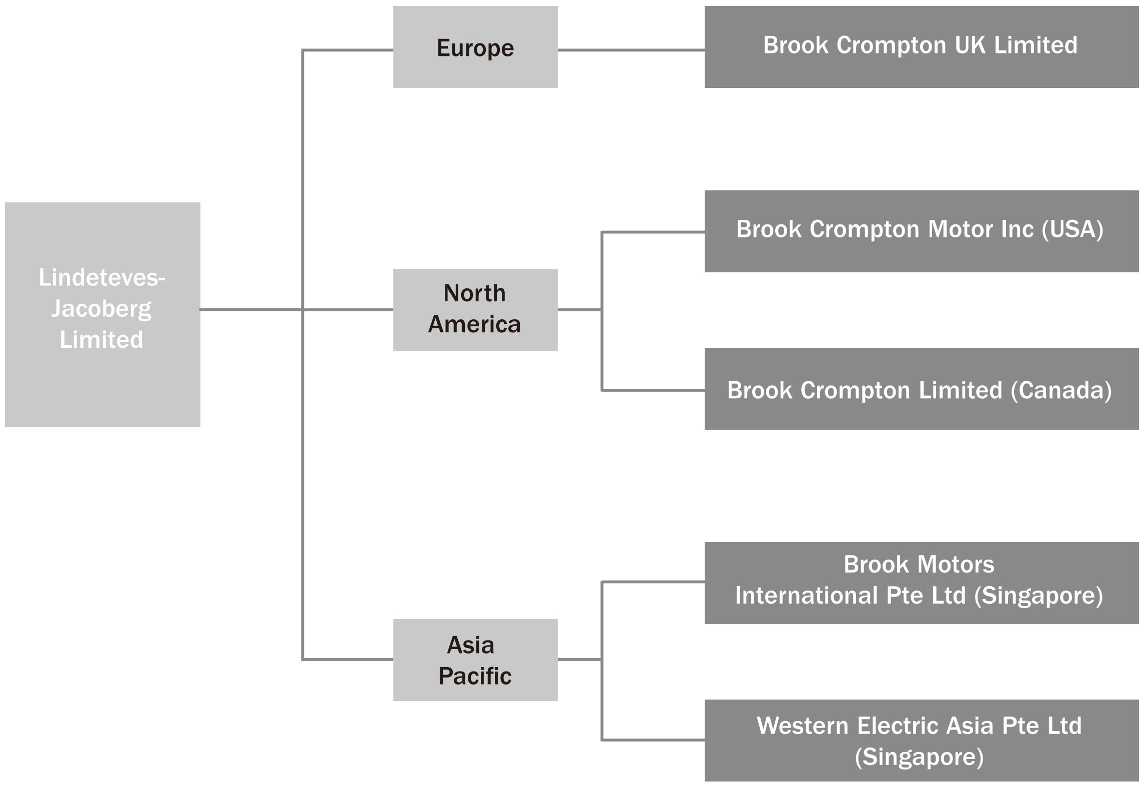
Financial Highlights

S$'000	2007	2008	2009*	2010*	2011
INCOME STATEMENT					
Turnover	297,628	321,180	37,294	42,144	52,019
Profit/(Loss) from continuing operations	(8,451)	(12,347)	60	4,878	(4,259)
Profit/(Loss) from discontinued operations	(24,170)	(21,815)	(6,588)	123,390	-
Total profit/(loss)	(32,621)	(34,162)	(6,528)	128,268	(4,259)
BALANCE SHEETS					
Property, plant and equipment	152,862	109,731	103,713	2,595	2,436
Other non-current assets	2,824	739	647	406	39
Non-current assets	**155,686**	**110,470**	**104,360**	**3,001**	**2,475**
Current assets	130,412	119,596	108,691	19,013	27,336
Current liabilities	(202,358)	(96,386)	(79,635)	(29.884)	(42,281)
Net current liabilities	**(71,946)**	**23,210**	**29,056**	**(10,871)**	**(14,945)**
Non-current liabilities	(180,060)	(247,693)	(254,975)	(807)	(498)
Net assets/(liabilities)	**(96,320)**	**(114,013)**	**(121,559)**	**(8,677)**	**(12,968)**
Share Capital	149,642	149,642	149,642	149,642	149,642
Other Reserves	(5,548)	10,921	9,903	(5,483)	(5,515)
Accumulated losses	(240,414)	(274,576)	(281,104)	(152,836)	(157,095)
Shareholders' funds	**(96,320)**	**(114,013)**	**(121,559)**	**(8,677)**	**(12,968)**
Net tangible assets/(liabilities) per share (cents)	(13.66)	(16.13)	(17.17)	(1.22)	(1.83)
Return on equity (%)	NM	NM	NM	NM	NM

NM: Not Meaningful

* *Notes for 2009 & 2010*
1. *2009 figures have been reinstated to align with 2010 presentation.*
2. *Turnover excludes manufacturing segment.*
3. *Profit from continuing operations excludes manufacturing segment*
4. *Profit (Loss) from discontinued operations:*
   - *2009 includes manufacturing segment.*
   - *2010 includes manufacturing segment & gain arising from disposal of the manufacturing segment.*

Corporate Structure



Note: All are wholly owned subsidiaries of the Company

Board of Directors

Mr Christian Schmidt

Non-Executive and Non-Independent Chairman of Lindeteves-Jacoberg Limited (the "Company"), Mr Schmidt joined the Board of Directors on 17 January 2011. Mr. Schmidt now serves as the CEO of ATB Austria Antriebstechnik AG and prior to his current appointment, he held several top management and consultant positions in the industry. Mr Schmidt holds a degree in Civil Engineering and Industrial Engineering from ETH Zurich in Switzerland.

Mr Wolfgang Kloser

Mr Kloser was appointed as the CEO of the Company on 17 January 2011 after he relinquished his position as Chief Financial Officer of the Company. Prior to that, he was the Head of Group Finance and Accounting in ATB Austria, a position he has gradually relinquished after he was redesignated to CEO. Previously, he held leading positions as Head of Finance and Controlling and Director of Corporate Finance in Austria with Duropack AG and Mayr-Melnhof Karton AG. Subsequently, Mr Kloser has been specializing in Controlling and Finance as the owner of a consulting company. He also holds various directorships in Austria and the Netherlands. Mr Kloser is a graduate in economics from the University of Vienna.

Dr Knut Unger

Independent Director, Dr Unger joined the Lindeteves-Jacoberg Ltd. Board of Directors on 01 August 2007. After completion of his legal training in Germany, he participated in the FARE – Project Estonia, a program of the European Community for the development of the judicial systems of Eastern European reform democracies. He has subsequently been working as solicitor in Germany and Singapore. Dr Unger holds a PhD in Law from the University of Freiburg and has studied in Germany and Belgium.

Mr Volker Felix Zuleck

Independent Director, Mr Zuleck joined the Board of Directors on 07 November 2008. He started his career as solicitor in an international law firm in Dubai, UAE. He has previously worked in Paris, Germany and Austria and has held leading positions in several international companies. Over the past years he has been working as freelance consultant to several major players in the chemical, engineering and pharmaceutical industry. Mr Zuleck holds a degree in law from Germany and a Master of Law in European Business Law.

Mr Thomas Adrian Schaetti

Independent Director, Mr Schaetti joined the Board of Directors on 28 April 2011. He has several years of working experience as a sales trader with several companies and financial institutions in Switzerland and Austria. He recently also worked as a consultant for some investment companies and industrial conglomerate. He has his own consultant firms, and he holds directorship in several companies in Switzerland and Austria.

Management Team

Mr Wolfgang Kloser

As a CEO, Mr Kloser plays a major role in steering the group towards stabilizing its businesses and achieving strategic growth. He is responsible for the Group's overall performance and to strengthen the net worth for the stakeholders.

Mr Richard Eason

Mr Eason was appointed as CEO of ***Brook Motors Ltd*** in April 2009, in charge of developing the distribution market in the UK, Middle East and Europe region. Following the restructuring of Lindeteves-Jacoberg Group in September 2010, he came under the direct employment of ***Brook Crompton UK Limited***, continuing his existing role plus added responsibility of overseeing the North American operations. Prior to this he has spent 20 years in the electric motor and drives industry, with focus on OEM and EPC business for large motors and drives, predominantly serving the oil & gas industries. Mr Eason holds a degree in Environmental Sciences from the University of Lancaster in the UK.

Mr George Tay

Mr George Tay has been with the LJ Group since 1985 He is now the director of ***Western Electric Asia Pte Ltd***, a position which he has held since 1992. He plays a major role in developing the distribution operation in the Asian region. He has a Bachelors Degree in Business Administration, a Diploma in Electrical Engineering and Graduate Diplomas in Marketing and Management Studies.

Ms Elaine Tan Bee Lin

Ms Elaine Tan joined ***Lindeteves-Jacoberg Limited*** as a Group Financial Controller in 2008 and became the Chief Financial Officer in January 2011. Ms Tan brought with her several years of working experience in the related field in a Statutory Board, a listed company and a big four accounting firm. She is a Fellow of Certified and Chartered Accountant and a holder of Master of Business and Administration (University of Hull, UK).

Chairman's Statement

The disposal of the manufacturing arm of the Lindeteves-Jacoberg Group ('LJ Group') under the restructuring program in September 2010 has allowed the Group to focus on its core business of distribution of electric motors. This has produced positive operational results for financial year 2011, with sales increased by 23% to reach S$52 million.

There was a change in the Company's ultimate shareholder. In October 2011, Wolong Holding Croup Co Ltd, having its registered company in the PRC, bought over the ATB Group from A-Tec Industries AG. We foresee potential cooperation with the ATB and Wolong Group in terms of strengthening our supply chain and sales channel.

As announced in September 2011, the High Court had granted against Lindeteves-Jacoberg Limited ('the Company') a summary judgment of RMB116.0 million for its failure to contribute towards unpaid capital to BCW Electric motor (Dalian) Co Ltd. Full provision amounting to S$23.9 million has been made for this judgment debt. As announced on 5th April 2012, the Company and Wolong Investment GmbH have entered into a Deed of Settlement for full and final settlement of the judgment debt. Arising from this Deed, the Company would be indebted to Wolong Investment GmbH for an amount of Euro 8.5 million, payable over a 5 year period free of interest, with last payment falling due on 2016. As the settlement amount is less than our full provision of S$23.9 million, there will be substantial write back of provision in 2012 amounting to approximately S$9.8 million. The final settlement of the judgment debt has relieved the Company from much of its financial burden.

With this major law suit out of the way, the Company can now focus on setting direction to strengthen the stability and growth of the Group's core business. The value of the Group lies on its well established trademark of Brook Crompton and its long established customers spanning Europe, Middle East, North America and Asia Pacific.

There were some changes to the board composition following the AGM held in April 2011. I replaced Mr Peter Sichrovsky as the non-executive and non-independent Chairman. At the same time, we welcome Mr Thomas Schaetti to the main Board as an independent director, he also serves as member of the Nominating Committee.

On behalf of the board, I would like to thank our shareholders for their support and especially to our immediate and ultimate shareholders for riding with us throughout the difficult period of the law suit settlement. I also like to thank my fellow board members for their wise counseling. To the staff of the LJ Group, thank you for your team spirit and for working towards the common goal of achieving stability and growth.

Christian Schmidt
Chairman
11 April 2011

Review of Operations

PERFORMANCE REVIEW

Turnover for financial year 2011 ('FY2011') has improved by 23.4% from the preceding year's S$42.14 million to the current year's S$52.02 million. This has generated a gross profit of S$17.27 million compared with preceding year's S$13.81 million. Putting aside an additional provision of S$8.89 million for the BCW judgment debt by Lindeteves-Jacoberg Limited ('the Company'), all expenses covering distribution and marketing, administrative and finance increased by 18.3%, yielding a net operating pre-tax profit of S$4.48 million. The increase in expenses came mainly from the increase in manpower costs. The growth in sales aligned with our projection mentioned in my report last year.

With this year's additional provision of S$8.89 million for the judgment debt relating to the unpaid capital contribution for BCW Dalian, the total judgment debt of S$23.90 million has been fully provided for. The additional provision has resulted in an overall after-tax loss of S$4.26 million for FY2011. There will be write back of over provision in 2012 after the recent settlement of the debt. Details of the settlement were outlined in Chairman's report.

As far as our business operation is concerned, all our distribution centres were profitable despite the financial uncertainties experienced in the Western regions during the past year.

OPERATIONS OVERVIEW

The increasing sales and positive bottom line of our distribution operation have shown that the Group's strategic plan of focusing its resources on its core business of distributing electric motors post the group restructuring in September 2010 has produced positive results, paving way for the Group towards achieving stability and growth.

The recent development in our regional operations is shown below:

Brook Crompton UK: covering UK, Europe and Middle East market

BC UK contributed 57% towards the Group's total turnover, with 92% of its total sales derived from the UK market, and the remaining from the Middle East and Europe.

We continue with our efforts towards achieving the targets as set in the preceding year:

a) focusing on increasing market share within its core UK market by introduction of a wider range of products sourced from our new Asian suppliers,

b) expansion of its Mainland European sector by increasing the appointment of regional distribution partners and direct sales to OEM customers, and

c) for the Middle East market, to re-establish ties with our former Brook distribution partners so as to service the end-user market where our brand name Brook has been in use in the past.

Fabryka Silnikow Elektrycznych Tamel S.A. (Poland) is still its major supplier. To expand its source of suppliers, the Group has been on the lookout for more third-party suppliers from Asia. It has successfully established good business relation with some manufacturers from China and succeeded in establishing a reliable supply chain. Quality, competitive pricing and level of services are still the pre-requisite towards any successful collaboration within the supply chain and the sales channel.

BC Canada and BC USA: covering North America market

For FY2011, turnover for our North America operations has improved by 24% compared with the preceeding year, contributing towards 34% of Group turnover.

The operational restructuring initiatives we started in 2010 proved successful in 2011. For the first time both companies made positive contributions to the group result. With the assistance of reliable Chinese suppliers our presence in the market can be further extended. The main target is to strengthen and extend our sales network as well as our local presence. With the increasing sales experienced in the past year, we saw room for more upside in sales demand. Nevertheless, with the uncertainties of the world economies still prevailing, we would carry out our strategic plans with caution.

Western Electric Asia: covering Asia Pacific market

The company contributed 9% towards total Group turnover with a 50% increase in sales. The demand for electric motors continues to grow in this region, albeit at a slower pace. However, competition for standard motors has put a squeeze on our margin. It is our plan to increase our product range beyond the standard motors by making available electric motors with high and premium efficiency as we see there are demands for these motors.

Our plans to recapture and increase our market share in Australia are being carried out.

OUTLOOK

While there is potential for further growth in the distribution of electric motors, we foresee the market for the sales of electric motors to remain tough, with inflation continues to set in. Our team has been hard at work to strengthen our supply chain management and sales channel, as these are the major contributors to our continuing success. We need to operate efficiently under the tight working capital constraint, with growth in mind.

Wolfgang Kloser
Chief Executive Officer

Corporate Governance

OUR COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance within the Company and its subsidiaries as part of its mission to enhance shareholder value for the long term. The Company's corporate governance policies and practices are guided by the corporate governance principles set out in the Singapore Code of Corporate Governance 2005 (the "Code").

In implementing the various aspects of the Code, and while adhering to its fundamental principles in promoting high standards of corporate conduct, the Company has adopted a practical approach in order to achieve an optimal balance with operational and strategic business goals.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board's role is to:

(a) Provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) Establish a framework of prudent and effective controls which enables risk to be assessed and managed;

(c) Review management performance; and

(d) Set the Company's values and standards, and ensure that obligations to shareholders and others are understood and met.

The Board regularly reviews the business plans and the financial performance of the Group, and has overall responsibility for corporate governance, including the adequacy of internal controls, risk management, compliance and financial reporting.

Principle 2: Board Composition and Guidance

The composition of the Board as at 31 December 2011 is as follows:

Christian Schmidt	Non-executive Chairman
Wolfgang Kloser	Chief Executive Officer
Dr Knut Unger	Independent, non-executive
Volker Felix Zuleck	Independent, non-executive
Thomas Adrian Schaetti	Independent, non-executive

The Board meets at least four times a year in order to review the performance of the preceding quarter, projections and to review and approve announcements. Members of the Board will meet and hold discussion regularly to deliberate on operational issues and provide continuing advice to management as the need arises. In the financial year ended 31 December 2011, four Board Meetings were held.

The Board comprises five (5) members, four (4) of whom are non-executive directors, where three (3) are independent directors. The Board has strong industry knowledge, expertise and experience in areas of engineering, law, finance and business management. A short description of each director's background is presented on page 4 of this annual report.

The Board is supported by three committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each committee has its own terms of reference setting out the scope of its duties.

Corporate Governance

The attendances of the Directors at the meetings of the Board and Board Committees during the financial year ended 31 December 2011 are as follows:–

				Board of Directors				Audit Committee				Nominating Committee	Remuneration Committee
	Director	Appointment	Resignation	18-Feb-11	28-Apr-11	12-Aug-11	11-Nov-11	18-Feb-11	28-Apr-11	12-Aug-11	11-Nov-11	18-Feb-11	18-Feb-11
1	Dr Knut Unger i Appointed as Member of AC on 1 August 2007 ii Appointed as Chairman of NC and RC on 1 Aug 2007 and redesignated to NC and RC member on 19 January 2009	1.8.2007	–	1	1	1	1	1	1	1	1	1	1
2	Volker Felix Zuleck i Appointed as AC, NC and RC Chairman on 19 Jan 2009	7.11.2008	–	1	1	1	1	1	1	1	1	1	1
3	Christian Schmidt i Appointed as RC Member on 17 January 2011 and appointed as Non-Executive and Non-Independent Chairman on 28 April 2011	1.1.2010	–	1	1	1	1	N/A	N/A	N/A	N/A	N/A	1
4	Wolfgang Kloser i Appointed as an Executive Director and Chief Executive Officer and AC Member on 17 January 2011	17.1.2011	–	1	1	1	1	1	1	1	1	N/A	N/A
5	Thomas Adrian Schaetti i Appointed as an Independent Director and NC Member on 28 April 2011)	28.4.2011	–	N/A	N/A	0	0	N/A	N/A	N/A	N/A	N/A	N/A
6	Peter Sichrovsky i Appointed as Non-Executive Director & Chairman on 27 Feb 2007; Appointed as CEO on 8 Aug 2007 & continued as Chairman ii Appointed as NC Member on 17 January 2011 iii Retired at the Sixty-Third Annual General Meeting held on 28 April 2011	27.2.2007	28.4.2011	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	N/A

Corporate Governance

Principle 3: Role of Chairman and CEO

The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman, Mr Christian Schmidt, is a Non-executive Director responsible for leading the Board and facilitating its effectiveness. The CEO, Mr Wolfgang Kloser, is an Executive Director responsible for the business direction and operational decisions of the Group. The Chairman and the CEO are not related.

The Chairman leads the Board to ensure its effectiveness and also to ensure the Board members are provided with accurate, timely and clear information. The Chairman monitors communications between the Company and its shareholders and between Board and Management to encourage constructive relation and dialogue between them.

Principle 4 and 5: Board Membership and Performance

The composition of NC is outlined below. The NC shall comprise at least three directors, a majority of whom, including the Chairman shall be Independent.

Mr Volker Felix Zuleck	Chairman of the Committee
Dr Knut Unger	Member
Mr Thomas Adrian Schaetti	Member

The NC will meet as and when necessary and has its own Terms of Reference approved by the Board that sets out its roles and responsibilities amongst the selection and nomination process and recommendation of appointing new directors to the Board and re-election of retiring directors at the Company’s Annual General Meeting.

The Articles of Association of the Company provides for at least one-third of the directors except the CEO to retire and subject themselves to re-election by shareholders at every Annual General Meeting and for all directors to do so at least once in every three years.

In the nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. The NC also reviews annually the independence of the independent director and the overall performance and effectiveness of the Board as a whole.

Principle 6: Access to Information

Directors are furnished with sufficient information in the form of board reports prepared by the Management prior to board meetings. The Board has full access to the Management and the Company Secretary, records and other information as they may require. Each director may also seek such independent professional advice on any Company matters as he may require and the cost of which is to be borne by the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration

The composition of RC members as at 31 December 2011 is outlined below. The RC shall have a minimum of three members who shall entirely comprise non-executive directors, the majority of whom, including the Chairman, should be independent.

Mr Volker Felix Zuleck	Chairman of the Committee
Dr Knut Unger	Member
Mr Christian Schmidt	Member

The RC has its own Terms of Reference approved by the Board that sets out its roles & responsibilities.

The responsibilities of the RC are to review and recommend to the Board for approval, a framework for remuneration and to determine the specific remuneration packages and terms of employment for each of the Group's executive directors and senior executive officers including those of employees related to executive directors and controlling shareholders of the Company. The review also includes the nature of compensation commitments on key management contracts of service in the event of early termination and that the contracts do not have excessively long or onerous removal clauses.

In addition, the RC also reviews the appropriateness of compensation for non-executive directors including but not limited to director's fees, allowances and share options (where applicable). The level of each director's remuneration for the financial year 2011 is shown below:

	Fee	Salary	Allowances	Bonus
	%	%	%	%
Below S$250,000				
Mr Wolfgang Kloser	Nil	67	Nil	33
Dr Knut Unger	100	Nil	Nil	Nil
Mr Volker Zuleck	100	Nil	Nil	Nil
Mr Thomas Adrian Schaetti	100	Nil	Nil	Nil

There are no employees of the Company who are immediate family members of a director or CEO.

There were two top executives with remuneration within the range of S$250,000 to S$500,000 and both are directors of Brook Crompton UK Limited. The level of each executive's remuneration for the financial year 2011 is shown below:–

	Fee	Salary	Allowances	Bonus	Post Employment Benefit
	%	%	%	%	%
S$250,000 to S$500,000					
Mr Richard Eason	Nil	62	6	25	7
Mr Paul Hopley	Nil	62	6	24	7

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In the discharge of its duties to shareholders, the Board seeks to provide shareholders with a detailed analysis, explanation and assessment of the Group's performance, financial position and prospects when reporting quarterly, half-yearly and full year financial results.

Principle 11: Audit Committee

The composition of AC as at 31 December 2011 is outlined below.

Mr Volker Felix Zuleck	Chairman of the Committee
Dr Knut Unger	Member
Mr Wolfgang Kloser	Member

The AC comprises three directors, the majority of whom, including the Chairman, are Independent. All members of this Committee are non-executive except for Mr Wolfgang Kloser who is the Chief Executive Officer of the Company. Mr Kloser works closely with the AC members and is being guided by the AC members to uphold the independence of the AC. The Board is of the view that all the members of the AC are appropriately qualified to discharge their responsibilities.

The AC has its own Terms of Reference approved by the Board that sets out its roles & responsibilities.

The AC meets at least four times a year, primarily to review the Company's financial performance, projections and announcements of each quarter which are tabled to the Board. The AC meets on other occasions informally to deliberate on matters within its purview.

The AC also reviews the financial reporting process, the system of internal control and the audit process and reports tabled to it. Specifically the AC undertakes the following:

(a) Review the scope and the results of internal audit procedures with the internal auditor;

(b) Review the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(c) Review of the Statement of financial position of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statement of the Group;

(d) Make recommendations to the Board regarding the appointment of the external auditors.

(e) Consider the independence of the external auditors annually, including reviewing the range of services provided in the context of all non-audit services bought by the Company, seeking to balance maintenance of objectivity and value for money. The audits of the Company and its Singapore incorporated subsidiaries are undertaken by PricewaterhouseCoopers LLP. Rule 716 of the Listing Manual of the SGX-ST is complied with.

(f) Meet with the external auditors, without the presence of the Management, to discuss any matters that the AC or auditors believe should be discussed privately.

(g) Review interested persons transactions.

Auditors' fees are as follows:

	2011	2010
	$'000	$'000
Fees on audit services paid/payable to:		
– Auditor of the Company	115	242
– Other auditors	237	306
Fees on non-audit services paid/payable to:		
– Auditor of the Company	63	38
– Other auditors	19	–

The Audit Committee is satisfied with the independence and objectivity of the external auditor and recommends to the Board the nomination of the external auditor for reappointment. The Audit Committee is satisfied that the nature and extent of such services do not affect the independence of the external auditor.

Principle 12: Internal Controls
Principle 13: Internal Audit

The Board recognises the importance of a sound system of internal controls to safeguard the shareholders' interests and investments and the Company's assets, and to manage risks. The Board affirms its overall responsibility for reviewing the adequacy and integrity of the systems of internal controls maintained by the Group. The system by its nature can only provide reasonable but not absolute assurance against material misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

The internal audit function is outsourced to an internal audit professional firm. The Internal Auditors report directly to the Chairman of the AC on internal audit matters. To ensure adequacy of internal audit functions, the AC receives and approves the internal audit plan on an annual basis.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Board with the concurrence of the Audit Committee are of the opinion that the Group's internal control, addressing financial, operational and compliance risks were adequate.

Principle 14: Communication with Shareholders
Principle 15: Greater Shareholder Participation

The Company has a communication policy that allows the company to effectively communicate with its shareholders:

(a) Providing the shareholders in a timely manner, with balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to quarterly announcements of financial results, other price sensitive public reports and reports to regulators.

(b) Ensuring the Company regularly and in a timely manner conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. Such disclosures will be in a manner as required by applicable laws and requirements.

(c) Disclosing in the Company's annual report the number of board meetings held in the year, and meetings of specialised committees established by the Board. Board and committee meeting attendance represent a part and not the full reflection of the contributions of Board members to the Company.

(d) Enabling shareholders full opportunity to participate effectively and to vote and to communicate their views at Annual General Meetings.

DEALING IN SECURITIES

The Company has adopted its own internal codes in line with Rule 1207(19) of the Listing Manual of the SGX-ST applicable to all its officers in relation to dealings in the Company's securities. The Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. In addition, the Directors and officers of the Company are discouraged from dealing in the Company's securities on short term considerations.

INTERESTED PERSON TRANSACTIONS

At the Annual General Meeting held on 28 April 2011, shareholders of the Company approved a General Mandate to enable the Company, and its subsidiaries to enter into any transactions with ATB, A-TEC and any of its associates and its group of subsidiaries.

The interested person transactions presented in the format pursuant to Rule 907 of the Listing Manual of the SGX-ST is tabled below:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 each)			
	Transactions not conducted under shareholders' mandate pursuant to Rule 920		Transactions conducted under shareholders' mandate pursuant to Rule 920	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
General Transactions				
ATB Antrieb Nordenham	–	–	1,796	1,916
ATB Austria Antriebstechnik AG	–	–	–	2,305
ATB Welzheim	–	–	–	1,378
ATB Motorenwerke GmbH	–	–	122	1,232
ATB Benelux	–	–	–	2,705
Tamel S.A.			16,388	3,283
Schorch	–	–	373	–
Treasury Transactions				
ATB Austria Antriebstechnik AG	–	–	1,124	690
ATB GMZ GmbH	–	–	643	–
Purchase consideration for disposal of Manufacturing Arm*				
ATB Group	–	206,659	–	–
		206,659	**20,446**	**13,509**

*Note: approval obtained from shareholders at EGM held on 23rd August 2010.

MATERIAL CONTRACTS

Saved as disclosed under Corporate Governance, in the Directors' Report and in the Financial Statements, the Company and its subsidiaries did not enter into any material contracts involving the interests of the directors or controlling shareholder during the financial year and no such material contracts still subsist at the end of the financial year.

RISK MANAGEMENT

The Board recognises the importance of a sound system of internal controls and risk management practices. Risk management is an integral part of all decisions and business processes in the Group. The management structure, the planning system, and the reporting and information systems form the basis for the organizational integration of risk management into business processes.

As a global enterprise, the Group is exposed to a wide variety of risks in the course of its worldwide activities. The goal is to identify the potential risks associated with our activities as early as possible, assess the possible quantitative and qualitative consequences of their occurrence, and take suitable measures to mitigate them.

Reporting plays a key role in monitoring the risks of our everyday business. Group accounting and controlling functions support these activities. Risk management practices would not be effective without monitoring and audit controls to ensure compliance.

Financial Contents

Directors' Report

For the financial year ended 31 December 2011

The directors present their report to the shareholders together with the audited financial statements of the Group for the financial year ended 31 December 2011 and the statement of financial position of the Company as at 31 December 2011.

Directors

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

Mr Thomas Adrian Schaetti (Appointed on 28 April 2011)
Mr Wolfgang Kloser
Dr Knut Unger
Mr Volker Felix Zuleck
Mr Christian Schimdt

Arrangements to enable Directors to acquire shares and debentures

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

Directors' interests in shares and debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director	
	At 31.12.2011	**At 1.1.2011 or date of appointment if later**
Company		
(Number of ordinary shares)		
Mr Knut Unger	200,000	–
Mr Volker Zuleck	500,000	500,000

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2012 were the same as those as at 31 December 2011.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or any subsidiary.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary.

There were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

Directors' Report

For the financial year ended 31 December 2011

Audit Committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Mr Volker Felix Zuleck	Independent (Chairman)
Dr Knut Unger	Independent
Mr Wolfgang Kloser	Executive

The AC meets at least four times a year primarily to review the Group's and the Company's financial performance, projections and announcements of each quarter which are tabled to the Board of Directors. The AC meets on other occasions to deliberate on matters within its purview.

The AC also reviews the financial reporting process, the system of internal control and the audit process and reports tabled to it. Specifically, the AC undertakes the following:

- Review the scope and the results of internal audit procedures with the internal auditor;
- Review the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- Review the assistance given by the Company's management to the independent auditor;
- Review of the statement of financial position of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statement of the Group; and
- Makes recommendations to the Board of Directors on the nomination of PricewaterhouseCoopers LLP for re-appointment as independent auditor of the Company at the Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

WOLFGANG KLOSER
Chief Executive Officer, Director

VOLKER FELIX ZULECK
Director

11 April, 2012

Statement by Directors

For the financial year ended 31 December 2011

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 22 to 83 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds as set out in Note 3 to the financial statements, to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

WOLFGANG KLOSER
Chief Executive Officer, Director

VOLKER FELIX ZULECK
Director

11 April, 2012

Independent Auditor's Report to the Shareholders of Lindeteves-Jacoberg Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Lindeteves-Jacoberg Limited (the "Company") and its subsidiaries (the "Group") set out on pages 22 to 83, which comprise the statements of financial position of the Group and of the Company as at 31 December 2011, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Basis for Qualified Opinion

We were appointed as independent auditor of the Company on 5 January 2012 and thus did not observe the counting of the physical inventories at the beginning of the year ended 31 December 2011. We were unable to satisfy ourselves by alternative means concerning the quantities and value of inventories held in North America at 31 December 2010 which enter into the determination of the results and cash flows. Accordingly, we were unable to determine whether adjustments might have been necessary in respect of the loss for the year reported in the statement of comprehensive income, the statement of changes in equity of the Group, and the net cash flows from operating activities reported in the statement of cash flows of the Group.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements of the Group and the statement of financial position 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 state of affairs of the Group and of the Company and of the results, changes in equity and cash flows of the Group for the financial year ended 31 December 2011.

Independent Auditor's Report to the Shareholders of Lindeteves-Jacoberg Limited

Report on the Financial Statements (Continued)

Emphasis of Matter – Going Concern Assumption

We draw attention to Note 3 to the financial statements which indicate that the current liabilities exceeded the current assets of the Group and of the Company by $14,945,000 and $25,063,000 respectively, and the total liabilities exceeded the total assets of the Group and of the Company by $12,968,000 and $52,790,000 respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt over the ability of the Group and of the Company to continue as going concerns. Our opinion is not qualified in respect of this matter.

Other Matter

The financial statements for the year ended 31 December 2010 were audited by another independent auditor who expressed an unqualified audit opinion on those statements on 11 April 2011. The audit report issued by that independent auditor drew attention to the following matters in the financial statements for the year ended 31 December 2010: (a) the provision for alleged unpaid capital contribution and default payment, and (b) the going concern assumption.

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 subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 11 April 2012

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2011

	Note	2011 $'000	2010 $'000
Continuing operations			
Sales	5	**52,019**	42,144
Cost of sales	6	**(34,747)**	(28,337)
Gross profit		**17,272**	13,807
Other income	5	**1,446**	3,702
Expenses			
– Distribution and marketing	6	**(5,949)**	(5,097)
– Administrative	6	**(7,590)**	(6,354)
– Finance	8	**(167)**	(120)
– Others	6	**(9,423)**	(464)
(Loss)/profit before income tax		**(4,411)**	5,474
Income tax credit/(expense)	9.1	**152**	(596)
(Loss)/profit from continuing operations		**(4,259)**	4,878
Discontinued operations			
Profit from discontinued operations	10	**–**	123,390
Total (loss)/profit attributable to equity holders of the Company		**(4,259)**	128,268
Other comprehensive loss:			
Currency translation differences arising from consolidation		**(32)**	245
Reclassification of currency translation reserves on disposal of manufacturing segment		**–**	(15,631)
Other comprehensive loss, net of tax		**(32)**	(15,386)
Total comprehensive (loss)/income for the year, attributable to equity holders of the Company		**(4,291)**	112,882
(Loss)/earnings per share for (loss)/profit from continuing and discontinued operations attributable to equity holders of the Company (cents per share)			
Basic and diluted (loss)/earnings per share			
From continuing operations	11	**(0.6)**	0.7
From discontinued operations		**–**	17.4
		(0.6)	18.1

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**1,610**	1,972	**785**	197
Trade and other receivables	13	**9,840**	8,899	**558**	407
Prepayment		**1,129**	443	**5**	3
Inventories	14	**14,757**	7,699	**–**	–
		27,336	19,013	**1,348**	607
Non-current assets					
Other receivables	15	**–**	–	**8,567**	10,498
Investments in subsidiaries	16	**–**	–	**13,742**	13,742
Property, plant and equipment	17	**2,436**	2,595	**9**	23
Investment property	18	**–**	147	**–**	147
Intangible assets	19	**8**	9	**8**	9
Deferred income tax assets	20	**31**	250	**–**	–
		2,475	3,001	**22,326**	24,419
Total assets		**29,811**	22,014	**23,674**	25,026
LIABILITIES					
Current liabilities					
Trade and other payables	21	**13,613**	11,622	**2,253**	769
Derivative financial instruments	22	**278**	–	**–**	–
Current income tax liabilities	9.2	**319**	357	**257**	49
Provision for employee benefits	23	**48**	50	**–**	–
Provision for warranty	24	**101**	68	**–**	–
Provisions for legal claims	25	**23,901**	17,034	**23,901**	17,034
Borrowings	26	**4,021**	753	**–**	–
		42,281	29,884	**26,411**	17,852
Non-current liabilities					
Other payables	27	**–**	–	**50,053**	49,505
Retirement benefit obligations	28	**69**	139	**–**	–
Deferred income tax liabilities	20	**429**	668	**–**	–
		498	807	**50,053**	49,505
Total liabilities		**42,779**	30,691	**76,464**	67,357
NET LIABILITIES		**(12,968)**	(8,677)	**(52,790)**	(42,331)
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	29	**149,642**	149,642	**149,642**	149,642
Other reserves	30	**(5,515)**	(5,483)	**16,852**	16,852
Accumulated losses		**(157,095)**	(152,836)	**(219,284)**	(208,825)
Total equity		**(12,968)**	(8,677)	**(52,790)**	(42,331)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2011

	<— Attributable to equity holders of the Company				—>
Group	Share capital $'000	Capital reserve $'000	Currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
2011					
Beginning of financial year	149,642	16,852	(22,335)	(152,836)	(8,677)
Total comprehensive loss for the financial year	–	–	(32)	(4,259)	(4,291)
End of financial year	149,642	16,852	(22,367)	(157,095)	(12,968)
2010					
Beginning of the financial year	149,642	16,852	(6,949)	(281,104)	(121,559)
Total comprehensive income/(loss) for the financial year	–	–	(15,386)	128,268	112,882
End of financial year	149,642	16,852	(22,335)	(152,836)	(8,677)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Total (loss)/profit		**(4,259)**	128,268
Adjustments for:			
– Income tax (credit)/expense	9	**(152)**	1,897
– Amortisation and depreciation	6	**217**	6,470
– Retirement benefit plan expense	28.3	**141**	1,655
– Interest expense		**167**	1,379
– Interest income		**(12)**	(9)
– Waiver of amount due to immediate holding corporation		**–**	657
– Loss/(gain) on disposal of property, plant and equipment		**2**	(106)
– Impairment loss of property, plant and equipment		**–**	634
– Impairment loss of investment property		**133**	–
– Gain on disposal of subsidiaries	10	**–**	(133,932)
– Provisions for legal claims		**8,890**	–
– Unrealised currency translation gains		**(34)**	(929)
		5,093	5,984
Change in working capital, net of effects from acquisition and disposal of subsidiaries:			
– Inventories		**(7,058)**	1,603
– Trade and other receivables		**(941)**	(27,337)
– Prepayment		**(686)**	(380)
– Trade and other payables		**277**	22,794
– Derivative financial instrument		**278**	–
– Provision for employee benefits and warranty		**31**	(439)
– Provision for legal claims		**(2,023)**	–
Cash (used in)/generated from operations		**(5,029)**	2,225
Interest received		**12**	9
Income tax refund/(paid)	9	**100**	(784)
Retirement benefit contribution paid	28.3	**(210)**	(983)
Net cash (used in)/provided by operating activities		**(5,127)**	467

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2011

	Note	2011 $'000	2010 $'000
Cash flows from investing activities			
Additions to property, plant and equipment		(57)	(2,073)
Disposal of property, plant and equipment		1	548
Additions of intangible assets		(10)	(159)
Disposal of subsidiaries		–	7,979
Net cash (used in)/provided by investing activities		(66)	6,295
Cash flows from financing activities			
Repayment of lease liabilities		–	(217)
Interest paid		(167)	(1,358)
Advances from immediate holding corporation		1,092	1,563
Advances from related corporation		622	–
Proceeds of bank borrowings		2,876	2,822
Repayment of bank borrowings		–	(4,855)
Cash not available for use		–	(262)
Net cash provided by/(used in) financing activities		4,423	(2,307)
Net (decrease)/increase in cash and cash equivalents		(770)	4,455
Cash and cash equivalents			
Beginning of financial year		1,219	(3,716)
Effects of currency translation on cash and cash equivalents		16	480
End of financial year	12	465	1,219

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General corporate information

Lindeteves-Jacoberg Limited (the “Company”) is a public limited company, incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The address of its registered office and principal place of business is 141 Market Street, #07-01 International Factors Building, Singapore 048944.

The immediate holding corporation is ATB Austria Antriebstechnik AG (“ATB”), incorporated in the Republic of Austria. Up to 19 October 2011, A-Tec Industries AG, incorporated in the Republic of Austria, was the ultimate holding corporation. From 20 October 2011, the ultimate holding corporation is Wolong Holding Group Co. Ltd, incorporated in the People’s Republic of China.

The principal activities of the Company consist of investments holding and provision of management services to its subsidiaries. The principal activities of the significant subsidiaries are set out in Note 31 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollar ($) and rounded to the nearest thousand ($’000) unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to exercise judgement in applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 and Note 4.

Interpretations and amendments to published standards effective in 2011

On 1 January 2011, the Group adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application from that date. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The following are the new or amended Standards and Interpretations adopted by the Group:

- Amendments to FRS 24 Related Party Disclosures effective 1 January 2011
- Annual Improvements 2010 effective for annual periods beginning on or after 1 January 2011, unless otherwise stated:
    - FRS 1 *Presentation of Financial Statements*
    - Transition requirements for amendments arising as a result of FRS 27 *Consolidated and Separate Financial Statements* (Effective 1 July 2010)
    - FRS 107 *Financial Instruments: Disclosure*

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Group accounting

Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. Significant accounting policies (Continued)

2.2 Group accounting (Continued)

Subsidiaries (Continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2. Significant accounting policies (Continued)

2.3 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value added goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods*

Revenue from these sales is recognised when a Group entity has delivered the goods to locations specified by its customers and the customers have accepted the goods in accordance with the sales contract.

(b) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Dividend income*

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

(e) *License fee income*

License fee income is recognised upon sales of electric motors by third parties that bear the Group's trademark.

(f) *Commission income*

Commission income is recognised upon sales of goods by related corporations for customers introduced by the Group.

2. Significant accounting policies (Continued)

2.4 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Post-employment benefits*

The Group operates both defined benefit and defined contribution post-employment benefit plans.

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when due.

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefits that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised on the statements of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for recognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Past service costs are recognised immediately in expense, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(b) *Termination benefits*

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Notes to the Financial Statements
For the financial year ended 31 December 2011

2. Significant accounting policies (Continued)

2.5 Leases

(a) *When the Group is the lessee:*

The Group leases offices and warehouses under operating leases from non-related parties.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) *When the Group is the lessor:*

The Group leases offices and warehouses under operating leases to non-related parties and related corporation.

Lessor – Operating leases

Leases of offices and warehouses where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial indirect costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Finance leases

Leases of property, plant and equipment where the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and borrowings respectively at the inception of the leases at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding lease liability. The finance charge is recognised in profit or loss and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by end of the lease term.

Contingent rents are recognised as expense in profit or loss in the financial year in which they are incurred.

2. Significant accounting policies (Continued)

2.6 Borrowings and borrowing costs

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This include those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.7 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

2. Significant accounting policies (Continued)

2.8 Assets/liabilities classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation are entities, an entity, and/or a component of an entity that either have been disposed of, or that is classified as held for sale and

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

2.9 Impairment of non-financial assets

Other intangible assets
Property, plant and equipment
Investment property
Investments in subsidiaries

Other intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (being the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

2. Significant accounting policies (Continued)

2.9 Impairment of non-financial assets (Continued)

Other intangible assets
Property, plant and equipment
Investment property
Investments in subsidiaries (Continued)

An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.10 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.11 Financial assets

(a) Classification

The Group classifies its financial assets into the following categories: loans and receivables. The classification depends on the purpose for which the assets were acquired. The management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

2. Significant accounting policies (Continued)

2.11 Financial assets (Continued)

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Loans and receivables are carried at amortised cost, where applicable, using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Interest and dividend income of financial assets are recognised separately in income.

2. Significant accounting policies (Continued)

2.11 Financial assets (Continued)

(e) Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Group will not be able to collect the amounts due according to the original and renegotiated terms of the receivables. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy, and default or significant delays in payments are objective evidence that these financial assets are impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in profit or loss.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2. Significant accounting policies (Continued)

2.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of goods for resale comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.13 Property, plant and equipment

(a) Measurement

Property, plant and equipment are stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

2. Significant accounting policies (Continued)

2.13 Property, plant and equipment (Continued)

(b) Depreciation

Depreciation on property, plant and equipment, other than freehold land, is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings on freehold land	50 years
Leasehold land and buildings	Term lease, being not more than 50 years
Plant, machinery and office equipment	4 – 12 years
Motor vehicles	4 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate at each statement of financial position date. The effects of any revision are recognised in profit or loss when incurred.

No depreciation is provided on freehold land and capital work-in-progress. Depreciation is provided when construction and installation of an asset are complete and the asset is ready for its intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Derecognition

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 determined as the difference between the sales proceeds and the carrying amount of the asset as of the derecognition date and is recognised in profit or loss. Any amounts in the revaluation reserve relating to that asset are transferred to retained earnings directly.

2. Significant accounting policies (Continued)

2.14 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at each statement of financial position date. The effects of any revision are included in profit or loss when the changes arise.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvement is recognised in profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the disposal proceeds and the carrying amounts is recognised in profit or loss.

2.15 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(b) Computer software

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The costs are amortised to profit or loss using the straight-line method over their useful lives of 4-5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least once at each statement of financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Significant accounting policies (Continued)

2.16 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if they are due within one year or less (or in the normal operating cycle if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value and subsequently carried at amortised cost using the effective interest rate method.

2.17 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

2.18 Derivative financial instrument

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The fair value of a trading derivative is presented as a current asset or liability.

2. Significant accounting policies (Continued)

2.19 Provisions

Provisions for legal claims are recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability for after-sales support for warranty claims by customers at the date of statement of financial position. This provision is calculated based on past historical experience of after sales support for warranty claims.

2.20 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.22 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and demand deposits, bank overdrafts and other highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes loss. Bank overdrafts are included in borrowings on the statement of financial position.

2.23 Foreign currency translation

(a) Functional currency

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statement of the Group and the statement of financial position of the Company are presented in Singapore dollar, which is the functional currency of the Company.

2. Significant accounting policies (Continued)

2.23 Foreign currency translation (Continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency exchange gains and losses resulting from the settlement of transactions in foreign currencies and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments qualifying as net investment hedges and net investments hedges and net investments in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve in the consolidated financial statements.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless the average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

Notes to the Financial Statements
For the financial year ended 31 December 2011

3. Going concern assumption

For the financial year ended 31 December 2011, the Group incurred a loss of $4,259,000. At 31 December 2011, the current liabilities exceeded the current assets of the Group and of the Company by $14,945,000 and $25,063,000 respectively, and the total liabilities exceeded the total assets of the Group and of the Company by $12,968,000 and $52,790,000 respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt over the ability of the Group and of the Company to continue as going concerns.

Notwithstanding the above, the financial statements have been prepared under the going concern assumption on the following bases:

- In respect of the summary judgement sum granted against the Company on 30 September 2011 amounting to RMB115,969,076 (equivalent to $23,901,000) which was payable on demand, the Company entered into a deed of settlement with Wolong Investment GmbH, a wholly-owned subsidiary of Wolong Holding Group Co. Ltd, the ultimate holding corporation of the Company, subsequent to the end of the financial year on 5 April 2012. As described in note 25 to the consolidated financial statements, under the deed of settlement, the Company is required to pay €253,333 (equivalent to $425,000) on or before 15 December 2012 and the balance in instalments until 15 December 2016.

- The directors are confident of receiving continued financial support from the Company's major shareholders, the Group's suppliers and creditors, and other financial institutions in relation to the credit facilities made available to the Group.

In the event that continued financial support from the Company's major shareholders, the Group's suppliers and creditors, and other financial institutions is not forthcoming, and as a result the Company and the Group are unable to meet its obligations as and when they fall due and to continue as going concerns, adjustments would have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the balance sheet. In addition, the Company and the Group may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

4. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements 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.

Income tax losses carry forward

There is a total of $75,697,000 (2010: $78,344,000) unrecognised tax losses as at end of reporting period. The utilisation of tax losses is subject to the agreement of tax authority. Deferred income tax assets have not been recognised as future taxable profits are not probable. The Group would only recognise the amount of tax losses as deferred income tax assets when the Group is in a continuing profitable position and to the extent that future taxable income can be reasonably ascertained.

5. Revenue and other income

	Group	
	2011	2010
	$'000	$'000
Sales of goods	**52,019**	42,144
Other income:		
– Currency exchange gain	**121**	3,015
– License fee income	**705**	–
– Commission income	**116**	288
– Interest income	**12**	9
– Rental income from offices and warehouses	**309**	310
– Others*	**183**	80
	1,446	3,702
	53,465	45,846

* Others comprise the aggregate of items which are individually immaterial.

Notes to the Financial Statements
For the financial year ended 31 December 2011

6. Expenses by nature

	Group	
	2011	2010
	$'000	$'000
Spare parts and goods for resale	**41,893**	27,009
Amortisation for intangible assets	**11**	9
Depreciation of property, plant and equipment	**206**	212
Total amortisation and depreciation	**217**	221
Changes in inventories of spare parts and goods for resale	**(7,058)**	1,149
Waiver of amount due to immediate holding corporation	**–**	(657)
Directors' fees	**100**	80
Employee compensation (Note 7)	**6,255**	5,753
Impairment of property, plant and equipment	**–**	88
Impairment of investment property	**133**	–
Impairment loss of trade and other receivables – net	**(105)**	(9)
Insurance	**266**	250
Inventories obsolescence		
– Charged	**–**	105
– Written back	**(210)**	(109)
Legal and professional fees	**1,854**	1,258
Provisions for legal claims	**8,890**	–
Rental on operating leases	**1,266**	1,235
Sales commission	**723**	465
Travelling and transportation expenses	**1,364**	1,259
Write off of trade receivables	**98**	–
Others*	**2,023**	2,155
	57,709	40,252
Cost of sales	**34,747**	28,337
Distribution and marketing expenses	**5,949**	5,097
Administrative expenses	**7,590**	6,354
Other expenses	**9,423**	464
	57,709	40,252

* Others comprise the aggregate of items which are individually immaterial.

7. Employee compensation

	Group	
	2011	**2010**
	$'000	**$'000**
Salaries, wages and other benefits	**5,281**	52,258
Employer's contribution to defined contribution plans, including Central Provident Funds and social security charges	**833**	8,159
Employer's contribution to retirement benefits plan (Note 28.2)	**141**	1,655
	6,255	62,072
Less: Amounts attributable to discontinued operations	**–**	(56,319)
Amounts attributable to continuing operations (Note 6)	**6,255**	5,753

8. Finance expenses

	Group	
	2011	**2010**
	$'000	**$'000**
Interest expense:		
– Bank borrowings	**78**	120
– Factoring	**87**	–
– Loan from immediate holding corporation	**2**	–
	167	120

9. Income taxes

9.1 Income tax expense

	Group	
	2011	**2010**
	$'000	**$'000**
Tax expense attributable to profits is made up of:		
Profit from current financial year:		
From continuing operations		
Current income tax		
– Singapore	**11**	–
– Foreign	**67**	559
	78	559
Deferred income tax (Note 20.2)	**(15)**	–
	63	559
From discontinued operations		
Current income tax	**–**	(184)
Deferred income tax (Note 20.2)	**–**	1,485
	63	1,860
From continuing operations		
(Over)/under provision in prior financial years	**(215)**	37
Tax (credit)/expense	**(152)**	1,897

9. Income taxes (Continued)

9.1 Income tax expense (Continued)

	Group 2011 $'000	Group 2010 $'000
Tax expense is attributable to:		
– continuing operations	**(152)**	596
– discontinued operations (Note 10)	**–**	1,301
	(152)	1,897

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2011 $'000	Group 2010 $'000
(Loss)/profit before income tax		
– Continuing operations	**(4,411)**	5,474
– Discontinued operations	**–**	124,691
	(4,411)	130,165
Tax calculated at tax rate of 17% (2010: 17%)	**(750)**	22,128
Effects of changes in tax rate	**(102)**	(2)
Effects of different tax rates in other countries	**318**	25,812
Income not subject to tax	**(664)**	(51,690)
Effect of concessionary tax treatment	**(10)**	(25)
Expenses not deductible for tax purposes	**2,155**	1,521
Temporary deductible differences not recognised	**33**	5,196
Utilisation of previously unrecognised deferred income taxes – net	**(909)**	(1,065)
Other	**(8)**	(15)
Tax charge	**63**	1,860

9. Income taxes (Continued)

9.2 Movements in current income tax liabilities

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Beginning of financial year	**357**	1,300	**49**	123
Income tax refund/(paid)	**100**	(784)	**109**	(331)
Tax expense	**78**	600	**10**	227
(Over)/under provision in prior financial years	**(215)**	(188)	**89**	30
Currency translation difference	**(1)**	(129)	**–**	–
Disposal of subsidiaries	**–**	(442)	**–**	–
End of financial year	**319**	357	**257**	49

9.3 The tax charge relating to each component of other comprehensive loss as follows:

	2011			2010		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
	$'000	$'000	$'000	$'000	$'000	$'000
Currency translation differences arising from consolidation and disposal of subsidiaries	**(32)**	**–**	**(32)**	(15,386)	–	(15,386)
Other comprehensive loss	**(32)**	**–**	**(32)**	(15,386)	–	(15,386)

10. Discontinued operations and assets/liabilities classified as held for sale

Manufacturing segment under Schorch, Tamel, LJ Gmbh and BML

On 18 June 2010, the Company entered into a sale and purchase agreement to dispose of the manufacturing segment to ATB Group. The sale was completed on 30 September 2010 following shareholders' approval on 23 August 2010.

Gain from discontinued operations is analysed as follows:

	Group
	2010
	$'000
Loss of Schorch, Tamel, LJ Gmbh and BML manufacturing segment during the financial year	(10,542)
Gain on disposal of Schorch, Tamel, LJ Gmbh and BML	133,932
	123,390

10. Discontinued operations and assets/liabilities classified as held for sale (Continued)

The analysis of the results of the discontinued operations is as follows:

	Group 2010 $'000
Revenue	140,358
Expenses*	(149,599)
Results from operating activities	(9,241)
Income tax expense	(1,301)
Results from operating activities, net of income tax	(10,542)
Gain on sale of discontinued operations	133,932
Profit	123,390

* inclusive of non-audit fees amounting to $38,000 payable to the auditors of the Company.

The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group 2010 $'000
Operating cash inflows	824
Investing cash outflows	(1,757)
Financing cash outflows	(3,805)
Total cash outflows	(4,738)

Details of the disposal of subsidiaries are as follows:

	Group 2010 $'000
Current assets	
Cash and cash equivalents	9,926
Trade and other receivables	88,843
Prepayment	814
Inventories	16,075
Total current assets	115,658
Non-current assets	
Property, plant and equipment	88,648
Intangible assets	177
Total non-current assets	88,825
Current liabilities	
Trade and other payables	45,608
Current tax payables	442
Provision for employee benefits	810
Provision for warranty	1,353
Borrowings	14,736
Total current liabilities	62,949

10. Discontinued operations and assets/liabilities classified as held for sale (Continued)

Details of the disposal of subsidiaries are as follows: (Continued)

	Group 2010 $'000
Non-current liabilities	
Borrowings	1,353
Other payables	12,937
Retirement benefit obligations	37,735
Provision for employee benefits	413
Deferred income tax liabilities	6,876
Total non-current liabilities	59,314
Net identifiable assets and liabilities disposed	82,220
Re-classification of currency translation reserve	(15,631)
	66,589
Sales consideration from the disposal	200,773
	134,184
Costs directly attributable to disposal	(252)
Gain on disposal	133,932

11. Earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity owners of the Company by the actual number of ordinary shares in issue during the financial year.

	Group 2011 $'000	Group 2010 $'000
Net (loss)/profit attributable to equity owners of the Company ($'000)		
– Continuing operations	**(4,259)**	4,878
– Discontinued operations	**–**	123,390
	(4,259)	128,268
Actual number of ordinary shares in issue during the financial year applicable to basic and diluted (loss)/earnings per share ('000)	**709,178**	709,178
Basic and diluted (loss)/earnings per ordinary share (cents)		
– Continuing operations	**(0.6)**	0.7
– Discontinued operations	**–**	17.4
	(0.6)	18.1

As the Group has no dilutive potential ordinary shares, the diluted (loss)/earnings per share is also the basic (loss)/earnings per share.

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For the financial year ended 31 December 2011

12. Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Cash at bank and on hand	**1,610**	1,489	**785**	197
Short-term bank deposits	**–**	483	**–**	–
	1,610	1,972	**785**	197

Short-term bank deposits at the end of the reporting period had an average maturity of nil months (2010: 2 months) from the end of the reporting period with the following average effective interest rates:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Australian dollar ("AUD")	**–**	3.6%	**–**	–
New Zealand dollar ("NZD")	**–**	3.0%	**–**	–

For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:

	Group	
	2011	2010
	$'000	$'000
Cash and cash equivalents	**1,610**	1,972
Less: Bank overdrafts (Note 26)	**(1,145)**	(753)
Cash and cash equivalents per consolidated statement of cash flows	**465**	1,219

13. Trade and other receivables – current

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Trade receivables				
– non-related parties	**9,976**	8,878	**–**	–
– related corporations	**54**	306	**–**	–
Less: Allowance for impairment of receivables				
– non-related parties	**(476)**	(732)	**–**	–
Trade receivables – net	**9,554**	8,452	**–**	–
Other receivables – subsidiaries	**–**	–	**510**	–
Other receivables – related corporations	**33**	–	**18**	–
Sundry receivables	**1,262**	1,545	**1,037**	1,504
Allowance for impairment loss of sundry receivables	**(1,019)**	(1,106)	**(1,017)**	(1,104)
Goods and services tax recoverable	**10**	8	**10**	7
	9,840	8,899	**558**	407

(i) Trade receivables amounting to $5,537,000 (2010: $3,732,000) have been factored with recourse. The amounts received for the factored trade receivables are recorded as part of borrowings (Note 26).

(ii) Other receivables from subsidiaries and related corporations are unsecured, interest free and repayable on demand.

(iii) Trade and other receivables of $228,000 (2010: $1,296,000), impaired in prior year, was written off against the allowance for impairment during the year.

14. Inventories

	Group	
	2011	2010
	$'000	$'000
Spare parts	**294**	642
Goods for resale	**14,463**	7,057
	14,757	7,699

The cost of inventories recognised as expense and included in "cost of sales" amounted to $34,835,000 (2010: $28,158,000).

The Group has recognised a reversal of $210,000 (2010: $2,120,000), being part of an inventory write-down made in 2010, as the inventories were sold above the carrying amounts in 2011.

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15. Other receivables – non-current

	Company	
	2011	2010
	$'000	$'000
Due from subsidiaries	**14,824**	51,474
Allowance for impairment loss of receivables	**(6,257)**	(40,976)
	8,567	10,498

The amounts due from subsidiaries are unsecured, bear interest at Nil% (2010: 6%) per annum and repayments are not expected within the next 12 months.

The directors consider the amounts due from subsidiaries to approximate their fair values as at end of the reporting period.

Movements in the allowance for impairment loss of other receivables are as follows:

	Company	
	2011	2010
	$'000	$'000
Beginning of financial year	**40,976**	101,113
Allowance for the financial year	**76**	2,330
Allowance written back during the financial year	**(212)**	(9,293)
Transfer to allowance for impairment loss of investments in subsidiaries	**(34,494)**	–
Allowance utilised	**(271)**	–
Disposal of subsidiaries	**–**	(52,065)
Currency translation difference	**192**	(1,109)
End of financial year	**6,257**	40,976

Impairment loss of $76,000 (2010: $2,330,000) and write back of allowance for impairment loss of $212,000 (2010: $9,293,000) were recognised in profit or loss of the Company subsequent to a debt recovery assessment performed on the receivables from subsidiaries for the financial year ended 31 December 2011.

16. Investments in subsidiaries

	Company	
	2011	2010
	$'000	$'000
Unquoted equity shares, at cost	**51,867**	51,867
Allowance for impairment loss	**(38,125)**	(38,125)
	13,742	13,742

Details of significant subsidiaries are set out in Note 31.

16. Investments in subsidiaries (Continued)

Movements of allowances for impairment loss of investments in subsidiaries:

	Company 2011 $'000	Company 2010 $'000
Beginning of the financial year	**38,125**	183,835
Allowance for the financial year – net	**–**	7,817
Disposal of subsidiaries	**–**	(153,527)
End of the financial year	**38,125**	38,125

In 2010,

(i) the Company had disposed of the manufacturing segment on 30 September 2010; and

(ii) the liquidation of Lindeteves Marketing Services Pte Ltd and Brook Crompton Limited was completed.

17. Property, plant and equipment

Group	Buildings on freehold land $'000	Leasehold land and buildings $'000	Plant, machinery and office equipment $'000	Motor vehicles $'000	Total $'000
2011					
Cost					
Beginning of financial year	**2,880**	**205**	**9,669**	**5**	**12,759**
Currency translation differences	**(30)**	**–**	**100**	**–**	**70**
Additions	**–**	**–**	**57**	**–**	**57**
Disposals	**–**	**–**	**(1,858)**	**–**	**(1,858)**
End of financial year	**2,850**	**205**	**7,968**	**5**	**11,028**
Accumulated depreciation and Impairment losses					
Beginning of financial year	**665**	**120**	**9,374**	**5**	**10,164**
Currency translation differences	**(7)**	**–**	**98**	**–**	**91**
Depreciation	**47**	**34**	**111**	**–**	**192**
Disposals	**–**	**–**	**(1,855)**	**–**	**(1,855)**
End of financial year	**705**	**154**	**7,728**	**5**	**8,592**
Net book value					
End of financial year	**2,145**	**51**	**240**	**–**	**2,436**

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17. Property, plant and equipment (Continued)

Group	Buildings on freehold land $'000	Leasehold land and buildings $'000	Plant, machinery and office equipment $'000	Motor vehicles $'000	Capital work-in-progress $'000	Total $'000
2010						
Cost						
Beginning of financial year	91,167	235	251,582	2,163	6,598	351,745
Currency translation differences	(6,938)	(30)	(23,635)	(220)	(530)	(31,353)
Additions	13	–	1,772	–	288	2,073
Disposals	–	–	(2,575)	(6)	(341)	(2,922)
Reclassification	–	–	1,444	–	(1,444)	–
Disposal of subsidiaries	(81,362)	–	(218,919)	(1,932)	(4,571)	(306,784)
End of financial year	2,880	205	9,669	5	–	12,759
Accumulated depreciation and Impairment losses						
Beginning of financial year	40,307	59	204,277	1,932	1,457	248,032
Currency translation differences	(3,995)	(11)	(19,951)	(197)	(6)	(24,160)
Depreciation	840	21	5,400	11	–	6,272
Disposals	–	–	(2,475)	(3)	–	(2,478)
Impairment	–	51	38	–	545	634
Disposal of subsidiaries	(36,487)	–	(177,915)	(1,738)	(1,996)	(218,136)
End of financial year	665	120	9,374	5	–	10,164
Net book value						
End of financial year	2,215	85	295	–	–	2,595

17. Property, plant and equipment (Continued)

	Plant, machinery and office equipment $'000
Company	
2011	
Cost	
Beginning of financial year	244
Additions	1
Disposals	(6)
End of financial year	239
Accumulated depreciation	
Beginning of financial year	221
Depreciation	14
Disposals	(5)
End of financial year	230
Net book value	
End of financial year	9
2010	
Cost	
Beginning of financial year	244
Additions	–
End of financial year	244
Accumulated depreciation	
Beginning of financial year	188
Depreciation	33
End of financial year	221
Net book value	
End of financial year	23

17.1 The Group's depreciation is made up of $192,000 (2010: $195,000) for continuing operation and NIL (2010: $6,077,000) for discontinued operation.

17.2 Bank borrowings are secured on property, plant and equipment of the Group with carrying amount of $2,145,000 (2010: $2,214,000) (Note 26.1).

18. Investment property

This comprises one office unit in the Philippines. In 2011, the title deed to the property was transferred to a third party without authorisation of the Company. The Company has filed a complaint in the Philippines Courts to recover the title to the property. Pending the outcome of the legal proceedings, an impairment of $133,000 was made during the year.

	Group and Company	
	2011	**2010**
	$'000	**$'000**
Cost		
Beginning of financial year	**898**	898
Additions	**–**	–
End of financial year	**898**	898
Accumulated depreciation and impairment losses		
Beginning of financial year	**751**	733
Depreciation	**14**	18
Impairment loss	**133**	–
End of financial year	**898**	751
Net book value		
End of financial year	**–**	147

The fair value of the investment property is $400,000 (2010: $400,000) as determined by the directors.

19. Intangible assets

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Computer software				
Beginning of financial year	**9**	223	**9**	18
Currency translation differences	**–**	(16)	**–**	–
Additions	**10**	159	**10**	–
Amortisation	**(11)**	(180)	**(11)**	(9)
Disposal of subsidiaries	**–**	(177)	**–**	–
End of the financial year	**8**	9	**8**	9
Cost	**46**	36	**46**	36
Accumulated amortisation	**(38)**	(27)	**(38)**	(27)
Net book value	**8**	9	**8**	9

20. Deferred income taxes

20.1 Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statements of financial position as follows:

	Group	
	2011	2010
	$'000	$'000
Deferred income tax assets	(31)	(250)
Deferred income tax liabilities	429	668
	398	418
Deferred income tax assets to be recovered after more than 12 months	(31)	(250)
Deferred income tax liabilities to be settled after more than 12 months	429	668

20.2 The movement on the deferred income tax account is as follows:

	Group	
	2011	2010
	$'000	$'000
Beginning of financial year	418	5,839
Effect on changes in tax rate	(102)	–
Tax charge to profit or loss	87	1,485
Disposal of subsidiaries	–	(6,876)
Currency translation differences	(5)	(30)
End of financial year	398	418

20.3 The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

Deferred income tax assets

	Provision	Other	Total
Group	$'000	$'000	$'000
2011			
Beginning of financial year	(247)	(3)	(250)
Effect on changes in tax rate	61	1	62
Charge to income statement	154	1	155
Currency translation differences	2	–	2
End of financial year	(30)	(1)	(31)
2010			
Beginning of financial year	(257)	(2)	(259)
Currency translation differences	10	(1)	9
End of financial year	(247)	(3)	(250)

20. Deferred income taxes (Continued)

20.3 The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows: (Continued)

Deferred income tax liabilities

Group	Accelerated tax depreciation $'000	Other $'000	Total $'000
2011			
Beginning of financial year	**668**	**–**	**668**
Effect on changes in tax rate	**(164)**	**–**	**(164)**
Charge to income statement	**(68)**	**–**	**(68)**
Currency translation differences	**(7)**	**–**	**(7)**
End of financial year	**429**	**–**	**429**
2010			
Beginning of financial year	3,656	2,442	6,098
Tax charge to income statement	–	1,485	1,485
Disposal of subsidiaries	(2,963)	(3,913)	(6,876)
Currency translation differences	(25)	(14)	(39)
End of financial year	668	–	668

20.4 Movements in unrecognised deferred income tax assets during the financial year are as follows:

Group	Provisions $'000	Tax losses $'000	Total $'000
2011			
Beginning of financial year	**(416)**	**(21,995)**	**(22,411)**
Effect on changes in tax rate	**–**	**854**	**854**
Currency translation differences	**(4)**	**(223)**	**(227)**
Deferred income tax assets not recognised or temporary differences arising during the financial year	**(1)**	**(33)**	**(34)**
Utilisation of previously unrecognised deferred income tax	**–**	**909**	**909**
End of financial year	**(421)**	**(20,488)**	**(20,909)**

20. Deferred income taxes (Continued)

20.4 Movements in unrecognised deferred income tax assets during the financial year are as follows: (Continued)

Group	Provisions $'000	Tax losses $'000	Total $'000
2010			
Beginning of financial year	(448)	(59,590)	(60,038)
Currency translation differences	21	4,762	4,783
Deferred income tax assets not recognised or temporary differences arising during the financial year	(1,485)	(3,711)	(5,196)
Disposal of subsidiaries	1,485	35,455	36,940
Utilisation of previously unrecognised deferred income tax	–	1,065	1,065
Effect of change in tax rate	11	24	35
End of financial year	(416)	(21,995)	(22,411)

The Group has unrecognised tax losses of $75,697,000 (2010: $78,344,000). Tax losses can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses do not have expiry dates.

21. Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Trade payables				
– Non-related parties	**6,136**	3,808	**–**	–
– Related corporations	**2,751**	3,079	**–**	–
	8,887	6,887	**–**	–
Directors' fee	**10**	–	**10**	–
Advance from immediate holding corporation	**1,092**	–	**1,092**	–
Advance from related corporation	**622**	–	**622**	–
Other payables – related corporation	**–**	2,352	**–**	–
Accrued salaries	**723**	218	**108**	24
Other accrual for operating expenses	**2,279**	2,165	**421**	745
	13,613	11,622	**2,253**	769

22. Derivative financial instruments

Group	Contract notional amount $'000	Fair Value Asset $'000	Liability $'000
31 December 2011			
Non hedging			
– Currency forwards	10,148	–	278
31 December 2010			
Non hedging			
– Currency forwards	2,270	*	–

* Amount is less than $1,000.

23. Provision for employee benefits

	Group 2011 $'000	Group 2010 $'000
Movements in provision for employee benefits are as follows:		
Beginning of financial year	**50**	1,212
Currency translation differences	**(1)**	(106)
Provision made during the financial year	**(1)**	366
Provision utilised during the financial year	**–**	(199)
Disposal of subsidiaries	**–**	(1,223)
End of financial year	**48**	50

24. Provision for warranty

The Group provides after sales support for warranty claims by customers. Warranty on the products sold by the Group are provided by the Group's suppliers. A provision is recognised as at the end of the reporting period for after sales support of warranty claims based on past experience of the level of support provided for repairs and returns.

	Group 2011 $'000	Group 2010 $'000
Movements in provision for warranty are as follows:		
Beginning of financial year	**68**	1,922
Currency translation differences	**1**	(198)
Provision made during the financial year	**125**	129
Utilised during the financial year	**(93)**	(432)
Disposal of subsidiaries	**–**	(1,353)
End of financial year	**101**	68

25. Provisions for legal claims

	Group and Company	
	2011	2010
	$'000	$'000
Movement in provision for legal claim is as follows:		
Beginning of financial year	**17,034**	17,034
Provision made during the year	**8,890**	–
Utilised during the year	**(2,279)**	–
Currency translation	**256**	–
End of financial year	**23,901**	17,034

(i) Unpaid capital contribution

On 16 February 2009, the Company received a writ of summons and statement of claim from BCW Electric Motor (Dalian) Co Ltd ("BCW"), a former wholly-owned subsidiary of the Company currently under bankruptcy administration, initiated by the Liquidation Committee appointed by the Dalian Municipal Economic Commission demanding from the Company for an amount of RMB131.6 million (approximately $25,563,000; 2009: approximately $27,024,000) in connection with an alleged unpaid capital contribution by the Company for issue of shares in BCW. The Company filed a defence stating that its contributions to BCW of approximately RMB285.5 million exceed the amount of capital contribution required. The Company also filed a counter-claim against BCW asserting its entitlement to be repaid the contribution sum and/or to set-off the alleged claim from such contribution sum and to recover the balance. At 31 December 2010, a provision of S$14,755,000 was recognised in the financial statements of the Company and Group for potential liabilities and costs arising from the litigation.

On 30 September 2011, summary judgment for the sum of RMB115,969,076 was granted against the Company. At 31 December 2011, the summary judgment sum was fully provided for in the financial statements of the Company and of the Group at $23,901,000.

The summary judgment sum granted to BCW was assigned by BCW to another entity on 29 February 2012, which further assigned the same to a second entity on 23 March 2012. This second entity assigned the summary judgment sum to Wolong Investment GmbH, a wholly-owned subsidiary of Wolong Holding Group Co. Ltd on 1 April 2012. The Board of Directors understands that pursuant to these assignments, the Company is now liable to Wolong Investment GmbH for satisfaction of the summary judgment sum.

On 5 April 2012, the Company entered into a deed of settlement with Wolong Investment GmbH in respect of the summary judgment sum. Pursuant to the deed of settlement, the Company shall pay to Wolong €8,465,833.00 (equivalent to $14,201,435) in five instalments in accordance with the following repayment schedule, in full and final settlement of the summary judgment sum:

i. €253,333 (equivalent to $425,000) on or before 15 December 2012;

ii. €2,190,000 (equivalent to $3,673,725) on or before 15 December 2013;

iii. €2,098,750 (equivalent to $3,520,653) on or before 15 December 2014;

iv. €2,007,500 (equivalent to $3,367,581) on or before 15 December 2015; and

v. €1,916,250 (equivalent to $3,214,509) on or before 15 June 2016.

25. Provisions for legal claims (Continued)

(i) Unpaid capital contribution (Continued)

As a consequence of entering into the settlement, the Company shall discontinue its counterclaim against BCW within ten days of the date of execution of the deed of settlement. The effects of the settlement, including a net gain, will be recorded in the financial statements for the year ending 31 December 2012 of the Group and of the Company.

(ii) Default payment on corporate guarantee

A writ of summons and statement of claim was served by a bank on the Company on 7 December 2010 in respect of the default in payment of a loan secured by corporate guarantee of the Company. At 31 December 2010, a provision of $2,279,000 was made in the financial statements. In 2011, the Company settled the claim fully at the amount provided for in 2010.

26. Borrowings

	Group	
	2011	**2010**
	$'000	**$'000**
Current		
Bank overdrafts (Note 12)	**1,145**	753
Factoring payables	**2,876**	–
	4,021	753

26.1 Security granted

The related securities for the above borrowings are as follows:

	Group	
	2011	**2010**
	$'000	**$'000**
Fixed and floating charge on certain assets of a subsidiary	**1,145**	753
A registered mortgaged debenture over all assets of a subsidiary	**2,876**	–
	4,021	753

26.2 Borrowings have an average maturity of 1 month (2010: 1 month) from the end of the reporting period.

26.3 The effective interest rates of total borrowings existing as at the end of the financial year are as follows:

	Group	
	2011	**2010**
Bank overdrafts	**4.25%**	4.5%
Factoring payables	**2.00%**	–

The exposure of current and non-current borrowings to interest rate risks is disclosed in Note 33.2.

27. Other payables – non-current

	Company 2011 $'000	Company 2010 $'000
Due to subsidiaries	**50,053**	49,505
	50,053	49,505

The amounts due to subsidiaries by the Company are unsecured, interest-free and not expected to be repayable within the next 12 months.

The carrying amounts of non-current other payables approximate their fair values.

28. Retirement benefit obligations

28.1 Retirement benefit plan

	Group 2011 $'000	Group 2010 $'000
Present value of defined benefits obligations	**406**	176
Unrecognised actuarial losses	**(337)**	(37)
	69	139

Retirement benefit obligations relate to an unfunded pension plan of the subsidiaries. The obligation is the actuarial present value of benefits due to past and present employees.

28.2 The amounts recognised in profit or loss are as follows:

	Group 2011 $'000	Group 2010 $'000
Current service cost	**153**	519
Interest cost	**110**	1,346
Net actuarial gain recognised during the financial year	**(122)**	(210)
Total included in employee benefits expenses (Note 7)	**141**	1,655

28. Retirement benefit obligations (Continued)

28.3 The movements in the liability recognised in the statements of financial position are as follows:

	Group 2011 $'000	Group 2010 $'000
Beginning of financial year	**139**	40,973
Currency translation differences	**(1)**	(3,771)
Provision made during the financial year	**141**	1,655
Contributions paid	**(210)**	(983)
Disposal of subsidiaries	**–**	(37,735)
End of financial year	**69**	139

28.4 The financial actuarial assumptions used are as follows:

	Group 2011	Group 2010
BC Canada:		
Discount rate	**5.0%**	5.0%
Future pension increment	**3.0%**	3.0%

29. Share capital

Group and Company	No. of ordinary share '000	Amount $'000
2011		
Beginning and end of financial year	**709,178**	**149,642**
2010		
Beginning and end of financial year	709,178	149,642

The Company has one class of ordinary shares.

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

30. Other reserves

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Currency translation reserve	**(22,367)**	(22,335)	**–**	–
Capital reserve	**16,852**	16,852	**16,852**	16,852
	(5,515)	(5,483)	**16,852**	16,852

The currency translation reserve is used to record exchange differences arising from the translation of financial statements of certain entities within the Group whose functional currency is different from that of the Group's presentation currency.

Capital reserve represents the deemed capital injection arising from the waiver by the ultimate parent corporation of amounts paid on behalf of the Company in 2008.

The movements of other reserves are presented in the statements of changes in equity.

31. Significant subsidiaries in the Group

The principal activities of significant subsidiaries together with information on their country of incorporation and equity interest held by the Group are shown below:

Name and country of incorporation	Principal activities/(Country of business)	Percentage of equity held in 2011 %	Percentage of equity held in 2010 %
Significant subsidiaries:			
BCUK, United Kingdom[1]	Distribution of electric motors (United Kingdom)	**100**	100
BC Canada, Canada[2]	Distribution of electric motors (Canada)	**100**	100
Brook Crompton USA Inc., United States of America[2]	Distribution of electric motors (United States of America)	**100**	100
Western Electric Asia, Singapore[3]	Distribution of electric motors (Singapore)	**100**	100

(1) Audited by PwC United Kingdom
(2) Audited by PwC Canada
(3) Audited by PwC LLP, Singapore

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32. Commitments

32.1 Operating lease commitments – where a Group company is a lessee

The Group and the Company lease various offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The lease expenditure charged to profit or loss during the financial year is disclosed in Note 6.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Not later than one year	**763**	826	**66**	133
Later than one year but not later than five years	**710**	1,389	**–**	66
	1,473	2,215	**66**	199

32.2 Operating lease commitments – where a Group company is a lessor

As at the date of the end of the reporting period, the future minimum lease payments receivable under non-cancellable operating leases in respect of office premises that are contracted for but not recognised as receivables, are as follows:

	Group	
	2011	2010
	$'000	$'000
Not later than one year	**259**	255
Later than one year but not later than five years	**259**	510
	518	765

33. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management policies are provided for implementation by the Group.

33.1 Foreign currency risk

The Group operates internationally in the currencies of domicile of its subsidiaries. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as EURO, GBP and USD.

To manage the currency risk pertaining to import purchases of electric motors from various suppliers, Brook Crompton UK Limited's policy is to hedge between 40% and 60% of highly probable forecast transactions in the next six months and approximately 90% of firm commitments denominated in foreign currencies.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD	EURO	USD	GBP	Others	Total
Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 December 2011						
Financial assets						
Cash and cash equivalents	678	442	267	187	36	1,610
Trade and other receivables	61	580	1,865	6,173	1,161	9,840
	739	1,022	2,132	6,360	1,197	11,450
Financial liabilities						
Borrowings	–	–	(1,145)	(2,876)	–	(4,021)
Trade and other payables	(686)	(4,538)	(4,759)	(2,195)	(1,435)	(13,613)
	(686)	(4,538)	(5,904)	(5,071)	(1,435)	(17,634)
Net financial assets/(liabilities)	53	(3,516)	(3,772)	1,289	(238)	(6,184)
Less: Net financial asset/ (liabilities) denominated in the respective entities functional currencies	(53)	163	696	(1,203)	240	(157)
Add: Firm commitments	–	(3,595)	–	–	–	(3,595)
Less: Currency forwards	–	10,148	–	–	–	10,148
Currency exposures	–	3,200	(3,076)	86	2	212

Notes to the Financial Statements
For the financial year ended 31 December 2011

33. Financial risk management (Continued)

Financial risk factors (Continued)

33.1 Foreign currency risk (Continued)

The Group's currency exposure based on the information provided to key management is as follows:

Group	SGD $'000	EURO $'000	USD $'000	GBP $'000	Others $'000	Total $'000
At 31 December 2010						
Financial assets						
Cash and cash equivalents	118	288	856	117	593	1,972
Trade and other receivables	418	1,294	896	5,360	931	8,899
	536	1,582	1,752	5,477	1,524	10,871
Financial liabilities						
Borrowings	–	–	(480)	–	(273)	(753)
Trade and other payables	(788)	(4,008)	(2,512)	(3,586)	(728)	(11,622)
	(788)	(4,008)	(2,992)	(3,586)	(1,001)	(12,375)
Net financial (liabilities)/assets	(252)	(2,426)	(1,240)	1,891	523	(1,504)
Less: Net financial liabilities denominated in the respective entities functional currencies	252	(227)	606	(137)	(10)	484
Currency exposures	–	(2,653)	(634)	1,754	513	(1,020)

The Company's currency exposure based on the information provided to key management is as follows:

Company	SGD $'000	EURO $'000	USD $'000	GBP $'000	Others $'000	Total $'000
At 31 December 2011						
Financial assets						
Cash and cash equivalents	**580**	**50**	**–**	**153**	**2**	**785**
Trade and other receivables	**260**	**40**	**208**	**8,611**	**6**	**9,125**
	840	**90**	**208**	**8,764**	**8**	**9,910**
Financial liabilities						
Trade and other payables	**(539)**	**(1,194)**	**(48,256)**	**–**	**(2,317)**	**(52,306)**
	(539)	**(1,194)**	**(48,256)**	**–**	**(2,317)**	**(52,306)**
Net financial (liabilities)/assets	**301**	**(1,104)**	**(48,048)**	**8,764**	**(2,309)**	**(42,396)**
Less: Net financial assets denominated in the Company's functional currencies	**(301)**	**–**	**–**	**–**	**–**	**(301)**
Currency exposures	**–**	**(1,104)**	**(48,048)**	**8,764**	**(2,309)**	**(42,697)**

33. Financial risk management (Continued)

Financial risk factors (Continued)

33.1 Foreign currency risk (Continued)

	SGD	EURO	USD	GBP	Others	Total
Company	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 December 2010						
Financial assets						
Cash and cash equivalents	89	3	5	86	14	197
Trade and other receivables	978	–	–	9,926	1	10,905
	1,067	3	5	10,012	15	11,102
Financial liabilities						
Trade and other payables	(641)	(91)	(47,144)	–	(2,398)	(50,274)
	(641)	(91)	(47,144)	–	(2,398)	(50,274)
Net financial (liabilities)/assets	426	(88)	(47,139)	10,012	(2,383)	(39,172)
Less: Net financial (liabilities)/ assets denominated in the Company's functional currencies	(426)	–	–	–	–	(426)
Currency exposures	–	(88)	(47,139)	10,012	(2,383)	(39,598)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the EURO, USD and GBP exchange rates (against SGD), with all other variables held constant, of the Group and the Company's profit net of tax.

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
EURO				
– Strengthened 4% (2010: 4%)	**106**	(88)	**(37)**	(3)
– Weakened 4% (2010: 4%)	**(106)**	88	**37**	3
USD				
– Strengthened 6% (2010: 6%)	**(153)**	(32)	**(2,393)**	(2,348)
– Weakened 6% (2010: 6%)	**153**	32	**2,393**	2,348
GBP				
– Strengthened 4% (2010: 4%)	**3**	58	**291**	332
– Weakened 4% (2010: 4%)	**(3)**	(58)	**(291)**	(332)

33. Financial risk management (Continued)

Financial risk factors (Continued)

33.2 Interest rate risks

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's borrowings are almost entirely entered at variable interest rates which are based on the prevailing bank interest rates in the countries where the borrowings are obtained. The directors monitor the interest rates of the Group's borrowings, where possible, in order to maintain the best borrowings interest rates that the Group can obtain in order to reduce interest expense. The ability of the Group to manage the impact of changes in market interest rates on the Group's borrowings is dependent on the support of the Group's bankers and other financial institutions.

Sensitivity analysis for interest rate risks

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables including interest rates held constant, of the Group's net of tax.

	Group			
	2011		2010	
	Variation in interest rates	Profit after tax $'000	Variation in interest rates	Profit after tax $'000
Bank overdraft	**1.5%**	**17**	1.5%	11
Factoring payables	**1.5%**	**43**	–	–
Total		**60**		11

33. Financial risk management (Continued)

Financial risk factors (Continued)

33.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of good credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limit that is approved by the responsible officer based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the responsible officer. The Group's and Company's major classes of financial assets are bank deposits and trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2011	2010
	$'000	$'000
By geographical areas		
Singapore	**200**	198
Asia (excluding Singapore)	**429**	123
Australia/New Zealand	**–**	44
United Kingdom	**6,032**	5,254
North America	**2,697**	2,826
Middle East	**196**	7
	9,554	8,452

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-ratings agencies. Trade receivables that are neither past due nor impaired mainly pertain to companies with good collection track records with the Group.

The Group's trade receivables and other receivables not past due include receivables amounting to $5,102,000 (2010: $5,993,000) that would have been past due or impaired if the terms were not renegotiated during the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2011

33. Financial risk management (Continued)

Financial risk factors (Continued)

33.3 Credit risk (Continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except trade receivables.

The age analysis of trade and other receivables past due but not impaired is as follows:

	Group	
	2011	**2010**
	$'000	**$'000**
Age analysis		
Past due 0 to 3 months	**4,023**	2,622
Past due 3 to 6 months	**647**	212
Past due over 6 months	**58**	25
	4,728	2,859

The carrying amount of receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2011	**2010**
	$'000	**$'000**
Past due 0 to 3 months	–	95
Past due 3 to 6 months	–	9
Past due over 6 months	**1,495**	1,773
	1,495	1,877
Less: Allowance for impairment	**(1,495)**	(1,838)
	–	39
Beginning of financial year	**1,838**	3,826
Currency translation difference	**(10)**	(193)
Allowance (written back)/made	**(105)**	1,894
Allowance utilised	**(228)**	(1,296)
Disposal of subsidiaries	–	(2,393)
End of financial year	**(1,495)**	1,838

33. Financial risk management (Continued)

Financial risk factors (Continued)

33.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities for the operations of the Company and Group and meeting its financial obligations as and when they fall due. The Company and Group have been and continue to be in discussions with their bankers and other financial institutions for their continuing support and are actively pursuing options to raise additional capital for the Company and Group.

The table below analyses the maturity profile of the Group's and Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

Group	Less than 1 year $'000	Between 1 to 2 years $'000	Between 2 to 5 years $'000	Over 5 years $'000
At 31 December 2011				
Financial assets				
Cash and cash equivalents	1,610	–	–	–
Trade and other receivables	9,840	–	–	–
	11,450	–	–	–
Financial liabilities				
Trade and other payables	13,613	–	–	–
Borrowings	4,021	–	–	–
	17,634	–	–	–
At 31 December 2010				
Financial assets				
Cash and cash equivalents	1,972	–	–	–
Trade and other receivables	8,899	–	–	–
	10,871	–	–	–
Financial liabilities				
Trade and other payables	11,622	–	–	–
Borrowings	753	–	–	–
	12,375	–	–	–

33. Financial risk management (Continued)

Financial risk factors (Continued)

33.4 Liquidity risk (Continued)

Company	Less than 1 year $'000	Between 1 to 2 years $'000	Between 2 to 5 years $'000	Over 5 years $'000
At 31 December 2011				
Financial assets				
Cash and cash equivalents	**785**	**–**	**–**	**–**
Trade and other receivables	**558**	**1,208**	**3,624**	**3,735**
	1,343	**1,208**	**3,624**	**3,735**
Financial liabilities				
Trade and other payables	2,253	62	814	49,177
	2,253	62	814	49,177
At 31 December 2010				
Financial assets				
Cash and cash equivalents	197	–	–	–
Trade and other receivables	407	1,194	3,583	5,721
	604	1,194	3,583	5,721
Financial liabilities				
Trade and other payables	769	10	898	48,597
	769	10	898	48,597

33.5 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 26, cash and cash equivalents and equity attributable to equity holders of parent, comprising issued capital, reserves and accumulated losses.

The Group's overall strategy remains unchanged from 2010.

33. Financial risk management (Continued)

Financial risk factors (Continued)

33.6 Fair value measurement

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy.

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 2
Group	**$'000**
2011	
Liabilities	
Derivative instruments	**278**
Total liabilities	**278**
2010	
Liabilities	
Derivative instruments	*
Total liabilities	–

* Amount is less than $1,000.

The fair value of forward currency contracts is determined using quoted forward currency rates at the end of the reporting period and are included in level 2.

33.7 Financial Instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and in Note 13, 15, 21, 26 and 27 to the financial statements, except the following:

	Group		**Company**	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Loans and receivables	**11,450**	10,871	**9,910**	11,102
Financial liabilities at amortised cost	**17,634**	12,375	**52,306**	50,274

Notes to the Financial Statements

For the financial year ended 31 December 2011

34. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions at rates and terms agreed between the parties:

34.1 Sales and purchases of goods and services

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Sale of motors to related corporations	**34**	3,593	**–**	–
Purchase of motors from related corporations	**(19,564)**	(7,257)	**–**	–
Purchase of motors from immediate holding corporation	**–**	(919)	**–**	–
Management expense to immediate holding corporation	**–**	(2,542)	**–**	–
Interest expense charged by immediate holding corporation	**(2)**	–	**(2)**	–
Interest expenses charged by related corporation	**–**	(41)	**–**	–
Interest income from subsidiaries	**–**	–	**–**	532
Income from recharged personnel cost from immediate holding corporation	**–**	290	**–**	–
Expenses recovered from immediate holding corporation	**–**	11	**–**	–
Expenses recovered from subsidiary	**–**	–	**–**	125
Commission income from related corporation	**116**	228	**–**	–
Administrative fee income from related corporation	**16**	19	**16**	19
Accounting fee income from subsidiaries	**–**	–	**24**	–
Management services provided to subsidiaries	**–**	–	**1,335**	495
Management services provided to related corporation	**–**			
Rental income received from related corporation	**36**	36	**36**	36
Rental income received from subsidiary	**–**	–	**36**	–
Recharge of expenses by immediate holding corporation	**(10)**	(411)	**–**	–
Recharge of expenses by related corporations	**(5)**	(224)	**–**	–
License fee received from related corporation	**705**	–	**–**	–
Waiver of amount due to immediate holding corporation	**–**	657	**–**	–

The related corporations refer to fellow subsidiaries under immediate holding corporation.

Outstanding balances as at 31 December 2011, arising from sale/purchase of goods and services, are set out in Note 13 and 21 respectively.

34. Related party transactions (Continued)

34.2 Key management personnel compensation

The remuneration of key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Salaries fees and other short-term employee benefits	**1,408**	2,208	**524**	533
Post-employment benefits	**72**	36	**7**	7
	1,480	2,244	**531**	540

The above includes the following remuneration to the Directors of the Company and Directors of the subsidiaries:

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Directors of the Company				
Salaries and other short-term employee benefits	**340**	386	**340**	386
Directors of the subsidiaries				
Salaries and other short-term employee benefits	**678**	903	**–**	–
Post-employment benefits	**45**	17	**–**	–
	1,063	1,306	**340**	386

35. Segmental analysis

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker.

The Group has one primary business in the distribution of electric motors. Management manages and monitors the business from the geographic segment perspective. There are three main geographical segments:

Asia Pacific

United Kingdom

North America

With the exception of Asia Pacific, other geographical segments each contributed more than 10% of consolidated sales. Sales are based on the country in which the entity is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

Notes to the Financial Statements

For the financial year ended 31 December 2011

35. Segmental analysis (Continued)

2011	Asia Pacific $'000	United Kingdom $'000	North America $'000	Continuing Operation $'000
Group				
Total segment sales	4,909	31,514	18,743	55,166
Intersegment sales	–	(147)	(3,000)	(3,147)
Sales to external parties	4,909	31,367	15,743	52,019
Segment result	(10,511)	5,356	1,251	(3,904)
Interest income	12	–	–	12
Interest expense	(39)	(87)	(41)	(167)
Depreciation	(28)	(106)	(72)	(206)
Amortisation	(11)	–	–	(11)
Impairment of property, plant and equipment	(133)	–	–	(133)
Loss on disposal of property, plant and equipment	(2)	–	–	(2)
Profit/(loss) before tax	(10,712)	5,163	1,138	(4,411)

2011	Asia Pacific $'000	United Kingdom $'000	North America $'000	Continuing Operation $'000
Group				
Segment assets	2,462	13,415	13,903	29,780
Unallocated assets				
– Deferred income tax assets				31
Total assets				29,811
The above assets include:				
Non-current assets	18	187	2,270	2,475
Capital expenditure				
– Fixed assets	2	23	32	57
– Intangible assets	10	–	–	10
Segment liabilities	27,746	7,479	6,806	42,031
Unallocated liabilities				
– Income tax liabilities				319
– Deferred income tax liabilities				429
Total liabilities				42,779

35. Segmental analysis (Continued)

2010	Asia Pacific $'000	United Kingdom $'000	North America $'000	Continuing Operation $'000	Discontinued Operation $'000
Group					
Total segment sales	3,169	26,784	14,180	44,133	140,358
Intersegment sales	–	(63)	(1,926)	(1,989)	–
Sales to external parties	3,169	26,721	12,254	42,144	140,358
Segment result	6,220	4,230	447	10,897	(6,700)
Interest income	9	–	–	9	404
Interest expense	–	(83)	(37)	(120)	(1,259)
Depreciation	(53)	(84)	(75)	(212)	(6,078)
Amortisation	(9)	–	–	(9)	(171)
Impairment of property, plant and equipment	–	(88)	–	(88)	(546)
Impairment of intangible assets	–	–	–	–	–
(Loss)/gain on disposal of property, plant and equipment	–	(3)	–	(3)	109
Profit/(loss) before tax and discontinued operation	6,167	3,972	335	10,474	(14,241)

2010	Asia Pacific $'000	United Kingdom $'000	North America $'000	Continuing Operation $'000
Group				
Segment assets	2,219	9,671	9,874	21,764
Unallocated assets				
– Deferred income tax assets				250
Total assets				22,014
The above assets include:				
Non-current assets	180	269	2,552	3,001
Capital expenditure				
– Fixed assets	1	8	–	9
– Intangible assets	–	–	–	–
Segment liabilities	19,179	7,016	3,471	29,666
Unallocated liabilities				
– Income tax liabilities				357
– Deferred income tax liabilities				668
Total liabilities				30,691

35. Segmental analysis (Continued)

The distribution business is operated in following countries:

	Sales for continuing operation	
	2011	2010
	$'000	$'000
Singapore	**4,909**	3,169
United Kingdom	**31,367**	26,721
United States	**8,657**	5,698
Canada	**7,086**	6,556
	52,019	42,144

	Non-Current Assets	
	2011	2010
	$'000	$'000
Singapore	**18**	180
United Kingdom	**187**	269
United States	**57**	300
Canada	**2,213**	2,252
	2,475	3,001

36. Comparatives

Prior year comparatives have been audited by another independent auditor.

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current period's financial statements. As a result, certain line items have been amended on the consolidated statement of comprehensive income, statements of financial position and consolidated statement of cash flows.

In addition, the following comparative figures have been re-presented to conform with the current year's presentation.

36. Comparatives (Continued)

	Group		Company	
	31 December 2010 as restated $'000	31 December balances as previously reported $'000	**31 December 2010 as restated $'000**	31 December balances as previously reported $'000
Consolidated Statement of Comprehensive Income				
Other Income	**3,702**	8,702	**–**	–
Profit from discontinued operations	**123,390**	118,390	**–**	–
Statements of Financial Position				
Trade and other receivables	**8,899**	9,342	**407**	410
Prepayment	**443**	–	**3**	–
Consolidated Statement of Cash Flows				
Investing cash inflows	**6,295**	6,391	**–**	–
Financing cash outflows	**(2,307)**	(2,414)	**–**	–

37. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods on and after 1 January 2012 or later periods and which the Group has not early adopted:-

- Amendments to FRS 1 – *Presentation of Financial Statements* (effective for annual periods beginning on or after 1 July 2012)
- FRS 19 (revised 2011) – *Employment Benefits* (effective for annual periods beginning on or after 1 January 2013)
- FRS 110 – *Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2013)
- FRS 112 – *Disclsoure of Interest in Other Entities* (effective for annual periods beginning on or after 1 January 2013)
- FRS 113 – *Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2013)

The management anticipates that the adoption of the above FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lindeteves-Jacoberg Limited on 11 April 2012.

Letter to Shareholders

LINDETEVES-JACOBERG LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 194700172G)

12 April 2012

Directors:

Christian Schmidt
Wolfgang Kloser
Dr Knut Unger
Volker Felix Zuleck
Thomas Adrian Schaetti

Registered Office:

141 Market Street
#07-01 International Factors Building
Singapore 048944

To: The Shareholders of Lindeteves-Jacoberg Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR TRANSACTIONS WITH INTERESTED PERSONS OF THE COMPANY (THE GENERAL MANDATE)

1. BACKGROUND

We refer to (a) the Notice of the 64th Annual General Meeting ("2012 AGM") of Lindeteves-Jacoberg Limited (the "Company") dated 12 April 2012 (the "Notice of AGM") accompanying the Annual Report of the Company for the financial year ended 31 December 2011 (the "2011 Annual Report") in relation to the convening of the 2012 AGM of the Company which is scheduled to be held on 27 April 2012, and (b) Ordinary Resolution 9 in relation to the renewal of the General Mandate under the heading "Special Business" set out in the Notice of the 2012 AGM.

2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE

2.1 The Existing General Mandate

At the General Meeting held on 28 April 2011 (the "AGM"), shareholders of the Company ("Shareholders") approved the renewal of the General Mandate to enable the Company, and its subsidiaries to enter into any transactions falling within the categories of ATB Interested Person Transactions described in the Company's circular to Shareholders dated 29 November 2006.

2.2 Proposed Amendments to the General Mandate

Following the acquisition of the shares in ATB Austria Antriebstechnik AG ("ATB") by Wolong Holding Group Co Ltd ('Wolong') from A-TEC Industries AG ('A-TEC') on 19 October 2011, it is necessary to make changes to the Company's General Mandate, whereby the name A-TEC as it appeared in the General Mandate would have to be replaced with that of Wolong. In addition, following the restructuring of the Lindeteves-Jacoberg group in September 2010, the group's nature of business would also need to be updated, from that of the manufacturing of electric motors to that of the trading of electric motors.

2.3 Proposed Renewal of the General Mandate

The General Mandate was expressed to continue to be in force until the conclusion of the next Annual General Meeting of the Company, being the forthcoming 2012 AGM. Accordingly, the directors of the Company (the "Directors") propose that the General Mandate, incorporating the proposed amendments outlined in the preceding paragraph, be renewed at the forthcoming 2012 AGM. Other than the proposed amendments, the rest of the Mandate (including the review procedures) shall remain unchanged.

2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE (Continued)

2.4 Details of the General Mandate

Details of the General Mandate, including the rationale for and the benefits to the Company, the review procedures for determining transaction prices with interested persons and other general information in relation to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), are set out in the Appendix to this letter.

2.5 Confirmation of Audit Committee

Pursuant to Rule 920(1)(c) of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Audit Committee of the Company confirms that:

(a) the methods or procedure for determining the transaction prices under the General Mandate have not changed subsequent to the 2011 AGM; and

(b) the methods or procedure referred to paragraph 2.4(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 The interest of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	%(1)	No. of Shares	%(1)
Directors				
Knut Unger	200,000	0.03	–	–
Volker Felix Zuleck	500,000	0.07	–	–
Chrisian Schmidt	–	–		
Wolfgang Kloser				
Thomas Adrian Schaetti	–	–	–	–
Substantial Shareholders				
ATB Austria Antriebstechnik AG	276,107,921	38.94	192,119,459	27.09
Wolong Holding Group Co. Ltd(2)	–	–	468,290,380	66.03
LJ (Singapore) Holding Limited	142,000,000	20.02	–	–

Notes:–

(1) The percentage shareholding interest is based on the issued share capital of 709,178,191 shares as at the Latest Practicable Date.

(2) Wolong Holding Group Co Ltd ("Wolong") is a substantial shareholder of ATB. Wolong is therefore deemed to be interested in the 468,290,380 shares held by ATB in the Company.

3.2 Abstention from voting

ATB, Wolong and their respective associates (as defined in the Listing Manual) will abstain from voting in respect of the Ordinary Resolution relating to the proposed renewal of the General Mandate at the forthcoming 2012 AGM.

Further, each of the persons mentioned in this paragraph 3.2 undertakes to decline to accept appointment to act as proxies for other Shareholders of the Company at the 2012 AGM or Ordinary Resolution 9 unless the Shareholder concerned shall have been given specific instructions as to the manner in which his votes are to be cast.

Letter to Shareholders

4. DIRECTORS' RECOMMENDATION

4.1 The Directors who are considered independent for the purposes of the proposed renewal of the General Mandate (the "Independent Directors") are Dr Knut Unger, Mr Volker Felix Zuleck and Mr Thomas Adrian Schaetti. The Independent Directors having considered, inter alia, the terms, the rationale and the benefits of the General Mandate, are of the view that the General Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote in Favour of the Ordinary Resolution 9 relating to the General Mandate set out in the Notice of AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors jointly and severally accept responsibility for the accuracy of the information contained in this letter and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts and opinions expressed in this letter are fair and accurate and that there are no material facts the omission of which would make any statement in this letter misleading.

6. ADVICE TO SHAREHOLDERS

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisor immediately.

7. SGX-ST

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this letter.

Yours faithfully

LINDETEVES-JACOBERG LIMITED
Volker Felix Zuleck
Independent Director

Singapore

The Appendix

1. CHAPTER 9 OF THE LISTING MANUAL

1.1 Chapter 9 of the Listing Manual ("Chapter 9") governs transactions which a listed company or any of its subsidiaries or associated companies proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its minority shareholders.

1.2 For the purposes of Chapter 9:

(a) an "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9;

(b) an "associate" in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "associate" in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

(c) an "associated company" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(d) a "controlling shareholder" is a person who holds directly or indirectly 15% or more of all voting shares in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;

(e) an "entity at risk" means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed group that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;

(f) an "interested person" means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;

(g) an "interested person transaction" means a transaction between an entity at risk and an interested person; and

(h) a "transaction" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business and whether or not entered into directly or indirectly.

1. CHAPTER 9 OF THE LISTING MANUAL (Continued)

1.3 Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, an immediate announcement is required where:

(a) the value of a proposed transaction is equal to or exceeds 3% of the listed group's latest audited consolidated net tangible assets ("NTA") or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year is equal to or more than 3% of the listed group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year, and shareholders' approval (in addition to an immediate announcement) is required where:

(c) the value of a proposed transaction is equal to or exceeds 5% of the listed group's latest audited consolidated NTA; or

(d) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed group's latest audited consolidated NTA. The aggregate will exclude any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

For the purposes of aggregation, interested person transactions below S$100,000 each are to be excluded.

1.4 Part VIII of Chapter 9 allows a listed company to seek a General Mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A General Mandate granted by shareholders is subject to annual renewal.

2. RATIONALE FOR THE GENERAL MANDATE

2.1 The Directors believe that the General Mandate is in the interests of the Group for the following reasons:-

(a) The ATB/Wolong Interested Persons are in a similar business as the Group and as such, there are opportunities for the Group to leverage on the products and services provided by the ATB Interested Persons. In fact, one of the reasons stated by ATB/Wolong for acquiring control of the Group was to acquire a significant stake in a complementary business with regard to product range and market presence. The General Mandate will allow the Group to take advantage of such opportunities, thereby increasing its revenue.

(b) Timely delivery is an essential element in the Group's business. If the Company were required to seek Shareholders' approval on each occasion it deals with the ATB Interested Persons, it would make it unviable for the ATB Interested Persons to transact with the Group. The General Mandate would facilitate such transactions with the ATB Interested Persons being carried out in a timely manner.

2. RATIONALE FOR THE GENERAL MANDATE (Continued)

(c) If the Company is constantly required to seek Shareholders' approval for transactions with the ATB Interested Persons, the Company would have to expand administrative time and resources as well as incur additional expenses associated therewith. The proposed General Mandate would allow such resources and time to be channelled towards the Company's other objectives.

2.2 The General Mandate and the renewal thereof on an annual basis are intended to facilitate the ATB Interested Person Transactions in the ordinary course of business of the Group which the Directors envisage likely to be transacted with some frequency from time to time with the ATB Interested Persons, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3. CLASSES OF ATB INTERESTED PERSONS

The proposed General Mandate will apply to the transactions set out in paragraph 4.2 below proposed to be carried out with the following classes of persons:

(a) ATB;

(b) Wolong Group Holding Co. Ltd ("Wolong"), who is a substantial shareholder of ATB; and

(c) any associate (as defined in the Listing Manual) of ATB or Wolong.

4. SCOPE OF THE GENERAL MANDATE

4.1 Chapter 9 of the Listing Manual governs transactions by a listed company as well as transactions by its subsidiaries and associated companies that are considered to be at risk with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregation with all other transactions conducted with the same interested person during the financial year exceeds certain materiality thresholds, the listed company is required to seek its shareholders' approval for that transaction.

The materiality thresholds are:-

(a) 5% of the listed group's latest audited consolidated NTA; or

(b) 5% of the listed group's latest audited consolidated NTA, when aggregated with all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

However, Chapter 9 of the Listing Manual permits a listed company to seek a mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials that may be carried out with the listed company's interested persons.

As mentioned, in light of the fact that the Group and the ATB Interested Persons are in similar businesses, it is envisaged that in the ordinary course of their businesses, certain transactions (as more particularly set out in paragraph 4.2 below) between the Group Companies and the ATB Interested Persons may occur from time to time. Such ATB Interested Person Transactions would be transactions in the ordinary course of business in the Group.

4. SCOPE OF THE GENERAL MANDATE (Continued)

Accordingly, the General Mandate is being proposed to enable the group of companies (Group Companies) to, in the ordinary course of business, enter into the categories of ATB Interested Person Transactions set out in paragraph 4.2 below with the ATB Interested Persons, provided such transactions are entered into on an arm's length basis and on normal commercial terms, and are not prejudicial to the interest of the Company and its minority Shareholders.

The General Mandate does not cover any transaction between a Group Company and any ATB Interested Person that is below S$100,000 in value, as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

4.2 Types of Transactions under the Scope of the General Mandate

The ATB Interested Person Transactions to be covered by the General Mandate would include the following classes of transactions which are entered into during the Group's normal course of business. The General Mandate does not cover any purchase or sale of assets, undertakings or businesses from or to the ATB Interested Persons.

(a) Trading of electric motors and components

As the Group Companies and the ATB Group each specialise in the manufacture and trading of different categories of electric motors, occasions may arise from time to time where it is necessary for the Group Companies to sell or purchase electric motors and components from the ATB Group. Currently, the Group Companies are in the business of trading high voltage and low voltage industrial electric motors for the oil and gas, pharmaceutical and marine industries whereas the ATB Group specialises in the production of electric motors which are used for industrial applications, heating systems, gardening implements and domestic appliances.

The sale and purchase prices for such electric motors and components to be sold or bought from the ATB Group are determined by the sales or purchasing departments of the relevant Group Companies on the same bases as if the relevant Group Company were dealing with an unrelated third party.

The Group will benefit from having access to a wide range of electric motors and components at competitive quotes from the ATB/Wolong Group, in addition to obtaining quotes from or transacting with unrelated third parties.

(b) Production and sub-contracting services

Transactions in this category of services include the provision of sub-contracting services by companies within the Group to the ATB/Wolong Group at an agreed contracted price for the contract period. As both the ATB/Wolong Group and the Group Companies are in a similar business of producing electric motors, the ATB/Wolong Group may on occasions outsource the production of certain electric motors to a Group Company. Such sub-contracting arrangements would benefit the Group, as it would enable excess production capacities of any Group Company to be utilised more effectively in providing a source of additional income for the Group. The price would be based on a cost-plus-margin formula or on a fixed cost (inclusive of margin) per unit motor or component to be produced during the specific contract period.

4. SCOPE OF THE GENERAL MANDATE (Continued)

4.2 Types of Transactions under the Scope of the General Mandate (Continued)

(c) *Storage and warehousing of electric motors and components*

Transactions falling within this category are the provision of storage services for electric motors and components to the ATB Group by the Group Companies at an agreed storage fee. Such fees are negotiated for the contractual period and are based on the prevailing rental rates for similar storage and warehouse space available on the market.

It is expected that the sharing of storage and warehousing facilities with the ATB Group would enable the Group Companies to save on rental costs.

(d) *Receipt of financial assistance*

This category covers transactions between companies within the Group and the ATB Interested Persons, which may include (i) the borrowing of money from the ATB Interested Persons and (ii) the provision of guarantees, indemnities or security by the ATB Interested Persons in favour of the Group's creditors in respect of borrowings which are incurred by the Group. The Group may seek financial assistance from the ATB Interested Persons in cases where there are insufficient funds for the Group's operations.

The cost of borrowing will be based on the prevailing rates of interest had the relevant company within the Group borrowed from the market. Commission rates (if any) which are charged by the ATB Interested Persons for the provision of such guarantees or indemnities will be benchmarked against commission rates quoted by reputable financial institutions.

As any interest payable by the Group Companies to the ATB Interested Persons would be no less favourable than what is offered in the market, the provision of financial assistance by the ATB Interested Persons would also allow the Group Companies ready access to funds in an expedient manner to meet the Group Companies' liquidity and working capital needs.

(e) Management support services

The Group may, from time to time, receive or provide management and support services from/to the ATB Interested Persons in the areas of financial and treasury advice, investment risk review, governmental relations, strategic development, management information systems, internal audit and human resources management and development ("management support services"). By having access to and providing such management support services, the Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the global network of the ATB Interested Persons.

5. REVIEW PROCEDURES FOR THE ATB INTERESTED PERSON TRANSACTIONS

To ensure that the ATB Interested Person Transactions are conducted on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally no more favourable than those extended to unrelated third parties, as a general practice, the relevant company within the Group will only enter into an ATB Interested Person Transaction if the terms offered by/extended to an ATB Interested Person are no less/more favourable than terms offered by/extended to unrelated third parties. To this end, the Group will adopt the procedures set out below.

5. REVIEW PROCEDURES FOR THE ATB INTERESTED PERSON TRANSACTIONS (Continued)

5.1 All ATB Interested Person Transactions (except storage and warehousing and financial assistance)

The Company will monitor the ATB Interested Person Transactions which are covered by the General Mandate by implementing the following review and approval procedures:

(a) Quotations will be obtained from the relevant ATB Interested Person and at least two other similar unrelated third party providers to determine if the price and terms offered by such ATB Interested Person are fair and reasonable. In determining if the price and terms offered by the relevant ATB Interested Person are fair and reasonable, factors such as (but not limited to) quality, specification compliance, track record, experience and expertise, preferential rates, rebates or discounts accorded for bulk purchases may also be taken into account .

(b) Where it is not possible to obtain quotations from unrelated third parties and in order to determine whether the terms of the transaction with the relevant ATB Interested Person are fair and reasonable, the designated approving party will assess whether the pricing and terms of the transaction is in accordance with the Group's usual business practices and pricing policy, the prevailing industry norms and whether they are consistent with the usual margins for the same or substantially similar types of transactions entered into with unrelated third parties. A written recommendation will be submitted to the designated approving parties by the relevant sales or purchasing personnel of the relevant Group Company.

(c) *Threshold Limits*

Transactions less than €100,000 each in value will be reviewed and approved by the designated management levels in accordance with the Group's procedures on the delegation of authority.

Transactions exceeding €100,000 but less than €300,000 each in value will be reviewed and approved by the Managing Director and the Financial Controller of the relevant company within the Group.

Transactions exceeding €300,000 but less than €1,000,000 each in value will be reviewed and approved by the Group Chief Executive Officer.

Transactions exceeding €1,000,000 each in value will be reviewed and approved by the Audit Committee.

The aforementioned approvals shall be obtained before the transactions are entered into or carried out.

5.2 Storage and warehousing

In relation to storage and warehousing services for electric motors and components, the agreed storage fees should be no less favourable than prevailing rental rates. In the event that market rental rates are not readily available, the relevant company within the Group shall adopt the procedures set out in paragraph 5.1(b).

The threshold limits as set out in paragraph 5.1(c) shall also apply for purposes of reviewing and approving any ATB Interested Person Transaction which involves the provision of storage and warehousing services.

5. REVIEW PROCEDURES FOR THE ATB INTERESTED PERSON TRANSACTIONS (Continued)

5.3 Financial Assistance

In relation to financial assistance, the borrowing of funds from any ATB Interested Person should be at rates and on conditions no less favourable than those quoted by a reputable financial institution licensed by the Monetary Authority of Singapore or, in the case of borrowings made by the Group's foreign subsidiaries, at rates quoted by reputable financial institutions located in the relevant foreign jurisdictions.

In relation to the provision of guarantees, indemnities or security by the ATB Interested Persons in favour of the Group's creditors, in respect of borrowings which are incurred by the Group, any commission rates (if any) which are chargeable by the ATB Interested Persons for the provision of such guarantees or indemnities shall be at rates no less favourable than that quoted by reputable financial institutions.

In cases where, for any reason, information relating to the prevailing interest/commission rates chargeable by such financial institutions is unavailable, the relevant company within the Group shall adopt the procedures set out in paragraph 5.1(b) above.

All financial assistance transactions will be reviewed and approved by the Group Chief Executive Officer. Any financial assistance transaction which exceeds €3,000,000 each in value will be reviewed and approved by the Audit Committee.

5.4 General Administrative Procedures for the ATB Interested Person Transactions

The Company will also implement the following administrative procedures in respect of transactions proposed to be entered into with the ATB Interested Persons:-

(a) A register will be maintained by each company within the Group to record all ATB Interested Person Transactions which are entered into pursuant to the General Mandate. The annual internal audit plan shall incorporate a review of all ATB Interested Person Transactions entered into pursuant to the General Mandate.

(b) The person authorised to approve those transactions must not have a direct or indirect interest in the transactions. In instances where the authorised person has a direct or indirect interest in any ATB Interested Person Transaction, he/she shall not take part in the approval process for such ATB Interested Person Transactions. Such ATB Interested Person Transactions shall be subject to the approval of such other non-interested persons who are authorised to approve transactions within that threshold limit or the next higher approving authority who has no direct or indirect interest in such transactions.

(c) On a quarterly basis, the Audit Committee will review all ATB Interested Person Transactions. The managing director and the financial controller of the relevant company within the Group shall submit a declaration form to the Head Office of the Group at the end of each financial quarter, stating that all ATB Interested Persons Transactions have been fairly and reasonably executed and are consistent with the guidelines and review procedures for ATB Interested Person Transactions. Persons authorised to approve the relevant ATB Interested Person Transactions shall also make a declaration when approving the relevant ATB Interested Person Transactions, confirming that he/she does not have a direct or indirect interest in the relevant ATB Interested Person Transactions.

5. REVIEW PROCEDURES FOR THE ATB INTERESTED PERSON TRANSACTIONS (Continued)

5.4 General Administrative Procedures for the ATB Interested Person Transactions (Continued)

(d) The Internal Auditor of the Company will periodically review the established guidelines and procedures for the ATB Interested Person Transactions to ensure compliance. The results of these reviews will be reported to the Audit Committee.

(e) On the basis of these periodic reviews by the Internal Auditor and in the event the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that the ATB Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the ATB Interested Persons.

(f) The Audit Committee has the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Company as they deem appropriate. For the purpose of the approval process, if any member of the Audit Committee has an interest in a transaction to be reviewed by the Audit Committee, he will abstain from any decision making by the Audit Committee in respect of the transaction. Accordingly, where any member of the Audit Committee has an interest in the transaction to be reviewed by the Audit Committee, the approval of that transaction will be undertaken by the remaining member(s) of the Audit Committee.

6. DISCLOSURE IN ANNUAL REPORT

Disclosure has been made in the section on Interested Person Transactions in this Annual Report of the aggregate value of transactions in excess of S$100,000 conducted with Interested Persons (as described in paragraph 3 of the appendix to this letter) pursuant to the existing General Mandate during the financial year ended 31 December 2011 and disclosure shall be made in the Annual Reports for subsequent financial years that the General Mandate continues in force in accordance with the requirements of Chapter 9.

Analysis of Shareholdings

As at 15 March 2012

Number of shares in issued	:	709,178,191
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 15 MARCH 2012

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	154	2.79	64,086	0.01
1,000 – 10,000	3,108	56.39	14,314,198	2.02
10,001 – 1,000,000	2,224	40.35	148,537,979	20.94
1,000,001 AND ABOVE	26	0.47	546,261,928	77.03
TOTAL	**5,512**	**100.00**	**709,178,191**	**100.00**

TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members)

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CIMB SECURITIES (SINGAPORE) PTE LTD	419,316,921	59.13
2	DBS NOMINEES PTE LTD	71,958,804	10.15
3	OCBC SECURITIES PRIVATE LTD	7,760,026	1.09
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,723,560	1.09
5	IYER ANJALI SUBRAMANIAN	3,523,500	0.50
6	CITIBANK NOMINEES SINGAPORE PTE LTD	3,513,037	0.50
7	OCBC NOMINEES SINGAPORE PTE LTD	3,083,750	0.43
8	HO SIN CHAN	2,617,000	0.37
9	PHILLIP SECURITIES PTE LTD	2,033,080	0.29
10	CHONG SOHHAR HAROLD	2,000,000	0.28
11	TEH CHIN HUAT	2,000,000	0.28
12	VENKAT RAM	2,000,000	0.28
13	LIM MUI CHOO	1,758,000	0.25
14	CITIBANK CONSUMER NOMINEES PTE LTD	1,735,500	0.24
15	MAYBANK KIM ENG SECURITIES PTE LTD	1,732,000	0.24
16	CHEW POH KWAN MARGARET	1,629,000	0.23
17	CHENG HENG FUAN	1,574,000	0.22
18	NG PIN	1,300,000	0.18
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,244,000	0.18
20	ANG YIAN HIONG	1,200,000	0.17
	TOTAL	**539,702,178**	**76.10**

Analysis of Shareholdings

As at 15 March 2012

Register of Substantial Shareholders as at 15 March 2012

Name	DIRECT INTERESTS		DEEMED INTERESTS	
	No. of Shares	%	No. of Shares	%
ATB Austria Antriebstechnik AG	276,170,921	38.94%	192,119,459	27.09%
Wolong Holding Group Co. Ltd	–	0.00%	468,290,380	66.03%
LJ (Singapore) Holding Limited	142,000,000	20.02%	–	–

Based on the information available to the Company as at 15 March 2012, approximately 40.93% of the issued ordinary shares of the Company were held by the public and therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

Notice of Annual General Meeting

LINDETEVES-JACOBERG LIMITED
(Company Registration No. 194700172G)
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Fourth Annual General Meeting of Lindeteves-Jacoberg Limited (the "Company") will be held at 1 Raffles Boulevard, Suntec City, Meeting Room 206, Level 2, Suntec Singapore International Convention & Exhibition Centre, Singapore 039593 on Friday, 27 April 2012 at 2.00 p.m. to transact the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts of the Company for the financial year ended 31 December 2011 and the Reports of Directors and Auditors thereon. **(Resolution 1)**

2. To approve the Directors' fees for Mr. Thomas Adrian Schaetti of S$10,000 for the financial year ended 31 December 2011 and the Directors' fees of S$100,000 for the financial year ending 31 December 2012 (31 December 2011: S$90,000). **(Resolution 2)**

3. To re-elect the following Directors:–

   (a) Mr. Volker Felix Zuleck, retiring pursuant to Article 104 of the Company's Articles of Association. **(Resolution 3)**

   Mr. Volker Felix Zuleck, who is an Independent Director, if re-elected as Director of the Company will remain as a Chairman of the Remuneration Committee, Nominating Committee and Audit Committee and will be considered as Independent Director.

   (b) Mr. Christian Schmidt, retiring pursuant to Article 104 of the Company's Articles of Association. **(Resolution 4)**

   Mr. Christian Schmidt, who is an Non-Independent and Non-Executive Director, if re-elected as Director of the Company will remain as a Chairman of Board of Directors' Meeting and the Member of the Remuneration Committee and will be considered as Non-Independent and Non-Executive Director.

   (c) Mr. Thomas Adrian Schaetti, retiring pursuant to Article 108 of the Company's Articles of Association. **(Resolution 5)**

   Mr. Thomas Adrian Schaetti, who is an Independent Director, if re-elected as Director of the Company will remain as a Member of the Nominating Committee.

4. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

Notice of Annual General Meeting

AS SPECIAL BUSINESS

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

5. AUTHORITY TO ISSUE SHARES

"That pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval 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;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

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

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

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 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities,

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting 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 1) **(Resolution 7)**

6. **APPROVAL OF THE RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

“That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“Chapter 9”) of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in the Appendix to the Company’s letter to shareholders dated 12 April 2012 the (“Letter”), with any party who is of the Classes of Interested Persons described in the Appendix to the Letter, provided that such transactions are carried out in the ordinary course of business and on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix to the Letter (the “General Mandate”);

(b) such General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the company to give effect to the General Mandate and/or this Resolution”.
(See Explanatory Note 2) **(Resolution 8)**

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

BY ORDER OF THE BOARD

Chan Wan Mei, ACIS
Low Siew Tian, ACIS
Company Secretaries

Singapore, 12 April 2012

Explanatory Note:–

(1) Resolution 7, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to allot and issue shares in the capital of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

For the purpose of Resolution 7, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(2) Resolution 8 is to renew effective up to the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by the Company in general meeting) the General Mandate to enable the Company, its subsidiaries and associated companies that are considered to be "entities at risk" to enter, in the ordinary course of business, into the types of mandated transactions with specific classes of the Company's interested persons. The General Mandate which was previously approved by shareholders at the Annual General Meeting of the Company held on 28 April 2011 will be expiring at the forthcoming 64th Annual General Meeting. Particulars of the General Mandate and the Audit Committee's confirmation (pursuant to Rule 920(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited) in respect of the proposed renewal of the General Mandate, are contained in the Company's letter to shareholders dated 12 April 2012.

Notes:

1. A member may appoint not more than two proxies to attend and vote at the Meeting.

2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the first named proxy may be treated as representing 100% of the shareholding and the second name proxy as an alternate to the first named.

3. A proxy need not be a member of the Company.

4. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

5. The instrument appointing a proxy must be deposited at the registered office of the Company at 141 Market Street, #07-01, International Factors Building, Singapore 048944 not later than 48 hours before the time appointed for the Meeting.

LINDETEVES-JACOBERG LIMITED
(Company Registration No. 194700172G)
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of Lindeteves-Jacoberg Limited, the 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.
3. CPF Investors who wish to vote should contact their CPF approved Nominees.

PROXY FORM

*I/We ______________________________ (Name) NRIC/Passport No. ________________

of ____ (Address)

being * a member/members of Lindeteves-Jacoberg Limited (the "Company"), hereby appoint

Name	Address	NRIC/Passport No.	Proportion of shareholdings to be represented by proxy (%)
*and/or			

or failing him, Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Sixty-Fourth Annual General Meeting of the Company to be held at 1 Raffles Boulevard, Suntec City, Meeting Room 206, Level 2, Suntec Singapore International Convention & Exhibition Centre, Singapore 039593 on Friday, 27 April 2012 at 2.00 p.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Accounts for the financial year ended 31 December 2011 and the Reports of Directors and Auditors thereon.		
2.	To approve the Directors' fees for Mr Thomas Schaetti of S$10,000 for the financial year ended 31 December 2011 and the Directors' fees of S$100,000 for the financial year ending 31 December 2012.		
3.	To re-elect Mr. Volker Felix Zuleck pursuant to Article 104 of the Company's Articles of Association.		
4.	To re-elect Mr. Christian Schmidt pursuant to Article 104 of the Company's Articles of Association.		
5.	To re-elect Mr. Thomas Adrian Schaetti pursuant to Article 108 of the Company's Articles of Association.		
6.	To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to issue shares		
8.	To approve the renewal of the General Mandate for interested person transactions		

Dated this _____ day of _____________ 2012

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

** Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:–

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his 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 attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 141 Market Street, #07-01, International Factors Building, Singapore 048944 not later than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he 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 the member of the Company.
7. 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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

AFFIX
STAMP

The Company Secretary
LINDETEVES-JACOBERG LIMITED
141 Market Street,
#07-01, International Factors Building,
Singapore 048944

Lindeteves - Jacoberg Limited
Co. Reg. No: 194700172G

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