

SUNLIGHT

CONTENTS

04 Corporate Information and Group Properties	05 Financial Highlights	06 Chairman's Statement	
10 Board Of Directors	12 Key Management	13 Organisation Structure	14 Operations Review
17 Corporate Governance and Financial Contents			

This Annual Report has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's Sponsor has not independently verified the contents of this Annual Report.

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The details of the contact person for the Sponsor are:

Name: Ms. Amanda Chen, Registered Professional, RHT Capital Pte. Ltd.

Address: Six Battery Road #10-01, Singapore 049909 Tel: (65) 6381 6757







CORPORATE INFORMATION

Board of Directors

Lim Kwang Joo (*Executive Chairman*)

Lim Fong Yee Roland (*Chief Executive Officer*)

Tan Boon Seng (*Executive Director*)

Sung Puay Kiang (*Executive Director*)

Tan Kok Keng (*Executive Director*)

Eng Ek Phang (*Lead Independent Director*)

Koh Beng Leong (*Independent Director*)

Phoon Han Meng Linus (*Independent Director*)

Audit Committee

Eng Ek Phang (*Chairman*)

Koh Beng Leong

Phoon Han Meng Linus

Nominating Committee

Eng Ek Phang (*Chairman*)

Koh Beng Leong

Phoon Han Meng Linus

Remuneration Committee

Koh Beng Leong (*Chairman*)

Eng Ek Phang

Phoon Han Meng Linus

Company Secretaries

Ong Bee Hoon, CA (Singapore)

Teo Chin Kee, ACIS

Registered Office

1 Third Chin Bee Road Singapore 618679

Tel: (65) 6741 9055

Fax: (65) 6741 5587

Email: info@sunlightgroup.com

Registrar and Share Transfer Office

M & C Services Private Limited

112 Robinson Road #05-01 Singapore 068902

Auditors

KPMG LLP

Public Accountants and Certified Public Accountants

16 Raffles Quay #22-00

Hong Leong Building Singapore 048581

Partner-in-charge: Chiang Yong Torng

Date of appointment : FY 2014

Continuing Sponsor

RHT Capital Pte Ltd

Six Battery Road #10-01 Singapore 049909

(Appointed on 22 March 2012)

Principal Bankers

United Overseas Bank Limited

80 Raffles Place UOB Plaza 1 Singapore 048624

DBS Bank

12 Marina Boulevard #43-04

DBS Asia Central @ MBFC Tower 3

Singapore 018982

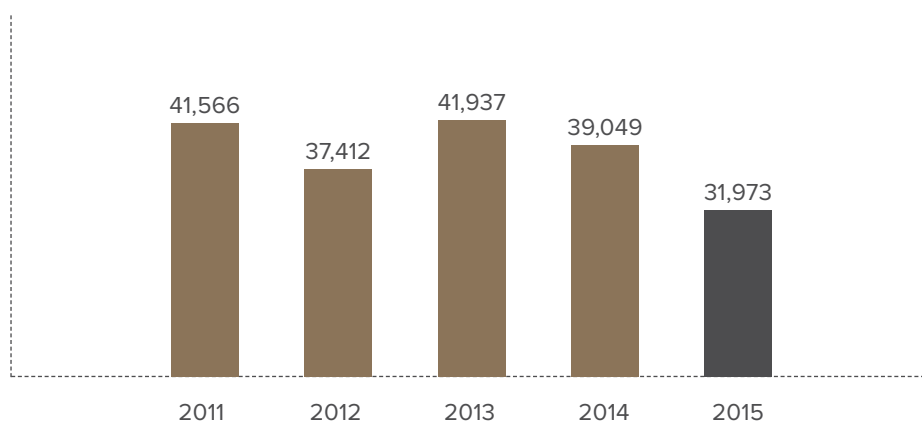
GROUP PROPERTIES

Factory/Location	Tenure	Land area / Built-in area
1 Third Chin Bee Road Singapore 618679	16 March 1997 to 15 March 2025	7,898 sq.m/5,498 sq.m
PTD 37437, off Jalan Perindustrian Senai 3 Kawasan Perindustrian Senai Fasa 2 81400 Senai Johor, Malaysia	Freehold	4,771 sq.m/3,002 sq.m
20 Dai Lo Doc Lap Vietnam-Singapore Industrial Park (Thuan An District, Binh Duong Province, Socialist Republic of Vietnam)	14 May 1998 to 11 February 2046	4,284 sq.m/2,519 sq.m

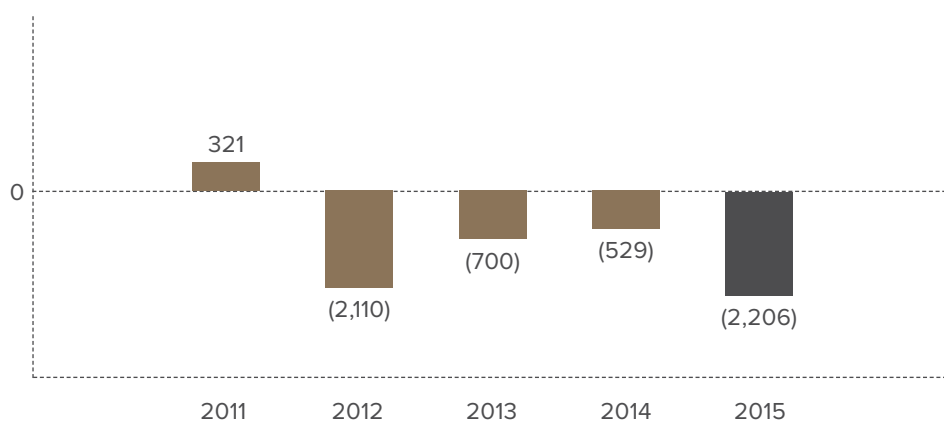
FINANCIAL HIGHLIGHTS



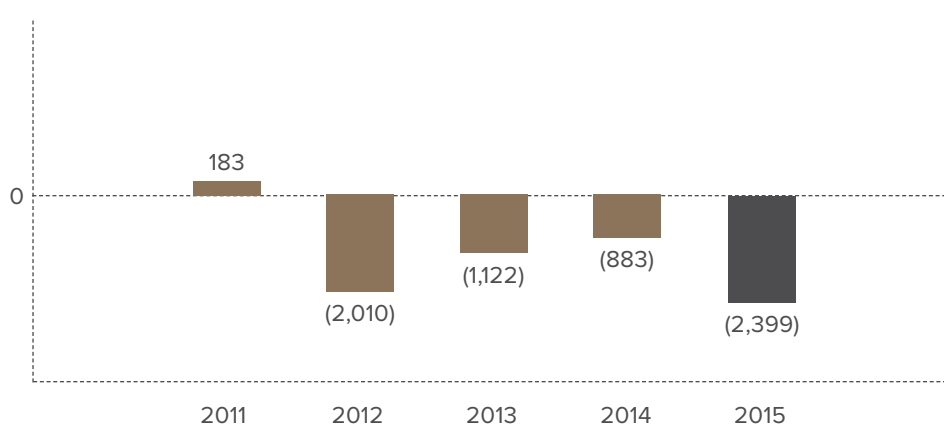
TURNOVER (\$'000)



PROFIT/(LOSS) BEFORE TAX (\$'000)



PROFIT/(LOSS) AFTER TAX & MINORITY INTEREST (\$'000)



CHAIRMAN'S STATEMENT

GROUP RESULTS

The turnover of the Group for the financial year ended 31 March 2015 ("FY 2015") was \$32.0 million, a decrease of \$7.1 million or approximately 18% from the last financial year ended 31 March 2014 ("FY 2014"). This led to the decrease in the Group's gross profit of \$1.7 million or approximately 21%. Some major projects undertaken in FY 2015 included Big Box, Novartis-Meccano, Airport Pump House, E U Habitat and NRP Batch 4 at Bukit Panjang. The Group reduced its distribution and administrative expenses of \$0.3 million but this was offset by lower other income of \$0.3 million.

As a result, the Group incurred a loss before income tax of approximately \$2.2 million in FY 2015 as compared to a loss before income tax of approximately \$0.5 million in FY 2014.

BUSINESS OUTLOOK AND FUTURE PLANS

The uncertain construction demand in public and private residential markets in 2014 is set to continue through 2015. Hence, the Group is relying less on residential projects and investing more resources on key demand markets like data centres, industrial, public institutional and civil engineering sectors. The Group has begun restructuring efforts to create and improve products, services and processes to better meet these sectors' demands. The Group has also stepped up efforts to raise productivity through simplifying and standardizing products and processes. The new focus also included initiatives to enhance partnership with key supply-chain players, buildings' owners, authorities, business partners and clients, both locally and regionally.

Besides our core business, the Group is also exploring new avenues of growth. As announced on 6 May 2013, the Company has entered into a non-binding term sheet ("Term Sheet") with Alexander Resources Pte Ltd (the "Vendor") to acquire the entire issued and paid-up share capital of Alexander Resource Limited ("ARL") (the "Proposed Acquisition"). ARL, in turn, holds the entire issued and paid-up share capital of Alexander Mining Limited ("AML"). AML holds an Exploration Licence (No.: 1857) (the "EL 1857

CHAIRMAN'S STATEMENT

Licence”) in northern Papua New Guinea covering 222 square kilometres (renewed up to 20 January 2016). In addition, AML had also been awarded an Exploration Licence (No.: EL 2212) (the “EL 2212 Licence”) over an area near Wewak – East Sepik Province of Papua New Guinea, covering 525 square kilometres. On the Vendor’s recommendation, the Group has directed the Vendor to engage PT GMT Indonesia to prepare an independent technical report to ascertain the indicated resources contained within the areas covered by the EL 1857 Licence (“EL 1857 ITR”). In the event that the indicated resources contained within the areas covered by the EL 1857 Licence is not less than 800,000 ounces of gold, the Group will continue further due diligence work on the Proposed Acquisition.

As announced on 27 February 2015, the Company has signed a second letter of extension with the Vendor to further extend the expiry of the Term Sheet to 31 August 2015 (or such other date as the Company and the Vendor may agree in writing), as they are awaiting the issuance of the EL 1857 ITR as part of the Company’s due diligence for the Proposed Acquisition and in order to negotiate the terms of the Sale and Purchase Agreement. The Company will provide further update as and when there are material developments on the Proposed Acquisition.

APPRECIATION

On behalf of the Board, I would like to thank all our shareholders, customers, suppliers, partners and bankers for their many years of support and confidence in us. In addition, I would like to thank my fellow directors, management and staff for their dedication, commitment and hard work.

Mr Lim Kwang Joo
Chairman





BOARD OF DIRECTORS

MR. LIM KWANG JOO

As the Executive Chairman of the Group, Mr. Lim Kwang Joo brings with him over 40 years of experience in the electrical industry. He started his career as an electrical apprentice in 1956. In 1963, he was with Fitzpatrick Supermarket as an electrician cum refrigeration mechanic. Subsequently, in 1967, he joined the Public Utilities Board (now known as “SP Services Ltd”) and rose to the position of senior installation inspector. He joined the Group in 1976 when he identified opportunities in the electrical industry. Under his leadership, the Group’s business expanded and diversified from the provision of electrical installation services to the manufacture of LV switchgear. Currently, he is responsible for overall strategic planning and corporate business development.

MR. LIM FONG YEE ROLAND

Mr. Lim Fong Yee Roland was appointed as the Chief Executive Officer of the Group on 28 February 2007. He has been part of the management team since 1994 and serves as its Executive Director. He played a key role in restructuring the Company and taking it to a successful IPO. Mr. Lim graduated from the National University of Singapore with a Bachelor of Business Administration. He is currently responsible for the strategic direction and business development of the Group.

MR. TAN BOON SENG

Mr. Tan Boon Seng is an Executive Director and has been with the Group since 1975. He has more than 38 years of experience in the LV switchgear industry. In 1997, he assisted the Group in the start-up factory operations in the Vietnam-Singapore Industrial Park. Currently, Mr. Tan is responsible for sales, project management and technical aspects of the Group’s core business.

MR. SUNG PUAY KIANG

Mr. Sung Puay Kiang joined the Board and was appointed as an Executive Director on 9 September 2010. He is also an Executive Director of Sunlight Electrical Pte Ltd and the Managing Director of Sunlight Switchgear Sdn Bhd. Mr. Sung graduated from the National University of Singapore in 1994 with a Bachelor of Business Administration. He joined Sunlight Electrical Pte Ltd in the same year as a quality and human resource manager. In 1997, he became the factory manager and integrated manufacturing, QC/QA and servicing departments. In 2001, Mr. Sung set up Sunlight Switchgear Sdn Bhd, an overseas production facility to support local production. He is currently involved in strategic planning, policy formulation and business development for the Asia Pacific and Middle East regions.

MR. TAN KOK KENG

Mr. Tan Kok Keng Ken joined the Board and was appointed as an Executive Director on 9 September 2010. He is also an Executive Director of Sunlight Electrical Pte Ltd and the General Director of Sunlight Electrical (Vietnam) Co., Ltd. He is stationed in Vietnam, Ho Chi Minh City and has been responsible for the entire operation in Vietnam since March 2006. Mr. Tan brings with him more than 20 years of experience in the field of electrical distribution. He has built a strong reputation in the industry with a vast experience in the local and regional market. Mr. Tan holds a Bachelor of Science in Business and Management Studies from University of Bradford (UK), Graduate Diploma in Business Administration from Singapore Institute of Management (SIM), Diploma in Marketing from The Chartered Institute of Marketing UK (CIM-UK) and Diploma in Sales & Marketing from Marketing Institute of Singapore (MIS).

MR. ENG EK PHANG

Mr. Eng Ek Phang was appointed as Independent Director of the Group on 12 August 2005. He is also the Chairman of the Nominating and Audit Committees and a member of the Remuneration Committee as well as the Lead Independent Director. He is a FCPA (Singapore), FCCA (U.K.), C.A. (Malaysia) and a FCPA (Australia). He is currently the Managing Partner of the audit firm, Bob Eng & Partners Certified Public Accountants, a director of several consulting companies, the honorary treasurer of Seletar Country Club and an audit committee member of Management Development Institute of Singapore.

MR. KOH BENG LEONG

Mr. Koh Beng Leong was appointed as an Independent Director of the Group on 12 August 2005. He is currently the Chairman of the Remuneration Committee and a member of the Nominating and Audit Committees. He is a member of Certified Practising Accountant (Australia) and Kampuchea Institute of Certified Public Accountants & Auditors. He holds a Master of Professional Accounting and a Bachelor of Economics. He is currently an Executive Director of Annaik Limited, a SGX Mainboard listed company, assisting the Executive Chairman cum CEO and COO in operation and business development. Prior to his current appointment, he held key management positions in various companies in Singapore and Vietnam overseeing businesses in the South East Asia region.

MR. PHOON HAN MENG LINUS

Mr. Phoon Han Meng Linus was appointed as an Independent Director of the Group on 30 March 2009. He is also a member of the Nominating, Remuneration and Audit Committees. He graduated from the National University of Singapore in 1995 with a Bachelor of Social Science (Honours 2nd Class Upper in Economics) and a Bachelor of Science (Faculty of Science Dean's List 1994). He is currently the CEO of Canopus Asia Pte Ltd since 2008. Prior to that, he spent 7 years in Converium Ltd where he acted as the Principal Officer and General Manager, in charge of the Singapore branch with responsibility for business in the whole of Asia region excluding Japan, Australia and New Zealand, including offices in Kuala Lumpur and Labuan.

KEY MANAGEMENT

MS. ONG BEE HOON

Ms. Ong Bee Hoon is the Group Finance Manager and Company Secretary. She is responsible for financial and management reporting of the Group and compliance with the regulations of the Singapore Exchange Securities Trading Limited. She graduated from the National University of Singapore with a Bachelor of Accountancy in 1991. Upon graduation, she joined DBS Bank as a bank officer in the finance and tax department. In 1995, she joined Banque Nationale de Paris as an accounts officer in the accounts and financial control department. Her duties included head office reporting, management reporting and reporting to the Monetary Authority of Singapore. Ms. Ong joined the Group in 1999 and assisted in the Company's IPO. She is a Chartered Accountant and a member of the Institute of Singapore Chartered Accountants.

MR. KOH NAI PUAY

Mr. Koh Nai Puay is the Vice President for Procurement. Mr. Koh has more than 22 years of experience in building services for commercial, industrial and residential projects. Prior to joining the Group, Mr. Koh was a technical officer with the electrical engineering department in Jurong Town Corporation. In 1981, he joined Sunlight Electrical and was assigned to head the M & E engineering arm of the Group. Mr. Koh holds a Diploma in Electrical Engineering from Singapore Polytechnic.

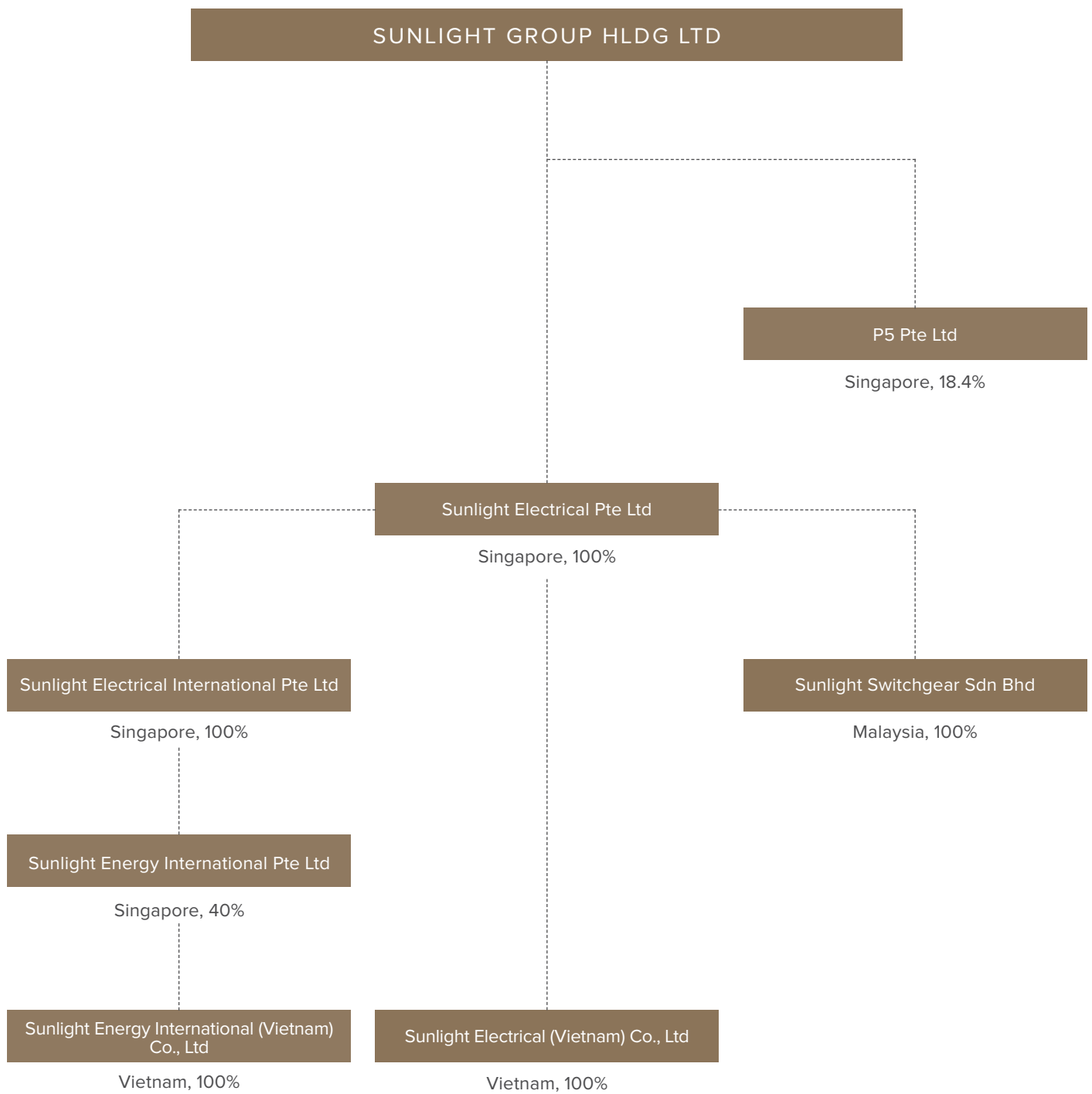
MR. LIM LEK HWEE JOHN

Mr. Lim Lek Hwee John joined Sunlight Electrical in September 2003 and is currently the General Manager of the lighting division, Sunlight Luminaire which is involved in lighting design consultancy, project management, tender and supply. Mr. Lim has more than 19 years of sales and marketing experience which includes 16 years in the lighting industry, where he built up his knowledge in architectural lightings, lighting design, specifications, LED technology and KNX control systems. He is currently responsible for the overall sales, marketing, operations and management of Sunlight Luminaire in Singapore, Malaysia and Vietnam. He holds a Diploma in Electrical Engineering from Singapore Polytechnic, Postgraduate Diploma in Marketing from Chartered Institute of Marketing in United Kingdom, Professional Diploma in Asia Pacific Marketing from National University of Singapore Extension and is a Professional Marketer (Asia Pacific) qualifier.

MR. TAN TIONG PENG

Mr. Tan Tiong Peng joined Sunlight Electrical in September 2007 as a Technical Manager. He was subsequently re-designated as the Engineering & Design Manager overseeing the design and R&D team responsible for improving, developing and implementing new switchboard designs. Mr. Tan has more than 22 years of experience in the switchboard industry in the area of sales and engineering. He holds a Diploma in Electrical Engineering from Singapore Polytechnic.

ORGANISATION STRUCTURE



OPERATIONS REVIEW

FINANCIAL PERFORMANCE

The turnover of the Group for the financial year ended 31 March 2015 (“FY 2015”) decreased \$7.1 million or approximately 18% from the last financial year ended 31 March 2014 (“FY 2014”). In FY 2014, the top 5 major projects undertaken were Fusionpolis 2A, Project Athena (data center solutions), D’Leedon condominium, Airport Pump House and Novartis-Meccano. In FY 2015, the Group continued to supply the remaining of Airport Pump House and Novartis-Meccano projects and new major projects such as Big Box, E U Habitat and NRP Batch 4 at Bukit Panjang.

The decrease in the Group’s turnover led to a corresponding decrease in the gross profit of \$1.7 million. The Group reduced its distribution and administrative expenses of \$0.3 million but this was offset by lower other income of \$0.3 million.

As a result, the Group incurred a loss before income tax of approximately \$2.2 million in FY 2015 as compared to a loss before income tax of approximately \$0.5 million in FY 2014.

PROPOSED ACQUISITION OF ALEXANDER RESOURCE LIMITED

On 6 May 2013, the Company entered into a non-binding term sheet (the “Term Sheet”) with Alexander Resources Pte. Ltd. (the “Vendor”), pursuant to which it was proposed that the Vendor will sell, and the Company will acquire, 1,000 ordinary shares of par value of US\$1.00 each (the “Sale Shares”) representing the entire issued and paid-up share capital of Alexander Resource Limited (“ARL”), a company incorporated in the Cayman Islands (the “Proposed Acquisition”). ARL, in turn, holds the entire share capital of Alexander Mining Limited (AML). AML holds an Exploration Licence (No.: 1857) (the “EL 1857 Licence”) in northern Papua New Guinea covering an area of 222 square kilometres (renewed up to 20 January 2016). In addition, AML had also been awarded an Exploration Licence (No.: EL 2212) (the “EL 2212 Licence”) over an area near Wewak – East Sepik Province of Papua New Guinea, covering 525 square kilometres. On the Vendor’s recommendation, the Group has directed the Vendor to engage PT GMT Indonesia to prepare an independent technical report to ascertain the indicated resources contained within the areas covered by the EL 1857 Licence (“EL 1857 ITR”). In the event that the indicated resources contained within the areas covered by the EL 1857 Licence is not less than 800,000 ounces of gold, the Group will continue further due diligence work on the Proposed Acquisition.

OPERATIONS REVIEW

As announced on 27 February 2015, the Company has signed a second letter of extension with the Vendor to further extend the expiry of the Term Sheet to 31 August 2015 (or such other date as the Company and the Vendor may agree in writing), as they are awaiting the issuance of the EL 1857 ITR as part of the Company's due diligence for the Proposed Acquisition and in order to negotiate the terms of the Sale and Purchase Agreement. The Company will provide further update as and when there are material developments on the Proposed Acquisition.

PLACEMENT OF 130,000,000 NEW ORDINARY SHARES

During FY 2014, the Company completed a share placement of 130,000,000 new ordinary shares in the capital of the Company (the "Placement Shares") at an issue price of \$0.038 for each Placement Share (the "Placement Price") to raise net proceeds of \$4,714,029 (the "Placement").

Use of Proceeds

As announced on 27 May 2013 and 14 October 2013, the Group had fully utilised the net proceeds from the Placement as follows:

Use of Net Proceeds	Allocation of Net Proceeds	Net Proceeds utilised as at 14 October 2013	Balance of Net Proceeds
To fund possible acquisitions and/or investments when opportunities arise ⁽¹⁾	\$3,770,779	\$3,770,779	\$-
For general working capital purposes	\$943,250	\$943,250 ⁽²⁾	\$-
Total	\$4,714,029	\$4,714,029	\$-

Note:

⁽¹⁾ To partially fund the costs associated with the due diligence for the Proposed Acquisition by engaging an independent qualified person and other relevant specialists or professionals in association with the preparation of the independent technical report ("ITR") and other ancillary expenses associated with the ITR, the Company had disbursed \$3,000,000 as at 27 May 2013 and the remaining \$770,779 as at 14 October 2013.

⁽²⁾ On 27 May 2013, the Company paid \$943,250 to the suppliers of Sunlight Electrical Pte Ltd (its wholly-owned subsidiary) for its purchase of raw materials in the ordinary course of business.

OPERATIONS REVIEW

RIGHTS ISSUE

During FY 2014, the Company completed a rights issue of 130,311,666 new ordinary shares in the capital of the Company (the “Rights Shares”) at an issue price of \$0.05 for each Rights Share, on the basis of one (1) Rights Share for every three (3) existing ordinary shares held by shareholders of the Company to raise net proceeds of approximately \$6,145,544 (the “Rights Issue”).

Use of Proceeds

As announced on 14 October 2013 and 30 October 2013, the Group had partially utilised the net proceeds from the Rights Issue as follows:

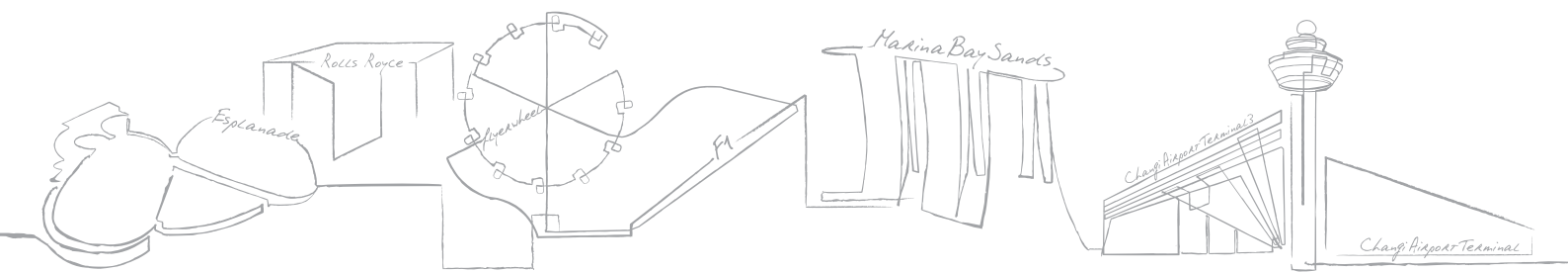
Use of Net Proceeds	Allocation of Net Proceeds	Net Proceeds utilised as at 30 October 2013	Balance of Net Proceeds
To partially fund the professional costs and expenses associated with the Proposed Acquisition, including the costs of engaging an independent qualified person and other relevant specialists or professionals in association with the preparation of the ITR and other ancillary expenses associated with the ITR ⁽¹⁾	\$5,479,221	\$2,479,221	\$3,000,000
For general working capital purposes	\$666,323	\$666,323 ⁽²⁾	\$-
Total	\$6,145,544	\$3,145,544	\$3,000,000

Note:

- ⁽¹⁾ The Company had disbursed \$2.48 million from the net proceeds of the Rights Issue as at 14 October for the ITR Costs. As such, the Company had fully disbursed an aggregate of S\$6.25 million (equivalent to US\$5.0 million) for the ITR Costs from the net proceeds of the Placement and the Rights Issue.
- ⁽²⁾ On 30 October 2013, the Company paid \$0.67 million to the suppliers of Sunlight Electrical Pte Ltd (its wholly-owned subsidiary) for its purchase of raw materials in the ordinary course of business.

DILUTION OF INTEREST IN P5 PTE LTD

On 25 May 2015, an associate of the Company, P5 Pte. Ltd. (“P5”) issued 816,000 new ordinary shares consisting of 51% of its enlarged share capital to Mr & Mrs Ang Leng Hong for a cash consideration of \$300,000 arrived at on a willing buyer, willing seller basis. As a result, the Company’s interest in P5 was diluted from 37.5% to 18.4%. Management has assessed the fair value of the investment in P5 as at 31 March 2015 by reference to the latest price per share injected by the new shareholders. Accordingly, an impairment loss of \$136,000 and \$186,000 was recognised in the income statement of the Group and the Company respectively.



CORPORATE GOVERNANCE & FINANCIAL CONTENTS

18	Corporate Governance	29	Directors' Report	32	Statement by Directors
33	Independent Auditors' Report	34	Statement of Financial Position	35	Consolidated Statement of Profit or Loss
36	Consolidated Statement of Comprehensive Income	37	Consolidated Statement of Changes in Equity		
38	Consolidated Statement of Cash Flows	39	Notes to the Financial Statements	86	Shareholdings Statistics
88	Notice of Sixteenth Annual General Meeting		Proxy Form		

CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of Sunlight Group Hldg Ltd (“Sunlight” or the “Company”) is committed and dedicated to maintaining high standards of corporate governance and endorses the recommendations of the Singapore Code of Corporate Governance 2012 (“Code”), in order to protect the interests of its shareholders. This Report describes the Company’s corporate governance processes and practices with specific reference to the principles of the Code. The Company confirms that it has adhered to the principles and guidelines as set out in the Code, where applicable, and has specified and explained the areas of non-compliance.

For effective corporate governance, the Company has put in place the following self-regulatory and monitoring mechanisms:

BOARD MATTERS

Principle 1 The Board’s Conduct of Affairs

The Board comprises:

<i>Lim Kwang Joo</i>	<i>(Executive Chairman)</i>
<i>Lim Fong Yee Roland</i>	<i>(Chief Executive Officer & Executive Director)</i>
<i>Tan Boon Seng</i>	<i>(Executive Director)</i>
<i>Sung Puay Kiang</i>	<i>(Executive Director)</i>
<i>Tan Kok Keng</i>	<i>(Executive Director)</i>
<i>Eng Ek Phang</i>	<i>(Lead Independent Director)</i>
<i>Koh Beng Leong</i>	<i>(Independent Director)</i>
<i>Phoon Han Meng Linus</i>	<i>(Independent Director)</i>

The Board’s role is to:

- (a) provide entrepreneurial leadership, set strategic objectives, 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 risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- (c) review management performance;
- (d) identify the key stakeholder groups and recognize that their perceptions affect the Company’s reputation;
- (e) set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Company has a set of terms of reference setting out the powers and authority of the Board and the Executive Committee. The matters reserved for the Board’s decision are as follows:

- (i) corporate restructuring or investment/divestment decisions relating to its principal subsidiaries and associates;
- (ii) purchase/disposal of material assets;
- (iii) approval for new business investment and budget / divestment or aborting of venture;
- (iv) approval of annual budgets;
- (v) material financing/borrowing not in the ordinary course of business;

CORPORATE GOVERNANCE

- (vi) appointment/termination of directors/CEO/company secretary;
- (vii) service agreement of directors/CEO and its terms and conditions;
- (viii) determination of annual increment/bonus of directors and CEO and directors' fees;
- (ix) approval for full year and half year reporting of the Group's results; and
- (x) shareholders' matters (including adopting the audited accounts of the Group, dividend proposal, amendments to the Company's Memorandum & Articles of Association)

To assist in the execution of its responsibilities, the Board has established a number of committees, including an Executive Committee, a Nominating Committee, a Remuneration Committee and an Audit Committee. These committees have written mandates and operating procedures, which were approved by the Board.

In the year under review, the number of Board meetings (including committee meetings) held and attended by each member are as follows:

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	2	1	1
<u>No of meetings attended</u>				
Lim Kwang Joo	4	2	1	1
Lim Fong Yee Roland	4	2	1	1
Tan Boon Seng	4	2	–	–
Sung Puay Kiang	4	2	–	–
Tan Kok Keng	1	1	–	–
Eng Ek Phang	4	2	1	1
Koh Beng Leong	4	2	1	1
Phoon Han Meng Linus	3	2	1	1

New directors are strongly encouraged to attend external courses on directors' duties and responsibilities and corporate governance. Any updates relating to changes in the listing rules and/or corporate governance guidelines are circulated to Directors from time to time. Periodic briefings on developments in corporate, financial, legal and other compliance requirements conducted by our Sponsor and auditors are also attended by some of the Directors.

Principle 2 Board Composition and Guidance

The Board comprises eight Directors of whom five are executive and three are non-executive and independent. The board composition complies with the Code's requirement that at least one-third of the Board should be made up of independent directors.

The Board comprises business leaders and professionals with financial (including audit and accounting), engineering, insurance and management backgrounds. The members of the Board with their combined business, management and professional experience, industry knowledge and expertise, provide an objective perspective for the Board to discharge their duties. Taking into account the scope and nature of the operations of the Group, the Board is satisfied that the current composition and size of the Board provide for effective decision making. With three of the directors being independent one of whom is the lead independent director, the Board is able to exercise independent and objective judgment in key issues and discussions.

CORPORATE GOVERNANCE

The Board and Nominating Committee (“NC”) determine the independence of directors based on the criteria defined in the criteria of independence as defined in the Code. The NC is satisfied that the independent Directors, comply with the guidelines 2.3.

Each independent Director exercises his own judgment independently and none of the independent Director has any relationship with the Company, its subsidiaries, its related corporations, its 10% shareholders or its officers that could interfere, or reasonably perceived to interfere, with the exercise of the Director’s independent business judgment with a view to the best interests of the Company. The independent Directors also do not receive any remuneration, significant payments or material services payments from the Company and its subsidiaries apart from the directors’ fees which is subject to shareholders’ approval in annual general meeting. In addition, none of the independent Directors or its immediate family members are or were 10% shareholders of the Company as defined in the Code.

The independent Directors provide, amongst other things, strategic guidance to the Group based on their professional knowledge, in particular, assisting to constructively challenge and develop proposals on strategies.

The Independent Directors can meet among themselves at any time without the presence of Management.

Principle 3 Chairman and Chief Executive Officer

There is clear separation of roles and responsibilities between Chairman and Chief Executive Officer (“CEO”). Mr. Lim Fong Yee Roland, the CEO, is the son of the Executive Chairman, Mr. Lim Kwang Joo. The Code recommends that where the Chairman and CEO are related by close family ties, the Company may appoint an independent non-executive director to be the lead independent director. To enhance the independence of the Board as well as to provide an additional channel of communication to shareholders, the Company has appointed Mr. Eng Ek Phang as the lead independent director.

As the Executive Chairman, Mr Lim Kwang Joo is responsible for ensuring that Board meetings are held when necessary, scheduling and preparing agendas and exercising control over the information flow between the Board and Management.

As the CEO, Mr Lim Fong Yee Roland is responsible for the Group’s business strategy and direction including all executive decision-makings.

The Lead Independent Director can meet with the other Independent Directors at any time without the presence of other Directors and he can then provide feedback to the Chairman after such meetings.

Throughout the years, the Independent Directors constructively challenge and assist to develop both the Group’s short term and long term strategies and the implementation by the Management was monitored closely. The Independent Directors also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Independent Directors are constantly encouraged to meet among themselves without the presence of the Management so as to facilitate a more effective check on Management.

Mr Eng Ek Phang and Mr Koh Beng Leong had served as independent directors of the Company for 9 years on 12 August 2014. Based on the assessment of the NC, the NC’s view is that the directors are able to exercise independent and objective judgment and that there are no relationships or circumstances which will affect their judgment and ability to discharge their duties and responsibilities as independent directors. The Nominating Committee therefore recommended to the Board that they can remain as independent directors of the Company. The Board also concurred with the Nominating Committee’s review and findings.

CORPORATE GOVERNANCE

Principle 4 Board Membership

Principle 5 Board Performance

Nominating Committee

We have established a Nominating Committee (“**NC**”) and it comprises the following directors:

Eng Ek Phang (Chairman)	<i>(Lead Independent Director)</i>
Koh Beng Leong	<i>(Independent Director)</i>
Phoon Han Meng Linus	<i>(Independent Director)</i>

The Company complies with the Code which requires the NC to comprise at least three directors, the majority of whom, including the Chairman, should be independent.

The NC pursuant to its written terms of reference shall:-

- regularly review the structure, size and composition of the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- annually review whether or not a director is independent, in accordance to Guideline 2.3 and 2.4 of the Code and other salient factors;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- review and recommend to the Board for re-election of the directors due for renewal by rotation;
- review and decide whether or not a director is able to and has been adequately carrying out his / her duties as director of the Company;
- decide how the Board’s performance may be evaluated and propose objective performance criteria;
- decide on the performance evaluation process;
- assess the effectiveness of the Board as a whole and for assessing the contribution by each individual director to the effectiveness of the Board; and
- make recommendations for succession planning, in particular, of the Executive Chairman and the Chief Executive Officer.

In assessing the suitability of a candidate to be appointed or to be re-elected to the Board, the NC will consider if he is able to make the appropriate contributions to the Board and the Group. The key factors which the NC will take into consideration are:

- qualifications, industry knowledge and functional expertise which are relevant and beneficial to the Group; and
- extensive experience and business contacts in the industry in which the Group operates

When a vacancy arises under any circumstances or where it is considered that the Board would benefit from the services of a new director with some particular skills, the NC would review and nominate the most suitable candidate to the Board. The Board then selects the candidates that possess the appropriate qualifications and experience.

CORPORATE GOVERNANCE

In accordance with the Company's Articles, at least one-third of the Board, or if the number is not a multiple of three, the number nearest to one third but not greater than one-third is required to retire from office at each annual general meeting ("AGM") and by rotation. Mr Lim Kwang Joo, the Executive Chairman who is over the age of 70 years, will have to be re-appointed as a Director of the Company, to hold office until the next AGM pursuant to Section 153(6) of the Companies Act, Cap. 50 at the Company's forthcoming AGM. Mr Lim Fong Yee Roland and Mr Tan Kok Keng, who have been longest in office since their last re-election or appointment will be due for retirement by rotation at the Company's AGM pursuant to Article 103 of the Company's Articles of Association. All the retiring Directors, Mr Lim Kwang Joo, Mr Lim Fong Yee Roland and Mr Tan Kok Keng have expressed their willingness to be re-appointed/re-elected as Directors and the Nominating Committee has recommended the re-appointment/re-election of all the retiring Directors.

The dates of initial appointment and last re-election of each Director are set out as follows:

Name of Director	Appointment	Date of initial appointment	Date of last re-election
Lim Kwang Joo	Executive Chairman	6 March 2000	30 July 2014
Lim Fong Yee Roland	Chief Executive Officer & Executive Director	6 March 2000	29 July 2011
Tan Boon Seng	Executive Director	17 July 2000	30 July 2013
Sung Puay Kiang	Executive Director	9 September 2010	30 July 2014
Tan Kok Keng	Executive Director	9 September 2010	29 July 2011
Eng Ek Phang	Lead Independent Director	12 August 2005	30 July 2012
Koh Beng Leong	Independent Director	12 August 2005	30 July 2012
Phoon Han Meng Linus	Independent Director	30 March 2009	30 July 2012

The Board recognises the merit of having some degree of formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board. The evaluation of the Board and each Director are performed annually by having all members to complete a questionnaire individually which are submitted to the Nominating Committee for review.

The Directors declare their board representations as and when there are changes. Annually, each Director declares that they have devoted sufficient time and attention to the affairs of the Company. Based on the knowledge of the directorships held by the Directors and their declarations, the Nominating Committee is satisfied that all Directors are able to carry out their duties as Directors of the Company. The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many factors such as whether they were in full time employment and their other responsibilities.

The key information of each Director is set out on pages 10 to 11 of the Annual Report.

Executive Committee

The Executive Committee comprises the following executive directors:

Lim Kwang Joo (Chairman)
 Lim Fong Yee Roland (CEO)
 Tan Boon Seng
 Sung Puay Kiang
 Tan Kok Keng

The Executive Committee acts for the Board in supervising the management of the Company's business and affairs within the limits of authority delegated by the Board and approve routine and other operational matters of the Company.

The Board is planning to do an appraisal of its Audit Committee, Nominating Committee and Remuneration Committee and is working out the criteria with regards to the assessment of each committee.

CORPORATE GOVERNANCE

Principle 6 Access to information

The members of the Board have access to timely information necessary for their decision-making. In particular, board papers are prepared and circulated to members of the Board before each Board meeting and committee meeting.

All Directors have separate and independent access to the company secretaries. The company secretaries administer, attend and prepare minutes of Board meetings, and assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and all rules and regulations applicable to the Company, including its memorandum and articles of association and the Rules of Catalist of the SGX-ST, are complied with.

The Directors have access to the professional corporate secretarial services firm and they can seek independent professional advice when required. The appointment and removal of the company secretaries are subject to the approval of the Board.

REMUNERATION MATTERS

Principle 7 Procedures for Developing Remuneration Policies

Principle 8 Level and Mix of Remuneration

Remuneration Committee

The Company complies with the Code which requires the Remuneration Committee (“**RC**”) to comprise at least three Directors, all members to be non-executive, a majority of whom, including the Chairman, should be independent, as follows:

Koh Beng Leong (Chairman)	<i>(Independent Director)</i>
Eng Ek Phang	<i>(Lead Independent Director)</i>
Phoon Han Meng Linus	<i>(Independent Director)</i>

The RC shall:-

- determine and agree with the Board the framework or broad policy for the remuneration of the Company’s Board and to determine specific remuneration packages for the executive directors and the key management executives;
- in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that the Group provides the appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;
- determine targets for any performance related pay schemes operated by the Group, taking into account pay and employment conditions within the industry and in comparable companies;
- within the terms of the agreed policy, determine the total individual remuneration package of each executive director including, where appropriate, allowances, bonuses, benefits in kind, incentive payments and share options;
- determine the policy for and scope of service agreements including fixing appointment period for the executive directors and in the event of early termination the compensation commitments; and
- determine whether directors and key management should be eligible for benefits under the long-term incentive schemes.

In recommending the Directors’ remuneration packages, consideration is given to ensure that the remuneration is competitive in attracting and retaining talent, commensurate with the Directors’ scope of work and responsibilities and sufficient to reward them for achieving corporate performance targets.

CORPORATE GOVERNANCE

No individual director is involved in deciding his own remuneration or the remuneration of another director related to him. Non-executive directors are paid directors' fees annually after approval by shareholders at the AGM.

The RC is not assisted by any remuneration consultants during FY 2015.

Principle 9 Disclosure on Remuneration

Breakdown of remuneration of each Director by % (financial year ended 31 March 2015)

Remuneration Band	Name of Director	Salary and CPF	Fees
\$250,000 to below \$500,000	Lim Kwang Joo	100%	–
Below \$250,000	Lim Fong Yee Roland	100%	–
	Tan Boon Seng	100%	–
	Sung Puay Kiang	100%	–
	Tan Kok Keng	100%	–
	Eng Ek Phang	–	100%
	Koh Beng Leong	–	100%
	Phoon Han Meng Linus	–	100%

In addition to the base/fixed salary, the Executive Directors are entitled to a profit sharing incentive based on the following formula:

Name of Director	Group's audited consolidated profit before tax and minority interest, excluding exceptional items ("Profit")	Percentage to be applied on the Profit
Lim Kwang Joo	Less than S\$3 million	2% of Profit
	Equal or above S\$3 million	3% of Profit
Lim Fong Yee Roland, Tan Boon Seng, Sung Puay Kiang and Tan Kok Keng	Less than S\$3 million	1% of Profit
	Equal or above S\$3 million	2% of Profit

As the Group incurred a loss in FY 2015, no such profit sharing incentive was paid/payable.

For the financial year ended 31 March 2015, the top 4 key executives (who are not Directors) of the Group are Ms Ong Bee Hoon (Group Finance Manager and Company Secretary), Mr. Koh Nai Puay (Vice President for Procurement), Mr. Lim Lek Hwee John (General Manager) and Mr. Tan Tiong Peng (Engineering & Design Manager). The remuneration of each of these 4 key executives did not exceed \$250,000. 100% of their remuneration are earned through base/fixed salary.

The Board is of the opinion that the information disclosed above would be sufficient to the shareholders for their understanding of the Company's compensation policies as remuneration matters are commercially sensitive information and further disclosure is prejudicial to the Group's interests and may hamper its ability to retain the Group's talent pool.

Save for Mr. Lim Kwang Joo and Mr. Lim Fong Yee Roland who are immediate family members, there is no immediate family member of a Director or the CEO who is an employee of the Group whose remuneration has exceeded \$50,000 for the financial year ended 31 March 2015.

The Company does not have any employee share scheme in place.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Principle 10 **Accountability**

The Board fully recognises that it has a responsibility to provide timely, reliable and fair disclosure of material information to the shareholders.

In order to ensure that the Board is able to fulfill its responsibilities, the Management provides the Board with management accounts on a monthly basis, which present a balanced and understandable assessment of the Company's performance, position and prospects.

Principle 11 **Risk Management and Internal Controls**

The Board acknowledges that risk is inherent in business and there are commercial risks to be taken in the course of generating a return on business activities. The Board's policy is that risks should be managed within the Group's overall risk tolerance.

Risk Management and Processes

Management assesses the key risks facing the Group and formulates plans to mitigate such risks. The management of principal subsidiaries also reported on any exceptions on compliance to regulatory authorities for the financial year. These are submitted to the Audit Committee and the Board.

Information relating to financial risk management objective and processes are set out on page 76 of the Annual Report.

In addition, the Group is also subjected to other business risks. The Group's core business is dependent on local construction industry. Any decline in the local construction industry will result in a decrease in demand for LV switchgear and increase price competition which will in turn affect turnover and profitability. The Group continues to maintain good relationships and work closely with its customers. There is also constant monitoring on collection of debts.

The Group also faces a shortage of local and foreign skilled labour for manufacturing operations. The LV switchgear is generally labour intensive and dependent on skilled and semi-skilled workers.

The Group's success is dependent on the continued services of our key management personnel. The Group provided ample training to general staff to upgrade their skills and opportunities for identified management staff to take up more responsibilities as part of the succession plan.

The Company maintains a system of internal controls for all companies within the Group. The internal controls are designed to provide reasonable assurance that proper accounting records are maintained, assets are adequately safeguarded, operational controls are in place and business risks are suitably addressed.

The Board has received assurance from the CEO and Group Finance Manager:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) regarding the effectiveness of the Company's risk management and internal control systems.

The Board, with the concurrence of the Audit Committee, is of the opinion that the risk management and internal controls of the Group are adequate and effective to address operational, financial, compliance and information technology controls of the Group. In arriving at the opinion, the Audit Committee and the Board reviewed the work performed by the internal and external auditors as well as discussions with management on the risks identified by internal audit as well as significant issues arising from internal and external audits.

CORPORATE GOVERNANCE

Principle 12 Audit Committee

The Audit Committee comprises:

Eng Ek Phang (Chairman)	<i>(Lead Independent Director)</i>
Koh Beng Leong	<i>(Independent Director)</i>
Phoon Han Meng Linus	<i>(Independent Director)</i>

The Company complies with the Code which requires the Audit Committee to comprise at least three directors, all members to be non-executive, the majority of whom, including the Chairman, should be independent.

In considering appointing an independent director to the Audit Committee, the Board will consider the qualification of the person and that at least two members should have accounting or related financial management experience.

The Audit Committee performs the following functions: -

- review with the external auditors the audit plan, the external auditors' evaluation of the internal accounting controls, the assistance given by the Company's officers to the external auditors and the audit report;
- review of the half-year and full year consolidated financial statements of the Group and the announcements prior to submission to the Board for approval;
- review the adequacy of the Company's internal controls, as set out in Principle 11;
- review and recommend to the Board the appointment or re-appointment of external auditors, taking into consideration the non-audit services rendered by the external auditors and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors; and
- review interested person transactions.

The Audit Committee meets the external and internal auditors at least once a year and may meet them at any time, without the presence of the Company's Management.

In reviewing the re-appointment of external auditors for the financial year ending 31 March 2015, the Audit Committee considered the adequacy of the resources, experience and competence of the external auditors. Consideration was also given to the working relationship and familiarity of the Group's business of the engagement partner and the key audit team.

The Audit Committee has reviewed the volume of non-audit services (FY2015: \$26,351) provided to the Group by the external auditors and was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Please refer to Page 71 for the audit fees paid or payable to external auditors by the Group.

KPMG LLP has also confirmed that they are registered with the Accounting and Corporate Regulatory Authority and hence, the Company is in compliance with Rule 712 and Rule 715 (read with Rule 716) of the Listing Manual in relation to the appointment of its auditors.

Accordingly, the Audit Committee has recommended to the Board that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

The Audit Committee has the authority to investigate any matters within its terms of reference, full access to and co-operation by Management and is authorized to seek independent professional advice to enable it to discharge its functions properly.

CORPORATE GOVERNANCE

The Company has put in place a whistle-blowing framework, which provides staff with accessible channels within the Group for reporting possible improprieties in matters of financial reporting or other matters in confidence so that appropriate follow-up action will be taken. The contact numbers and email addresses of the whistle-blowing committee members are provided for reports to be made by staff and external parties.

The external auditors regularly update the AC on the changes to accounting standards and issues which will have a direct impact on financial statements.

Principle 13 Internal Audit

The Company has outsourced the internal audit review to an internal audit service provider, One e-Risk Services Pte Ltd. The Audit Committee is responsible for the adequacy of the internal audit function, its resources and its standing within the Group to perform its functions properly. The internal auditors report primarily to the Chairman of the Audit Committee and propose the annual internal audit plan in consultation with the Audit Committee. An internal audit review was performed in January 2015 on a principal subsidiary. The Audit Committee oversees and monitors if the improvements suggested on internal controls are implemented.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14 Shareholder Rights

Principle 15 Communication with Shareholders

Principle 16 Conduct of Shareholder Meetings

In line with continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Singapore Companies Act, the Company endeavors to maintain constant and effective communications with shareholders through timely and comprehensive announcements. Material information that could have a material impact on the share price of the Company is released on a timely basis.

The Company disseminates latest corporate news, strategies, announcements and notices of meetings promptly through SGXNET, annual reports, circulars and press releases. The Group's corporate governance practices are disclosed in annual reports of the Company to enable the shareholders to have a better understanding of the Group's stewardship role.

At the AGM and any other general meetings of the Company, shareholders are given the opportunities to express their views and ask the Board questions regarding the operations of the Company.

The Chairman of the Audit Committee, Nominating Committee and Remuneration Committee were present and available to address questions at the AGM. The external auditors were also present to address any shareholders queries about the auditor's report.

In addition to the half yearly, full year financial results and material information announcements, annual reports that provide information on the prospects of the Company, Board of Directors, Management, report on Corporate Governance practices and Audited Financial Statements for the past financial year were circulated to the shareholders prior to the AGM. Shareholders were encouraged to share their views on the company's past year performance during the AGM. The annual report was uploaded to the Company's website for shareholders' viewing in addition to circulation and SGXNET announcement.

There is no formal dividend policy adopted by the Company. The Board, having considered the financial performance of the Group for the financial year ended 31 March 2015, did not recommend any dividend payment.

The Company currently does not have investor relations policy but considers advice from corporate lawyers and its Sponsor on appropriate disclosure requirements before announcing material information to the shareholders. The Company will consider appointing professional investor relations officer to manage the function should the need arises.

CORPORATE GOVERNANCE

Dealings in Securities

Under the Code of Best Practices on Securities Transactions adopted by the Company, an officer should not deal in his company's securities on short-term considerations. The Company and its officers should not deal in the Company's securities during the period commencing one month before the announcement of the Company's half-year and full year financial statements. In addition, the officers are also reminded that the law on insider dealing is applicable at all times, notwithstanding the window periods.

Interested Person Transaction

There were no interested person transactions entered into under shareholders' mandate or otherwise during the year under review that were \$100,000 or more.

Non-sponsor Fees

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is RHT Capital Pte. Ltd. In compliance to Rule 1204 (21) of the rules of Catalist, there were no non-sponsor fees paid to RHT Capital Pte. Ltd. by the Company for the year ended 31 March 2015.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the CEO, each Director or Controlling Shareholder which were either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Treasury Shares

There are no treasury shares held at the end of the financial year ended 31 March 2015.

DIRECTORS' REPORT

Year ended 31 March 2015

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2015.

Directors

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

Lim Kwang Joo
Tan Boon Seng
Lim Fong Yee Roland
Sung Puay Kiang
Tan Kok Keng
Eng Ek Phang
Koh Beng Leong
Phoon Han Meng Linus

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Lim Kwang Joo		
Sunlight Group Hldg Ltd - ordinary shares	78,833,333	78,833,333
Tan Boon Seng		
Sunlight Group Hldg Ltd - ordinary shares	14,666,666	14,666,666
Lim Fong Yee Roland		
Sunlight Group Hldg Ltd - ordinary shares	35,000,000	35,000,000
Phoon Han Meng Linus		
Sunlight Group Hldg Ltd - ordinary shares	4,278,000	4,278,000
Tan Kok Keng		
Sunlight Group Hldg Ltd - ordinary shares	4,025,000	4,025,000

DIRECTORS' REPORT

Year ended 31 March 2015

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Except as disclosed above, there were no other changes in the interests in the Company between the end of the financial year and 21 April 2015.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, 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.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 30 to the financial statements, since the end of the last 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.

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

Eng Ek Phang (Chairman)	Independent director
Koh Beng Leong	Independent director
Phoon Han Meng Linus	Independent director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held two meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- (i) assistance provided by the Company's officers to the external auditors;
- (ii) half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- (iii) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

DIRECTORS' REPORT

Year ended 31 March 2015

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditor of the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Lim Kwang Joo
Director

Tan Boon Seng
Director

30 June 2015

STATEMENT BY DIRECTORS

Year ended 31 March 2015

In our opinion:

- (a) the financial statements set out on pages 34 to 85 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Lim Kwang Joo
Director

Tan Boon Seng
Director

30 June 2015

INDEPENDENT AUDITORS' REPORT

Members of the Company
Sunlight Group Hldg Ltd

Report on the financial statements

We have audited the accompanying financial statements of Sunlight Group Hldg Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 85.

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, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' 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 judgment, 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 audit opinion.

Opinion

In our opinion, the consolidated 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 to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group for the year ended on that date.

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.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

30 June 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2015

	Note	Group		Company	
		2015 \$	2014 \$	2015 \$	2014 \$
Assets					
Property, plant and equipment	4	5,070,561	5,435,012	–	–
Lease prepayment	5	165,342	159,570	–	–
Intangible assets	6	320,219	449,787	–	–
Subsidiaries	7	–	–	4,235,988	4,235,988
Associates	8	108,189	293,465	108,000	294,000
Deferred tax assets	9	44,343	79,948	–	–
Long-term trade receivables	10	348,342	568,625	–	–
Non-current assets		6,056,996	6,986,407	4,343,988	4,529,988
Inventories	11	6,738,826	7,303,618	–	–
Trade and other receivables	12	9,151,159	12,031,528	4,122,078	4,431,436
Advances for exploration and evaluation activities	13	6,335,854	6,335,854	6,335,854	6,335,854
Cash and cash held with financial institutions	14	5,284,794	5,625,875	3,073,910	3,109,597
Other financial assets		6,736	8,978	–	–
Current assets		27,517,369	31,305,853	13,531,842	13,876,887
Total assets		33,574,365	38,292,260	17,875,830	18,406,875
Equity					
Share capital	15	18,708,641	18,708,641	18,708,641	18,708,641
Reserves	16	2,588,303	4,736,791	(958,589)	(451,610)
Total equity		21,296,944	23,445,432	17,750,052	18,257,031
Liabilities					
Deferred tax liabilities	9	13,712	–	–	–
Finance lease liabilities	17	15,076	25,750	–	–
Loans and borrowings	18	1,134,345	1,579,203	–	–
Non-current liabilities		1,163,133	1,604,953	–	–
Trade and other payables	19	8,009,454	9,441,587	125,778	149,844
Finance lease liabilities	17	10,674	16,694	–	–
Loans and borrowings	18	2,899,774	3,591,588	–	–
Current tax payable		194,386	192,006	–	–
Current liabilities		11,114,288	13,241,875	125,778	149,844
Total liabilities		12,277,421	14,846,828	125,778	149,844
Total equity and liabilities		33,574,365	38,292,260	17,875,830	18,406,875

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2015

	Note	2015 \$	2014 \$
Revenue	20	31,972,966	39,048,715
Cost of sales		(25,730,935)	(31,146,288)
Gross profit		6,242,031	7,902,427
Other operating income	21	689,459	1,007,118
Distribution expenses		(2,339,856)	(2,445,330)
Administrative expenses		(6,194,145)	(6,384,152)
Other operating expenses		(406,984)	(334,706)
Results from operating activities		(2,009,495)	(254,643)
Finance expense	22	(147,424)	(203,637)
Share of losses of associates, net of tax		(49,236)	(70,836)
Loss before income tax		(2,206,155)	(529,116)
Income tax expense	24	(192,753)	(354,141)
Loss for the year		(2,398,908)	(883,257)
Loss per share			
Basic loss and diluted loss per share (cents)	25	(0.46)	(0.20)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	2015 \$	2014 \$
Loss for the year	(2,398,908)	(883,257)
Other comprehensive income comprising items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences – foreign operations	250,420	29,560
Other comprehensive income for the year, net of tax	250,420	29,560
Total comprehensive expense for the year	(2,148,488)	(853,697)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	Note	Share capital \$	Translation reserve \$	Accumulated profits \$	Total equity \$
At 1 April 2013		7,849,068	(2,301,299)	7,891,787	13,439,556
Total comprehensive expense for the year					
Loss for the year		–	–	(883,257)	(883,257)
Other comprehensive income					
Foreign currency translation differences – foreign operations		–	29,560	–	29,560
Total comprehensive expense for the year		–	29,560	(883,257)	(853,697)
Transactions with owners, recognised directly in equity					
Contribution by owners					
Issue of ordinary shares	15	11,455,583	–	–	11,455,583
Expenses incurred for issuance of ordinary shares	15	(596,010)	–	–	(596,010)
Total contribution by owners		10,859,573	–	–	10,859,573
At 31 March 2014		18,708,641	(2,271,739)	7,008,530	23,445,432
At 1 April 2014		18,708,641	(2,271,739)	7,008,530	23,445,432
Total comprehensive expense for the year					
Loss for the year		–	–	(2,398,908)	(2,398,908)
Other comprehensive income					
Foreign currency translation differences – foreign operations		–	250,420	–	250,420
Total comprehensive expense for the year		–	250,420	(2,398,908)	(2,148,488)
At 31 March 2015		18,708,641	(2,021,319)	4,609,622	21,296,944

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Loss for the year		(2,398,908)	(883,257)
Adjustments for:			
Allowance of inventories obsolescence		26,982	93,348
Allowance for impairment loss on non-trade receivables		158,581	–
Amortisation for lease prepayment		5,255	4,733
Amortisation of intangible assets		153,568	135,646
Depreciation of property, plant and equipment		593,195	555,908
Impairment loss on investments in associates		136,000	40
Income tax expense		192,753	354,141
Interest expense		147,424	203,637
Inventories written down		72,730	73,458
Net change in fair value of quoted equity securities, held for trading		2,242	6,726
Share of losses of associates, net of tax		49,236	70,836
Write off of property, plant and equipment		116	–
		(860,826)	615,216
Change in inventories		487,807	34,072
Change in trade and other receivables		2,942,071	(202,191)
Change in trade and other payables		(1,432,130)	185,093
Cash generated from operations		1,136,922	632,190
Income taxes paid		(131,446)	(393,928)
Net cash from operating activities		1,005,476	238,262
Cash flows from investing activities			
Acquisition of intangible assets		(24,000)	(140,780)
Acquisition of property, plant and equipment		(179,017)	(418,281)
Investment in associate		–	(40)
Advances for exploration and evaluation activities		–	(6,335,854)
Net cash used in investing activities		(203,017)	(6,894,955)
Cash flows from financing activities			
Fixed deposits with banks redeemed/(pledged) as security		(327,243)	302,227
Payment of finance lease liabilities		(16,694)	(55,480)
Proceeds from loans and borrowings		914,684	1,141,415
Repayment of bank borrowings		(1,533,232)	(1,611,586)
Proceeds from issuance of shares	15	–	11,455,583
Expenses incurred on issuance of shares	15	–	(596,010)
Interest paid		(147,424)	(203,637)
Net cash (used in)/generated from financing activities		(1,109,909)	10,432,512
Net(decrease)/increase in cash and cash equivalents		(307,450)	3,775,819
Cash and cash equivalents at beginning of the year		2,822,561	(1,001,786)
Effect of exchange rate fluctuations on cash held		157,249	48,528
Cash and cash equivalents at end of the year	14	2,672,360	2,822,561

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 June 2015.

1. Domicile and activities

Sunlight Group Hldg Ltd (the “Company”) is incorporated in the Republic of Singapore and has its registered office and principal place of business at 1 Third Chin Bee Road Singapore 618679.

The financial statements of the Group as at and for the year ended 31 March 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in equity-accounted investees.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in note 7 to the financial statements.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, the information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and that have a significant risk or resulting in a material adjustment within the next financial year are described in the following notes:

Note 4 – assumptions of recoverable amounts relating to property, plant and equipment;

Note 7 – assumptions of recoverable amounts relating to investment in and loans to subsidiaries;

Note 11 – assessment of the allowance for inventory obsolescence or slow-moving inventories or for any shortfall in net realisable value of inventories;

Note 12 – assessment of the recoverability of trade and other receivables;

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgments (cont'd)

Note 13 – assessment of the recoverability of advances for exploration and evaluation activities; and

Note 24 – estimation of provisions for current and deferred taxation.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in the note 27 – Financial risk management.

2.5 Changes in accounting policies

Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110 *Consolidated Financial Statements*, the Group re-assessed the control conclusion for its investees as at 1 April 2014. Based on this assessment, the Group concluded that the adoption of FRS 110 has no impact to the Group.

Disclosure of interests in other entities

From 1 April 2014, as a result of FRS 112 *Disclosure of Interest in Other Entities*, the Group has expanded its disclosures about its interests in associates (see note 8).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

2. Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

Offsetting of financial assets and financial liabilities

Under Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The adoption of the amendments to FRS 32 has no impact on the recognised assets and liabilities of the Company and the Group.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

3. Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("translation reserve") in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises financial assets on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income are recognised in profit or loss.

Financial assets classified as held for trading comprise equity securities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised costs using effective interest method, less any impairment losses.

Loan and receivables comprise cash and cash equivalents, long-term trade receivables, advances for exploration and evaluation activities, and trade and other receivables, excluding prepayments.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: finance lease liabilities, loans and borrowings, trade and other payables, excluding advances from customers.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

3. Significant accounting policies (cont'd)

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Disposals

Gain or loss arising on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other operating income/other operating expenses in profit or loss on the date of disposal.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, the component is depreciated separately.

No depreciation is provided on assets under construction. Depreciation on other property, plant and equipment is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

3. Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Depreciation (cont't)

The estimated useful lives are as follows:

Leasehold building	15 to 47 years
Freehold building	30 years
Plant and machinery	5 to 10 years
Renovation, furniture and fittings	4 to 8 years
Office equipment	1 to 10 years
Motor vehicles	5 to 6 years

Freehold land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5. Lease prepayment

Lease prepayment for land use rights is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the profit or loss on a straight-line basis over the period of 47 years commencing from the date of land use rights approval.

3.6 Intangible assets

Technical know-how

Technical know-how that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Technical know-how is amortised in profit or loss on a straight-line basis over the estimated useful life of five years from the date they are available for use.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

3. Significant accounting policies (cont'd)

3.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

3. Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-financial assets (cont'd)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Leases

Leased assets

Leases, in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position.

Lease payments

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expenses, over the term of the lease. Contingent rentals are charged to the income statement in the financial year in which they are incurred.

When entities within the Group are lessors of an operating lease

Assets leased out under operating leases are included in leasehold buildings and are depreciated over the period of the land lease. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term of the operating lease with the lessee.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

3. Significant accounting policies (cont'd)

3.9 Leases (cont'd)

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

3. Significant accounting policies (cont'd)

3.12 Revenue recognition

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Transfers of risks and rewards usually occur when the goods are delivered and installed at the customer's premises and the costs of the transaction can be measured reliably.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted equity securities is the ex-dividend date.

Rental income

Rental income from subleased property is recognised in profit or loss as other operating income on a straight-line basis over the term of the lease.

3.13 Government grants

Cash grants received from the government are recognised as income upon receipt. Such grants are provided to help companies cope with the rising costs of doing business.

3.14 Finance expense

Finance expenses comprise interest expense on borrowings and are recognised in profit or loss using the effective interest method.

3.15 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

3. Significant accounting policies (cont'd)

3.15 Income tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

3. Significant accounting policies (cont'd)

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets.

3.18 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these financial statements.

Except as otherwise indicated below, those new standards, amendments to standards, and interpretations are not expected to have a significant effect on the financial statements of the Group and the Company. The Group does not plan to adopt these standards early.

- *FRS 115 Revenue from Contracts with Customers*

FRS 115 Revenue from Contracts with Customers will replace *FRS 18 Revenue*, *FRS 11 Construction Contracts* and related interpretations. The standard establishes the principle for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled to in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, guidance for transactions that were not previously addressed (e.g. service revenue and contract modifications) and improved guidance for multi-element arrangements. The Group is currently assessing the impact to the Group and the Company upon adoption of this standard in financial year ending 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

4. Property, plant and equipment

	Leasehold building \$	Freehold land \$	Freehold building \$	Plant and machinery \$	Renovation, furniture and fittings \$	Office equipment \$	Motor vehicles \$	Total \$
Group								
Cost								
At 1 April 2013	4,361,417	444,692	960,456	2,008,530	689,292	1,153,436	381,724	9,999,547
Additions	–	–	–	333,028	22,211	63,042	–	418,281
Disposals/Write off	–	–	–	(171,120)	–	(39,232)	–	(210,352)
Effect of movements in exchange rates	3,153	–	–	2,465	–	563	126	6,307
At 31 March 2014	4,364,570	444,692	960,456	2,172,903	711,503	1,177,809	381,850	10,213,783
Additions	–	–	–	7,800	86,642	84,575	–	179,017
Disposals/Write off	–	–	–	–	–	(1,000)	–	(1,000)
Effect of movements in exchange rates	45,891	–	–	46,422	–	6,813	1,829	100,955
At 31 March 2015	4,410,461	444,692	960,456	2,227,125	798,145	1,268,197	383,679	10,492,755
Accumulated depreciation and impairment losses								
At 1 April 2013	984,033	–	221,444	1,513,955	392,970	1,040,112	272,365	4,424,879
Depreciation for the year	248,624	–	32,015	92,521	71,429	77,961	38,895	561,445
Disposals/Write off	–	–	–	(171,120)	–	(39,232)	–	(210,352)
Effect of movements in exchange rates	1,076	–	–	1,170	–	427	126	2,799
At 31 March 2014	1,233,733	–	253,459	1,436,526	464,399	1,079,268	311,386	4,778,771
Depreciation for the year	249,220	–	32,015	132,585	74,016	78,333	33,391	599,560
Disposals/Write off	–	–	–	–	–	(884)	–	(884)
Effect of movements in exchange rates	16,835	–	–	20,482	–	5,601	1,829	44,747
At 31 March 2015	1,499,788	–	285,474	1,589,593	538,415	1,162,318	346,606	5,422,194
Carrying amounts								
At 1 April 2013	3,377,384	444,692	739,012	494,575	296,322	113,324	109,359	5,574,668
At 31 March 2014	3,130,837	444,692	706,997	736,377	247,104	98,541	70,464	5,435,012
At 31 March 2015	2,910,673	444,692	674,982	637,532	259,730	105,879	37,073	5,070,561

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

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

The depreciation charge for the year as shown in profit or loss is arrived at as follows:

	Group	
	2015 \$	2014 \$
Charge for the year	599,560	561,445
Included in work-in-progress and finished goods	(6,365)	(5,537)
Depreciation charge recognised in profit or loss (Note 23)	593,195	555,908

At 31 March 2015, the carrying amount of property, plant and equipment of the Group under finance lease arrangements as disclosed in Note 17 amounted to \$70,685 (2014: \$110,333).

The carrying amount of property, plant and equipment of the Group pledged as security to secure bank loans as disclosed in Note 18 are as follows:

	Group	
	2015 \$	2014 \$
Freehold land	444,692	444,692
Freehold and leasehold building	3,151,541	3,415,815
	3,596,233	3,860,507

Source of estimation uncertainty

The Group assessed the carrying amount of its property, plant and equipment against their recoverable amounts at each reporting date to determine whether there is an indication of impairment. The estimated recoverable amounts are based on market data, being the estimated amount for which property, plant and equipment could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the market value.

5. Lease prepayment

	Land use rights \$
Group	
Cost	
At 1 April 2013	237,707
Effect of movements in exchange rates	1,153
At 31 March 2014	238,860
Effect of movements in exchange rates	16,783
At 31 March 2015	255,643

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

5. Lease prepayment (cont'd)

	Land use rights \$
Group	
Accumulated amortisation	
At 1 April 2013	74,186
Amortisation for the year	4,733
Effect of movements in exchange rates	371
At 31 March 2014	79,290
Amortisation for the year	5,255
Effect of movements in exchange rates	5,756
At 31 March 2015	90,301
Carrying amounts	
At 1 April 2013	163,521
At 31 March 2014	159,570
At 31 March 2015	165,342

Amortisation charge is recognised in the following accounts:

	Group	
	2015 \$	2014 \$
Cost of sales	3,503	3,043
Administrative expenses	1,752	1,690
	5,255	4,733

6. Intangible assets

	Technical know-how \$
Group	
Cost	
At 1 April 2013	807,780
Additions	140,780
At 31 March 2014	948,560
Additions	24,000
At 31 March 2015	972,560

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

6. Intangible assets (cont'd)

Group	Technical know-how \$
Accumulated amortisation and impairment losses	
At 1 April 2013	363,127
Amortisation for the year	135,646
At 31 March 2014	498,773
Amortisation for the year	153,568
At 31 March 2015	652,341
Carrying amounts	
At 1 April 2013	444,653
At 31 March 2014	449,787
At 31 March 2015	320,219

7. Subsidiaries

	Company	
	2015 \$	2014 \$
Investments in subsidiaries, at cost	9,899,998	9,899,998
Impairment losses	(5,664,010)	(5,664,010)
	4,235,988	4,235,988
Interest-free quasi-equity loans to subsidiaries, at cost	5,454,756	5,454,756
Impairment losses	(5,454,756)	(5,454,756)
	–	–
	4,235,988	4,235,988

The loans to subsidiaries are mainly denominated in Singapore dollars, are unsecured and interest-free. The settlement of these loans is neither planned nor likely to occur in the foreseeable future. These loans form part of the Company's net investments in the subsidiaries and are stated at cost less accumulated impairment losses.

Impairment

There is no movement in allowance for impairment in respect of investments in and loans to subsidiaries during the year (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

7. Subsidiaries (cont'd)

Source of estimation uncertainty

The Company maintains impairment losses at a level considered adequate to provide for potential non-recoverability of the investments in and loans to subsidiaries. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments and loans. These factors include, but are not limited to, the activities and financial position of the entities and market factors. The Company reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgement or utilised different estimates. An increase in the Company's impairment losses would increase the Company's recorded other operating expenses and decrease the carrying value of the investments in and/or loans to subsidiaries.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group	
			2015 %	2014 %
Sunlight Electrical Pte Ltd ¹	Fabrication and manufacturing of low voltage switchgear and provision of automation and lighting products	Singapore	100	100
Sunlight Electrical (Vietnam) Co., Ltd. ²	Manufacturing and assembly of low voltage switchgear and provision of related services	Vietnam	100	100
Sunlight Switchgear Sdn. Bhd. ²	Manufacturing of low voltage switchgear	Malaysia	100	100
Sunlight Electrical International Pte Ltd ¹	Investment holding	Singapore	100	100

¹ Audited by KPMG LLP Singapore.

² Audited by member firm of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

8 Associates

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Investments in associates	244,229	293,505	294,000	294,000
Impairment losses	(136,040)	(40)	(186,000)	–
	108,189	293,465	108,000	294,000

Details of the associates are as follows:

Name of associates	Principal activities	Country of incorporation	Ownership	
			2015 %	2014 %
P5 Pte. Ltd. (“P5”)	Trading of decorative lighting, furniture and other interior related products	Singapore	37.5	37.5
Sunlight Energy International Pte. Ltd. and its subsidiaries (“SLE Group”)	Manufacture and assemble medium and low-voltage electric circuit breakers and related devices	Singapore	40	40

The associates are audited by other certified public accountants. These associates are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual. For this purpose, an associate company is considered significant if the Group’s share of its net tangible assets represents 20% or more of the Group’s consolidated net tangible assets, or if the Group’s share of its pre-tax profits accounts for 20% or more of the Group’s consolidated pre-tax profits.

The following tables summarise the financial information of the associates, as adjusted for any differences in accounting policies and fair value adjustments. The tables also reconcile the summarised financial information to the carrying amount of the Group’s interest in the associates, which is accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

8 Associates (cont'd)

	P5 \$	SLE Group \$	Total \$
Group			
2015			
Percentage of interest	37.5%	40%	
Assets and liabilities			
Non-current assets	31,854	230,981	262,835
Cash and cash equivalents	44,452	8,248	52,700
Current assets, excluding cash and cash equivalents	786,970	115,251	902,221
Current trade and other payables	(237,285)	(929,787)	(1,167,072)
Net assets	625,991	(575,307)	50,684
Group's share of net assets	234,747	(230,123)	4,624
Impairment losses	(136,000)	(40)	(136,040)
Associates' losses in excess of equity interest	–	230,163	230,163
Other adjustments	9,442	–	9,442
Carrying amounts in the statement of financial position	108,189	–	108,189
Results			
Revenue	733,729	–	733,729
Depreciation and amortisation	(5,942)	–	(5,942)
Loss before tax	(126,888)	(477,655)	(604,543)
Tax expense	–	–	–
Loss after tax	(126,888)	(477,655)	(604,543)
Other comprehensive income	–	–	–
Total comprehensive income	(126,888)	(477,655)	(604,543)
Total comprehensive income attributable to owners	(126,888)	(477,655)	(604,543)
Group's share of total comprehensive income	(47,583)	(191,062)	(238,645)
Associates' losses in excess of equity interest	–	191,062	191,062
Other adjustments	(1,653)	–	(1,653)
Group's share of results of associates (net of tax)	(49,236)	–	(49,236)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

8 Associates (cont'd)

	P5 \$	SLE Group \$	Total \$
Group			
2014			
Percentage of interest	37.5%	40%	
Assets and liabilities			
Non-current assets	11,559	170,428	181,987
Cash and cash equivalents	116,142	477	116,619
Current assets, excluding cash and cash equivalents	843,444	61,926	905,370
Current trade and other payables	(218,265)	(523,500)	(741,765)
Net assets	752,880	(290,669)	462,211
Group's share of net assets	282,330	(116,268)	166,062
Associates' losses in excess of equity interest	–	116,308	116,308
Impairment losses	–	(40)	(40)
Other adjustments	11,135	–	11,135
Carrying amounts in the statement of financial position	293,465	–	293,465
Results			
Revenue	946,995	–	946,995
Depreciation and amortisation	(25,222)	–	(25,222)
Loss before tax	(192,928)	(290,769)	(483,697)
Tax credit	8,331	–	8,331
Loss after tax	(184,597)	(290,769)	(475,366)
Other comprehensive income	–	–	–
Total comprehensive income	(184,597)	(290,769)	(475,366)
Total comprehensive income attributable to owners	(184,597)	(290,769)	(475,366)
Group's share of total comprehensive income	(69,224)	(116,308)	(185,532)
Associates' losses in excess of equity interest	–	116,308	116,308
Other adjustments	(1,612)	–	(1,612)
Group's share of results of associates (net of tax)	(70,836)	–	(70,836)

There were no significant capital commitments and contingent liabilities as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

8 Associates (cont'd)

Impairment of investment in associates

Group and Company

On 25 May 2015, an associate, P5 Pte. Ltd. ("P5"), issued 816,000 new ordinary shares to other shareholders for a cash consideration of \$300,000, arrived at on a willing buyer, willing seller basis. As a result, the Company's interest in P5 was diluted from 37.5% to 18.4%. Management has assessed the fair value of its investment in P5 as at 31 March 2015 by reference to the latest transacted price per share injected by the new shareholders. Accordingly, an impairment loss of \$136,000 and \$186,000 was recognised in the income statement of the Group and the Company, respectively.

In 2014, an impairment loss of \$40 was recognised on the investment in an associate due to uncertainty over the associate's financial performance. The recoverable amount of the investment was determined by management to be Nil using the fair value less cost to sell approach.

9 Deferred tax assets/(liabilities)

Movements in net deferred tax assets/(liabilities) during the year after appropriate set-off are as follows:

Deferred tax assets

	Property, plant and equipment \$	Inventories \$	Others \$	Total \$
At 1 April 2013	(36,504)	84,646	39,539	87,681
Recognised in profit or loss (Note 24)	2,071	(273)	(9,657)	(7,859)
Effect of movement in exchange rates	–	52	74	126
At 31 March 2014	(34,433)	84,425	29,956	79,948
Recognised in profit or loss (Note 24)	11,573	(47,480)	–	(35,907)
Effect of movement in exchange rates	–	(439)	741	302
At 31 March 2015	(22,860)	36,506	30,697	44,343

Deferred tax liabilities

	Property, plant and equipment \$	Others \$	Total \$
At 1 April 2013 and 31 March 2014	–	–	–
Recognised in profit or loss (Note 24)	(11,950)	(2,284)	(14,234)
Effect of movement in exchange rates	462	60	522
At 31 March 2015	(11,488)	(2,224)	(13,712)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

9 Deferred tax assets/(liabilities) (cont'd)

Deferred tax assets have not been recognised in respect of the following:

	Group	
	2015 \$	2014 \$
Unutilised tax losses	6,469,594	4,288,370

Deferred tax assets for the Group have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits. The capital allowances and tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the Group operates. The capital allowances and tax losses do not expire under current tax legislation.

10 Long-term trade receivables

Long-term trade receivables relate to retention sums withheld by customers and are only payable upon completion of the construction contract, which normally takes longer than a year to complete. The implicit discount on the long-term trade receivables is not material.

11 Inventories

	Group	
	2015 \$	2014 \$
Raw materials	3,899,990	4,172,428
Work-in-progress	731,207	1,664,382
Finished goods	2,005,277	1,402,991
Goods in transit	102,352	63,817
	6,738,826	7,303,618

The cost of inventories recognised as cost of sales of the Group amounted to \$20,210,428 (2014: \$25,039,893). In 2015, the write-down of inventories to net realisable value amounted to \$72,730 (2014: \$73,458). The write-down was included in cost of sales.

The movement in allowance for inventory obsolescence during the year is as follows:

	Note	Group	
		2015 \$	2014 \$
At 1 April		662,286	568,591
Allowance for inventory obsolescence (net)	23	26,982	93,348
Effect of movements in exchange rate		16,363	347
At 31 March		705,631	662,286

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

11 Inventories (cont'd)

Allowance for stock obsolescence of \$26,982 and \$93,348 were made in 2015 and 2014, respectively based on management's assessment of future demand of certain aged products.

Source of estimation uncertainty

The Group has assessed the net realisable value of its inventories on an annual basis. Inventories have been written down to net realisable value to be consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Estimates of net realisable value are based on the most reliable evidence available at the balance sheet date. These estimates take into consideration market demand, competition, selling price and cost directly relating to events occurring after the end of the financial year, to the extent that such events confirm conditions existing at the end of the financial year.

12 Trade and other receivables

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Trade receivables	8,567,921	10,487,061	–	–
Impairment losses	(433,802)	(426,128)	–	–
	8,134,119	10,060,933	–	–
Unbilled trade receivables	792,983	1,372,497	–	–
	8,927,102	11,433,430	–	–
Amounts due from subsidiaries				
Interest-free loans	–	–	4,107,752	4,357,751
Non-trade	–	–	845	845
Amounts due from an associate				
Trade	–	868	–	–
Non-trade	158,581	203,442	–	–
Impairment losses	(158,581)	–	–	–
	–	204,310	4,108,597	4,358,596
	8,927,102	11,637,740	4,108,597	4,358,596
Other receivables	37,459	130,969	–	60,000
Deposits	72,184	59,030	–	–
	9,036,745	11,827,739	4,108,597	4,418,596
Prepayments	114,414	203,789	13,481	12,840
	9,151,159	12,031,528	4,122,078	4,431,436

The loans to subsidiaries are unsecured, interest free and repayable on demand.

The non-trade amounts due from subsidiaries and an associate are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to credit and foreign currency risks and the sensitivity analysis for trade and other receivables is disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

12 Trade and other receivables (cont'd)

Concentration of credit risk relating to trade and other receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade and other receivables.

The maximum exposure to credit risk for the Group's trade and other receivables (including long term receivables) by type of counter parties at the reporting date was:

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Subsidiaries	–	–	4,108,597	4,358,596
Constructions customers	9,385,087	12,311,865	–	–
Other customers	–	84,499	–	60,000
	9,385,087	12,396,364	4,108,597	4,418,596

Impairment losses

The ageing of trade and other receivables at the reporting date was:

	2015		2014	
	Gross \$	Impairment losses \$	Gross \$	Impairment losses \$
Group				
Not past due	4,443,144	(735)	6,902,346	–
Past due 0 to 30 days	1,775,021	(3,790)	2,027,243	–
Past due 31 to 90 days	1,142,620	(535)	2,285,156	–
More than 90 days	2,616,685	(587,323)	1,607,747	(426,128)
	9,977,470	(592,383)	12,822,492	(426,128)
Company				
Not past due	4,108,597	–	4,418,596	–

The movement in the allowance for impairment in respect of trade and other receivables during the year is as follows:

	Group	
	2015 \$	2014 \$
At 1 April	426,128	371,766
Impairment loss recognised, net of write back	160,062	53,936
Effect of movements in exchange rates	6,193	426
At 31 March	592,383	426,128

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

12 Trade and other receivables (cont'd)

Impairment losses (cont'd)

Based on historical default rates, the Group and Company believe that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables not past due or past due. These receivables are mainly from customers that have a good payment record with the Group and Company.

Source of estimation uncertainty

The Group monitors its trade and other receivables periodically for collectability. The Group evaluates whether there is any objective evidence that the trade and other receivables are impaired and determines the amount of impairment loss as a result of the inability of the customers to make required payments. Based on past repayment trends and the nature of the receivables, the Group believes that no additional impairment losses beyond amounts provided is necessary in respect of trade and other receivables neither past due nor impaired because there is no significant change in credit quality and the amounts are still considered recoverable.

13 Advances for exploration and evaluation activities

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Advances for exploration and evaluation activities	6,335,854	6,335,854	6,335,854	6,335,854

On 6 May 2013, the Group entered into a non-binding term sheet (the "Term Sheet") with Alexander Resources Pte. Ltd. ("ARPL"), pursuant to which it was proposed that ARPL will sell, and the Group will acquire, 1,000 ordinary shares of par value of US\$1.00 each representing the entire issued and paid-up share capital of Alexander Resource Limited ("ARL"), a company incorporated in the Cayman Islands (the "Proposed Acquisition"). ARL, in turn, holds the entire share capital of Alexander Mining Limited ("AML"). AML holds an Exploration Licence (No.: 1857) ("EL 1857 Licence") in northern Papua New Guinea covering an area of 222 square kilometres. As stated in the Term Sheet, the Group shall engage an independent qualified person to prepare an Independent Technical Report ("ITR") in relation to the gold sources under the EL 1857 Licence that is held by AML. In the event that the indicated gold sources contained within the areas covered by the EL 1857 Licence is not less than 800,000 ounces of gold, the Group will continue further due diligence work on the Proposed Acquisition.

On 28 August 2014, the Group signed a letter of extension with ARPL to extend the term sheet from 31 August 2014 to 27 February 2015. A second extension letter was signed on 27 February 2015 to extend the term sheet from 27 February 2015 to 31 August 2015 or such other date as the Group and ARPL may agree in writing. EL 1857 Licence was also renewed on 17 September 2014 and the expiry date extended from 23 January 2014 to 20 January 2016.

On 14 May 2015, ARPL updated the Company that its consulting geologist issued a summary exploration report to update the status of the exploration works from September 2014 to February 2015. It states that there are two potential gold source rocks within EL 1857 Licence. Further fieldwork is required to establish any indicated or measured gold resources in the area. Drilling works on promising drill targets are expected to commence shortly.

Subject to the results from the exploration and evaluation activities, these expenditures would be accounted as follows:

- (a) in the event the Proposed Acquisition proceeds, the expenditure for exploration and evaluation activities incurred will be recognised as an intangible asset;

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

13 Advances for exploration and evaluation activities (cont'd)

- (b) in the event the ITR states that the indicated resources contained within the areas covered by the EL 1857 Licence is 800,000 ounces of gold or more but the Proposed Acquisition fails to take place, the expenditure will be reimbursed by ARPL, subject to a cap of US\$5,000,000; or
- (c) in the event the ITR states that the indicated resources contained within the areas covered by the EL 1857 Licence is less than 800,000 ounces of gold, the Proposed Acquisition will not take place and ARPL will transfer such number of shares representing 90% of the entire issued and paid-up share capital of ARL to the Group. However, the Group will have to absorb the expenditure incurred for the exploration and evaluation activities.

Source of estimation uncertainty

The Group monitors its advances for exploration and evaluation activities periodically for recoverability. Given that the exploration activity is still on-going and the updates provided by the consulting geologist, the Group believes that no impairment loss is necessary in respect of the advances for exploration and evaluation activities.

14 Cash and cash held with financial institutions

	Note	Group		Company	
		2015 \$	2014 \$	2015 \$	2014 \$
Cash at bank and in hand		1,187,486	2,084,654	250,625	803,476
Fixed deposits with banks		4,097,308	3,541,221	2,823,285	2,306,121
		5,284,794	5,625,875	3,073,910	3,109,597
Bank overdrafts	18	(1,593,212)	(2,111,335)	–	–
		3,691,582	3,514,540	3,073,910	3,109,597
Fixed deposits with banks pledged as security		(1,019,222)	(691,979)		
Cash and cash equivalents in the statement of cash flows		2,672,360	2,822,561		

The fixed deposits of \$1,019,222 (2014: \$691,979) is pledged by a subsidiary to banks for banking facilities granted to the subsidiary.

The weighted average effective interest rate per annum relating to fixed deposits with banks at the reporting date for the Group and the Company are 1.15% (2014: 1.47%) and 0.65% (2014: 0.77%), respectively. Interest rates reprice at intervals of one to twelve months.

The Group and the Company's exposure to foreign currency risk for cash and cash held with financial institutions is disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

15 Share capital

	2015	2014
	No. of shares	No. of shares
Company		
In issue at 1 April	521,246,666	260,935,000
Issued for cash:		
- the Placement	–	130,000,000
- the Rights Issue	–	130,311,666
In issue at 31 March	521,246,666	521,246,666

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All issued shares are fully paid, with no par value. All ordinary shares rank equally with regard to the Company's residual assets.

Issue of ordinary shares

The Placement

On 3 April 2013, the Company entered into a placement agreement with UOB Kay Hian Pte Ltd and Canaccord Genuity Singapore Pte Ltd for the placement of 130,000,000 new ordinary shares at an issue price of \$0.038 per share and it was duly completed on 18 April 2013. A total proceed of \$4,940,000 was raised from the placement, of which \$225,971 was utilised for the expenses incurred for the placement.

Rights Issue

On 5 August 2013, the Company entered into an underwriting agreement with UOB Kay Hian Pte Ltd to undertake a renounceable and partially underwritten rights issue of 130,311,666 new ordinary shares at an issue price of \$0.05 for each Rights Share, on the basis of one (1) Rights Share for every three (3) existing ordinary shares held by shareholders of the Company. The rights issue was duly completed on 4 October 2013. A total proceed of \$6,515,583 was raised from the rights issue, of which \$370,039 was utilised for the expenses incurred for the rights issue.

Capital management

The Group defines capital as share capital, translation reserve and accumulated profits/(losses).

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes on the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

16 Reserves

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Translation reserve	(2,021,321)	(2,271,739)	–	–
Accumulated profits/(losses)	4,609,624	7,008,530	(958,589)	(451,610)
	2,588,303	4,736,791	(958,589)	(451,610)

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Accumulated profits

Movements in the Group's accumulated profits are set out in the consolidated statement of changes in equity.

17 Finance lease liabilities

	2015			2014		
	Payments \$	Interest \$	Principal \$	Payments \$	Interest \$	Principal \$
Group						
Within 1 year	12,588	1,914	10,674	19,672	2,978	16,694
After 1 year but within 5 years	17,787	2,711	15,076	30,375	4,625	25,750
	30,375	4,625	25,750	50,047	7,603	42,444

The finance lease liabilities relate to hire purchase liabilities secured on certain motor vehicles of the Group (see Note 4). Under the terms of the finance lease agreements, no contingent rents are payable. Interest is charged at the rate of 2.99% (2014: 2.99%) per annum.

18 Loans and borrowings

	Note	2015			2014		
		Due within one year \$	Due after one year \$	Total \$	Due within one year \$	Due after one year \$	Total \$
Group							
Secured bank loans	(i)	391,878	1,134,345	1,526,223	338,838	1,579,203	1,918,041
Unsecured bank loans	(ii)	914,684	–	914,684	1,141,415	–	1,141,415
Bank overdrafts (unsecured)	(iii)	1,593,212	–	1,593,212	2,111,335	–	2,111,335
		2,899,774	1,134,345	4,034,119	3,591,588	1,579,203	5,170,791

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

18 Loans and borrowings (cont'd)

The amounts due to financial institutions comprise:

- (i) Bank loans of \$1,404,493 (2014: \$1,686,630) secured on a subsidiary's leasehold building with a carrying amount of \$2,476,559 (2014: \$2,708,817) and guaranteed up to \$1,593,000 (2014: \$1,775,000) by the Company. The long-term loan is repayable in monthly instalments over a period of 10 years commencing December 2009 and bears interest of 1.28% to 5.25% (2014: 2.60% to 5.25%) per annum. Interest rates reprice annually.

Bank loan of \$121,730 (2014: \$231,411) secured on a subsidiary's freehold land and building with a carrying amount of \$1,119,674 (2014: \$1,151,690) and guaranteed by the Company. The long-term loan is repayable in monthly instalments over a period of 10 years commencing January 2007 and bears interest of 6.90% to 7.15% (2014: 6.90%) per annum. Interest rates reprice annually.

- (ii) Unsecured short-term borrowings of \$914,684 (2014: \$1,141,415) was guaranteed by the Company. The weighted average effective interest rate of the unsecured short-term borrowings is 5.00% (2014: 4.91% to 5.00%) per annum.

- (iii) The unsecured bank overdrafts of \$1,593,212 (2014: \$2,111,335) were guaranteed by the Company. The weighted average effective interest rate of the bank overdrafts is 5.14% (2014: 5.09%) per annum. Interest rates reprice at intervals of one month.

Term and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	2015		2014	
				Face value \$	Carrying amount \$	Face value \$	Carrying amount \$
Group							
Secured bank loans	SGD	BCFR ¹ - 3.22%/2.92%/1.82%, BCFR ¹ -2.2%/ 1.90%, BCFR + 0.75%	2019	1,404,493	1,404,493	1,686,630	1,686,630
Secured bank loans	MYR	BLR ² + 0.3%	2017	121,730	121,730	231,411	231,411
Unsecured bank loans	SGD	prime / prime + 0.75%	2014 - 2015	914,684	914,684	1,070,435	1,070,435
Unsecured bank loans	MYR	COF ³ + 1.5%	2014 - 2015	-	-	70,980	70,980
Bank overdrafts	SGD	prime / prime + 1.25%	2014 - 2015	1,593,212	1,593,212	2,111,335	2,111,335
				4,034,119	4,034,119	5,170,791	5,170,791

¹ BCFR: Bank's Commercial Financing Rate

² BLR: Base Lending Rate

³ COF: Cost of funds

The Group and the Company's exposure to liquidity risk, interest rate risk and foreign currency risk for loans and borrowings is disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

19 Trade and other payables

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Trade payables and accruals	7,158,335	7,956,971	125,778	149,844
Deposits received	49,760	113,260	–	–
Other payables	238,021	464,966	–	–
Accruals of employee benefits	100,112	124,547	–	–
Amount due to an associate (trade)	331	–	–	–
	7,546,559	8,659,744	125,778	149,844
Advances from customers	462,895	781,843	–	–
	8,009,454	9,441,587	125,778	149,844

The Group and the Company's exposure to liquidity risk and foreign currency risk for trade and other payables is disclosed in Note 27.

20 Revenue

Revenue represents the net invoiced value of sales and services rendered. Transactions within the Group have been excluded in arriving at the revenue for the Group. The amount of each significant category of revenue recognised during the year was as follows:

	Group	
	2015 \$	2014 \$
Sales of low voltage switchgear and generator control panels	29,114,733	35,732,543
Sales of automation and lighting products	2,858,233	3,316,172
	31,972,966	39,048,715

21 Other operating income

	Group	
	2015 \$	2014 \$
Government grants	237,150	200,489
Interest income	63,241	53,313
Rental income	201,318	481,200
Sales of scrap	158,917	223,191
Miscellaneous income	28,833	48,425
	689,459	1,007,118

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

22 Finance expense

	Group	
	2015 \$	2014 \$
Interest paid and payable to		
- financial institutions	144,446	198,816
- finance lease creditors	2,978	4,821
	147,424	203,637

23 Expenses by nature

The following items have been included in arriving at loss before income tax for the year:

	Note	Group	
		2015 \$	2014 \$
Inventories used		20,210,428	25,039,893
Staff costs		8,317,305	8,805,521
Contributions to defined contribution plans included in staff costs		552,045	563,550
Transportation expenses		1,052,659	1,226,300
Advertising expenses		186,371	112,383
Allowance for inventories obsolescence	11	26,982	93,348
Amortisation for lease prepayment	5	5,255	4,733
Amortisation of intangible assets	6	153,568	135,646
Depreciation of property, plant and equipment	4	593,195	555,908
Exchange loss (net)		81,698	203,833
Factory supplies		295,792	481,611
Impairment loss on investment in associate	8	136,000	40
Impairment loss on receivables	12	160,062	53,936
Inventories written down		72,730	73,458
Net change in fair value of quoted equity securities, held for trading		2,242	6,726
Audit fees paid and payable to:			
- auditors of the Company		100,000	100,000
- other auditors		33,638	33,582
Non-audit fees paid and payable to:			
- auditors of the Company		23,747	15,030
- other auditors		2,604	3,440
Operating lease expenses		670,291	761,647
Product testing charges		258,891	239,524
Repair and maintenance expenses		617,112	495,382
Sub-contractor charges		348,773	610,596
Write off of property, plant and equipment		116	-
Other expenses		770,416	694,389
Total cost of sales, distribution, administrative and other operating expenses		34,671,920	40,310,476

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

24 Income tax expense

	Group	
	2015 \$	2014 \$
Current tax expense		
Current year	113,954	329,625
Under provision of tax in respect of prior years	28,658	16,657
	142,612	346,282
Deferred tax expense		
Movements in temporary differences	50,141	7,859
Total income tax expense	192,753	354,141
Reconciliation of effective tax		
Loss before income tax	(2,206,155)	(529,116)
Tax calculated using Singapore tax rate of 17% (2014: 17%)	(375,046)	(89,950)
Effect of different tax rate in other countries	(4,481)	1,549
Effects of results of associates presented net of tax	–	12,042
Expenses not deductible for tax purposes	172,814	260,865
Current year losses for which no deferred tax asset was recognised	370,808	152,978
Under provision of tax in respect of prior years	28,658	16,657
	192,753	354,141

Source of estimation uncertainty

The Group is subject to income tax in several jurisdictions. Significant judgement is required in determining the capital allowances, the types and rates of tax payable, deductibility of certain expenses, and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provision for income tax and deferred income tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

25 Loss per share

Basic loss per share

The calculation of basic earnings per share at 31 March 2015 was based on the loss attributable to ordinary shareholders of \$2,398,908 (2014: \$883,257), and a weighted average number of ordinary share outstanding of 521,246,666 (2014: 448,587,408), calculated as follows:

	Group	
	2015 \$	2014 \$
Basic loss per share is based on:		
Loss attributable to ordinary shareholders	(2,398,908)	(883,257)

	Group	
	2015 '000	2014 '000
Number of ordinary shares in issue at 1 April	521,247	260,935
Effect of shares issued in April 2013	–	123,928
Effect of shares issued in October 2013	–	63,724
Weighted average number of ordinary shares during the year	521,247	448,587

Diluted loss per share

There were no instruments that would have an effect of diluting the earnings of the Group that existed during or as at the end of the financial year.

26 Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Low voltage switchgear : The manufacture and sale of electrical switchboards and generator control panels
- Automation and lighting products : The provision of automation and lighting products

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

26 Operating segments (cont'd)

Information about reportable segments

	Low voltage switchgear		Automation & lighting products		Total	
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Group						
External revenue	29,114,013	35,732,543	2,858,953	3,316,172	31,972,966	39,048,715
Depreciation and amortisation	(714,582)	(650,739)	(37,436)	(45,548)	(752,018)	(696,287)
Reportable segment loss before income tax	(1,424,288)	(9,468)	(267,330)	(160,461)	(1,691,618)	(169,929)
Other material non-cash items:						
Allowance for inventory obsolescence	6,261	79,006	20,721	14,342	26,982	93,348
Impairment loss on receivables	178,318	32,889	(18,256)	21,047	160,062	53,936
Capital expenditure	91,081	389,927	87,936	28,354	179,017	418,281
Reportable segment assets	22,387,087	26,725,424	1,633,406	1,686,123	24,020,493	28,411,547
Reportable segment liabilities	11,543,844	13,867,868	552,703	735,792	12,096,547	14,603,660

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

26 Operating segments (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2015 \$	2014 \$
Revenue		
Total revenue for reportable segments	31,972,966	39,048,715
Consolidated revenue	31,972,966	39,048,715
Loss before income tax		
Total loss for reportable segments	(1,691,618)	(169,929)
Impairment loss on investment in associate	(136,000)	(40)
Share of loss of associates, net of tax	(49,236)	(70,836)
Unallocated amounts:		
- Other corporate expenses	(329,301)	(288,311)
Consolidated loss before income tax	(2,206,155)	(529,116)
Assets		
Total assets for reportable segments	24,020,493	28,411,547
Advances for exploration and evaluation activities	6,335,854	6,335,854
Balance of net proceeds from shares issue not utilised	3,000,000	3,000,000
Other unallocated amounts	218,018	544,859
Consolidated total assets	33,574,365	38,292,260
Liabilities		
Total liabilities for reportable segments	12,096,547	14,603,660
Other unallocated amounts	180,874	243,168
Consolidated total liabilities	12,277,421	14,846,828

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of business operations. Segment total assets are based on the geographical location of the assets.

	2015		2014	
	External revenues \$	Non-current assets \$	External revenues \$	Non-current assets \$
Singapore	26,213,891	3,814,036	33,849,564	4,604,579
Vietnam	5,759,075	997,743	5,199,151	1,027,206
Malaysia	-	1,245,217	-	1,354,622
Total	31,972,966	6,056,996	39,048,715	6,986,407

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

27 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

The Group's Audit Committee oversees how management monitors the compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's customers operate primarily in the construction industry.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit facilities. The Group does not require collateral in respect of financial assets.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

27 Financial risk management (cont'd)

Credit risk (cont'd)

Trade and other receivables (cont'd)

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 March 2015, the Group and the Company does not have any collective impairment on its trade and other receivables (2014: Nil).

At the reporting date, the Group's credit risk is mainly from trade receivables due from two (2014: four) customers amounting to \$946,858 (2014: \$3,651,640) or 11% (2014: 35%) of trade receivables but no significant credit risk is expected to rise. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Cash and fixed deposits are placed with banks and approved financial institutions. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities.

Guarantee

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries.

The maximum exposure of the Company in respect of the intra-group financial guarantee (see Note 29) at the end of the reporting period is if the facility is drawn down by the subsidiary in the amount of \$4,034,119 (2014: \$5,170,791). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Liquidity risk

Liquidity risk is the risk that the Group or the Company encounters difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Short-term funding is obtained from bank borrowings. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

27 Financial risk management (cont'd)

Liquidity risk (cont'd)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$	Cash outflows			More than five years \$
		Contractual cash flows \$	Within one year \$	Within one to five years \$	
Group					
2015					
Non-derivative financial liabilities					
Secured bank loans	1,526,223	(1,643,546)	(416,835)	(1,226,711)	–
Unsecured bank loans	914,684	(925,696)	(925,696)	–	–
Bank overdrafts	1,593,212	(1,593,212)	(1,593,212)	–	–
Trade and other payables *	7,546,559	(7,546,559)	(7,546,559)	–	–
Finance lease liabilities	25,750	(30,375)	(12,588)	(17,787)	–
	11,606,428	(11,739,388)	(10,494,890)	(1,244,498)	–
2014					
Non-derivative financial liabilities					
Secured bank loans	1,918,041	(2,230,368)	(432,684)	(1,396,370)	(401,314)
Unsecured bank loans	1,141,415	(1,157,183)	(1,157,183)	–	–
Bank overdrafts	2,111,335	(2,111,335)	(2,111,335)	–	–
Trade and other payables *	8,659,744	(8,659,744)	(8,659,744)	–	–
Finance lease liabilities	42,444	(50,047)	(19,672)	(30,375)	–
	13,872,979	(14,208,677)	(12,380,618)	(1,426,745)	(401,314)
Company					
2015					
Non-derivative financial liabilities					
Trade and other payables	125,778	(125,778)	(125,778)	–	–
Intra group guarantee	–	(4,034,119)	(4,034,119)	–	–
	125,778	(4,159,897)	(4,159,897)	–	–
2014					
Non-derivative financial liabilities					
Trade and other payables	149,844	(149,844)	(149,844)	–	–
Intra group guarantee	–	(5,170,791)	(5,170,791)	–	–
	149,844	(5,320,635)	(5,320,635)	–	–

* Excludes advances from customers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

27 Financial risk management (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices which will affect the Group's income or the value of its' holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group does not use any derivative financial instruments to hedge its interest rate risk.

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group	
	Carrying amount	
	2015	2014
	\$	\$
Variable rate instruments		
Loans and borrowings	4,034,119	5,170,791

Sensitivity analysis

For variable rate financial liabilities, a change of 100 basis points (bp) in interest rate at the reporting date would have increased/ (decreased) the Group's loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Group			
	Loss before tax			
	2015		2014	
	100 bp increase \$	100 bp decrease \$	100 bp increase \$	100 bp decrease \$
Group				
Variable rate instruments	40,341	(40,341)	51,708	(51,708)

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings, including inter-company sales, purchases and intercompany balances that are denominated in currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily Singapore dollar, US dollar, Euro, Ringgit Malaysia and others.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

27 Financial risk management (cont'd)

Currency risk (cont'd)

There is no formal hedging policy with respect to foreign currency exposure. Exposure to currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposures at an acceptable level.

The Group's exposure to foreign currency risk was as follows:

	Singapore dollar \$	US dollar \$	Euro \$	Ringgit Malaysia \$	Others \$
Group					
2015					
Trade and other receivables	645,747	49,698	285,032	–	9,404
Cash and cash held with financial institutions	2,058	527,293	161,797	–	–
Trade and other payables	(291,651)	(587,909)	(200,195)	–	(55,852)
Loans and borrowings	–	–	–	(121,730)	–
Net financial assets/(liabilities)	356,154	(10,918)	246,634	(121,730)	(46,448)
2014					
Trade and other receivables	–	88,410	(42,120)	–	12,818
Cash and cash held with financial institutions	2,209	597,930	116,293	–	–
Trade and other payables	(139,500)	(782,042)	(48,821)	–	(65,399)
Loans and borrowings	–	–	–	(302,391)	–
Net financial assets/(liabilities)	(137,291)	(95,702)	25,352	(302,391)	(52,581)

Sensitivity analysis

A 5% strengthening of the Singapore dollar against the following currencies at the reporting date would increase/(decrease) the Group's loss before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

	Group	
	Increase/(Decrease) 2015 \$	2014 \$
Singapore dollar	17,808	(6,865)
US dollar	(546)	(4,785)
Euro	12,332	1,268
Ringgit Malaysia	(6,087)	(15,120)
Others	(2,322)	(2,629)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

27 Financial risk management (cont'd)

Currency risk (cont'd)

A 5% weakening of Singapore dollar against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables, in particular interest rates, remain constant.

As all the Company's transactions are denominated in Singapore dollar, the Company is not exposed to currency risk.

Equity price risk - sensitivity analysis

The Group is not significantly exposed to equity price risk.

Determination of fair values

A number of the Group's accounting and disclosures require the determination of fair value, for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Equity securities

The fair value of equity securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique.

Long-term trade receivables

The fair value of long-term trade receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Finance lease liabilities

The fair value of finance lease liabilities is estimated as the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date for homogeneous lease agreements.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash held with financial institutions, and trade and other payables) are assumed to approximate their fair values. Other financial assets and liabilities are discounted to determine their fair values.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

27 Financial risk management (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Group	Note	Designated at fair value \$	Loans and receivables \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
31 March 2015						
Long-term receivables	10	-	348,342	-	348,342	317,486
Other financial assets		6,736	-	-	6,736	6,736
Trade and other receivables [#]	12	-	9,036,745	-	9,036,745	9,036,745
Advances for exploration and evaluation activities	13	-	6,335,854	-	6,335,854	6,335,854
Cash and cash held with financial institutions	14	-	5,284,794	-	5,284,794	5,284,794
		6,736	21,005,735	-	21,012,471	20,981,615
Trade and other payables*	19	-	-	(7,546,559)	(7,546,559)	(7,546,559)
Loans and borrowings	18	-	-	(4,034,119)	(4,034,119)	(4,034,119)
Finance lease liabilities	17	-	-	(25,750)	(25,750)	(25,750)
		-	-	(11,606,428)	(11,606,428)	(11,606,428)
31 March 2014						
Long-term receivables	10	-	568,625	-	568,625	554,100
Other financial assets		8,978	-	-	8,978	8,978
Trade and other receivables [#]	12	-	11,827,739	-	11,827,739	11,827,739
Advances for exploration and evaluation activities	13	-	6,335,854	-	6,335,854	6,335,854
Cash and cash held with financial institutions	14	-	5,625,875	-	5,625,875	5,625,875
		8,978	24,358,093	-	24,367,071	24,352,546
Trade and other payables*	19	-	-	(8,659,744)	(8,659,744)	(8,659,744)
Loans and borrowings	18	-	-	(5,170,791)	(5,170,791)	(5,170,791)
Finance lease liabilities	17	-	-	(42,444)	(42,444)	(42,444)
		-	-	(13,872,979)	(13,872,979)	(13,872,979)

* Excludes advances from customers.

Excludes prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

27 Financial risk management (cont'd)

	Note	Loans and receivables \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
Company					
31 March 2015					
Trade and other receivables [#]	12	4,108,597	–	4,108,597	4,108,597
Advances for exploration and evaluation activities	13	6,335,854	–	6,335,854	6,335,854
Cash and cash held with financial institutions	14	3,073,910	–	3,073,910	3,073,910
		<u>13,518,361</u>	<u>–</u>	<u>13,518,361</u>	<u>13,518,361</u>
Trade and other payables	19	–	(125,778)	(125,778)	(125,778)
31 March 2014					
Trade and other receivables [#]	12	4,418,596	–	4,418,596	4,418,596
Advances for exploration and evaluation activities	13	6,335,854	–	6,335,854	6,335,854
Cash and cash held with financial institutions	14	3,109,597	–	3,109,597	3,109,597
		<u>13,864,047</u>	<u>–</u>	<u>13,864,047</u>	<u>13,864,047</u>
Trade and other payables	19	–	(149,844)	(149,844)	(149,844)

[#] Excludes prepayments

Discount rates used in determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the market interest rates provided by financial institutions at the reporting date and were as follows:

	2015 %	2014 %
Long-term trade receivables	5.35	5.14

Fair value hierarchy

	Level 1 \$	Level 3 \$
31 March 2015		
Quoted equity securities, held for trading	6,736	–
Long-term trade receivables	–	348,342
31 March 2014		
Quoted equity securities, held for trading	8,978	–
Long-term trade receivables	–	568,625

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

28 Operating leases

At 31 March, the Group has the following commitments for future minimum lease payments under non-cancellable operating leases:

	2015 \$	2014 \$
Within one year	601,741	710,980
After one year but within five years	905,575	1,268,747
After five years	1,439,118	1,684,060
	<u>2,946,434</u>	<u>3,663,787</u>

The Group leases office equipment and premises for production, warehouse, office premises and staff accommodation under operating leases.

A subsidiary leased one storey in respect of its former leasehold building through a sale and leaseback arrangement with effect from 27 March 2006. The lease is for a period of ten years expiring on 26 March 2016. The lease rentals are subject to an annual increase by the higher rate of 2.5% per annum or a rate equivalent to the Consumer Price Index Percentage Variation over the preceding year's rent, capped at 5.5% per annum.

Leases as lessor

A subsidiary leases out its leased property. The future minimum lease payments under non-cancellable leases are as follows:

	2015 \$	2014 \$
Within one year	<u>21,000</u>	<u>21,000</u>

29 Contingent liabilities

As at reporting date:

- (i) the Company has given unsecured guarantees of \$4,034,119 (2014: \$5,170,791) to banks in respect of banking facilities extended to wholly-owned subsidiaries; and
- (ii) the Group has outstanding unsecured bankers' guarantees of approximately \$960,580 (2014: \$1,204,830) and secured bankers' guarantees of \$379,233 (2014: \$369,984), issued in favour of third parties in the ordinary course of business and for the security deposit required under a lease agreement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

30 Related parties

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The directors and senior management team are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2015 \$	2014 \$
Short-term employee benefits paid/payable to		
- directors of the Company	1,211,634	1,249,502
- other key executives	441,599	429,794
	1,653,233	1,679,296

The Company's directors receiving remuneration and fees from the Group:

	Number of directors	
	2015	2014
\$250,000 to \$499,999	1	1
Below \$250,000	7	8
	8	9

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2015 \$	2014 \$
Associate		
Purchase of goods	(49,410)	-
Sales of goods	4,812	19,933

31 Subsequent event

On 25 May 2015, an associate, P5 Pte. Ltd. ("P5"), issued 816,000 new ordinary shares consisting of 51% of its enlarged share capital to other shareholders for a cash consideration of \$300,000, arrived at on a willing buyer, willing seller basis. As a result, the Company's interest in P5 was diluted from 37.5% to 18.4%. Following the dilution, management has reassessed the level of influence that the Group has on P5 and determined that it no longer has significant influence over P5 and have reclassified the investment in P5 from investment in associate to available for sale investment.

SHAREHOLDINGS STATISTICS

As at 15 June 2015

No of Issued Share : 521,246,666
 Class of shares : Ordinary shares
 Voting rights : On a show of hands : One vote for each member
 : On a poll : 1 vote for each ordinary share

There are no treasury shares held by the Company as at 15 June 2015.

Shareholdings Held in Hands of Public

Based on information available to the Company as at 15 June 2015, 51.5% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	17	1.53	852	0.00
100 - 1,000	80	7.19	59,686	0.01
1,001 - 10,000	189	16.98	997,500	0.19
10,001 - 1,000,000	773	69.45	115,653,122	22.19
1,000,001 and above	54	4.85	404,535,506	77.61
	1,113	100.00	521,246,666	100.00

TOP 20 SHAREHOLDERS

S/No.	Name of Shareholder	No. of Shares	%
1	Lim Kwang Joo	78,833,333	15.12
2	Song Poo Hok	48,000,000	9.21
3	Citibank Nominees Singapore Pte Ltd	44,726,666	8.58
4	Lim Fong Yee Roland	35,000,000	6.71
5	DBS Nominees Pte Ltd	29,895,666	5.74
6	Yao Hsiao Tung	25,866,666	4.96
7	Tan Boon Seng	14,666,666	2.81
8	Stott James Ian	6,727,000	1.29
9	OCBC Securities Private Ltd	5,910,332	1.13
10	Tan Yow Tong	5,500,000	1.06
11	Tjioe Tjiong Bin	5,200,000	1.00
12	Pek Siew Yen @ Pek Jai Jai	4,659,000	0.89
13	Aw Tiew Kin	4,577,333	0.88
14	Tang Yoon Kong	4,468,666	0.86
15	Phoon Han Meng Linus	4,278,000	0.82
16	Lim Chye Huat @ Bobby Lim Chye Huat	4,203,400	0.81
17	Foo Moo Pao	4,100,000	0.79
18	Tan Kok Keng	4,025,000	0.77
19	Leong Whoi Pheng	3,927,666	0.75
20	Maybank Nominees (S) Pte Ltd	3,828,849	0.73
		338,394,243	64.91

SHAREHOLDINGS STATISTICS

As at 15 June 2015

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Number of shares registered in the name of the substantial shareholder	Number of shares in which the substantial shareholder is deemed to have an interest	Total	Percentage (%)
Lim Kwang Joo	78,833,333	-	78,833,333	15.12
Song Poo Hok	48,000,000	-	48,000,000	9.21
Song Wei Ming ⁽¹⁾	-	41,333,333	41,333,333	7.93
Lim Fong Yee Roland	35,000,000	-	35,000,000	6.71
GM Capital Management Pte Ltd ⁽²⁾	-	26,666,666	26,666,666	5.12

Note:

- ⁽¹⁾ Mr Song Wei Ming's deemed interest arises from the 41,333,333 shares held by Citibank Nominees Singapore Pte Ltd.
- ⁽²⁾ GM Capital Management Pte Ltd's deemed interest arises from the 26,666,666 shares held by DBS Nominees Pte Ltd. GM Capital Management Pte Ltd acts as an investment manager for various clients/funds and has the power to exercise, or control the exercise of, a right to vote attached to the securities and has the power to dispose of, or control the disposal of, the securities. The registered holder(s) of the securities is the client's or fund's custodian.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

SUNLIGHT GROUP HLDG LTD

(Incorporated in the Republic of Singapore under the Companies Act, Cap. 50)

Company Registration No. 199806046G

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at 1 Third Chin Bee Road, Singapore 618679 on 30 July 2015, Thursday, at 11.00 a.m. to transact the following business: -

Ordinary Business

- 1 To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 March 2015 and the Auditors' Report thereon. **[Resolution 1]**
- 2 To re-appoint Mr Lim Kwang Joo as a Director of the Company to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50. **[Resolution 2]**
- 3 (a) To re-elect Mr Lim Fong Yee Roland who is retiring in accordance with Article 103 of the Company's Articles of Association, as Director of the Company. **[Resolution 3(a)]**
[See Explanatory Note (i)]
- (b) To re-elect Mr Tan Kok Keng who is retiring in accordance with Article 103 of the Company's Articles of Association, as Director of the Company. **[Resolution 3(b)]**
[See Explanatory Note (ii)]
- 4 To approve the sum of S\$67,000 as Directors' fees for the financial year ended 31 March 2015. (2014: S\$67,000) **[Resolution 4]**
- 5 To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration. **[Resolution 5]**

Special Business

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

6 Authority to allot and issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual - Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per cent (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued (including shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares (including shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
- (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual – Section B: Rules of Catalist of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii)]

[Resolution 6]

- 7 To transact any other business that may be properly transacted at an AGM.

By Order of the Board

Ong Bee Hoon
Company Secretary

Singapore

14 July 2015

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

Explanatory Note :

- (i) Mr Lim Fong Yee Roland, if re-elected, will remain an executive director and the Chief Executive Officer of the Company and will not be considered as an independent director.
- (ii) Mr Tan Kok Keng, if re-elected, will remain as an executive director of the Company and will not be considered as an independent director.
- (iii) The Resolution 6, if passed, will empower the Directors of the Company, from the date of the above AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per cent (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to fifty per cent (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Proxies :

- 1. A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and to vote instead of him. A proxy need not be a member of the Company.
- 2. If a proxy is to be appointed, the instrument appointing a proxy must be deposited at the registered office of the Company at 1 Third Chin Bee Road, Singapore 618679, not less than 48 hours before the time appointed for the holding of the AGM.
- 3. The proxy form must be signed by the appointer or his attorney duly authorised in writing.

Personal data privacy:

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

SUNLIGHT GROUP HLDG LTD

(Incorporated in the Republic of Singapore
under the Companies Act, Cap 50)
Company Registration No. 199806046G

PROXY FORM - ANNUAL GENERAL MEETING

Important:

1. For investors who have used their CPF monies to buy the Company's shares, 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 attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent banks so that their Agent banks may register with the Company Secretary of the Company not less than 48 hours before the time appointed for holding the meeting.

I/We _____

of _____

being a member/members of SUNLIGHT GROUP HLDG LTD hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

--	--	--	--

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM, to be held at 1 Third Chin Bee Road, Singapore 618679 on 30 July 2015, at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM. If no person is named in the above boxes, the Chairman of the AGM shall be my/our proxy/proxies to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for me/us and on my/our behalf at the AGM and at any adjournment thereof.

NO	ORDINARY RESOLUTIONS	FOR	AGAINST
	Ordinary Business :		
1.	Adoption of Reports and Accounts		
2.	Re-appointment of Mr Lim Kwang Joo		
3.	Re-election of Directors:		
	(a) Mr Lim Fong Yee Roland		
	(b) Mr Tan Kok Keng		
4.	Approval of Directors' fees		
5.	Re-appointment of Auditors		
	Special Business :		
6.	Authority for Directors to allot and issue shares and convertible securities pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited		

Please indicate your vote "For" or "Against" with an "X" within the box provided.

Dated this _____ day of _____ 2015.

Signature(s) of member(s) or Common Seal

Total Number of Shares Held :

**IMPORTANT :-
PLEASE READ NOTES OVERLEAF**

SUNLIGHT GROUP HLDG LTD
PROXY FORM

Continuation Sheet 1

Notes :-

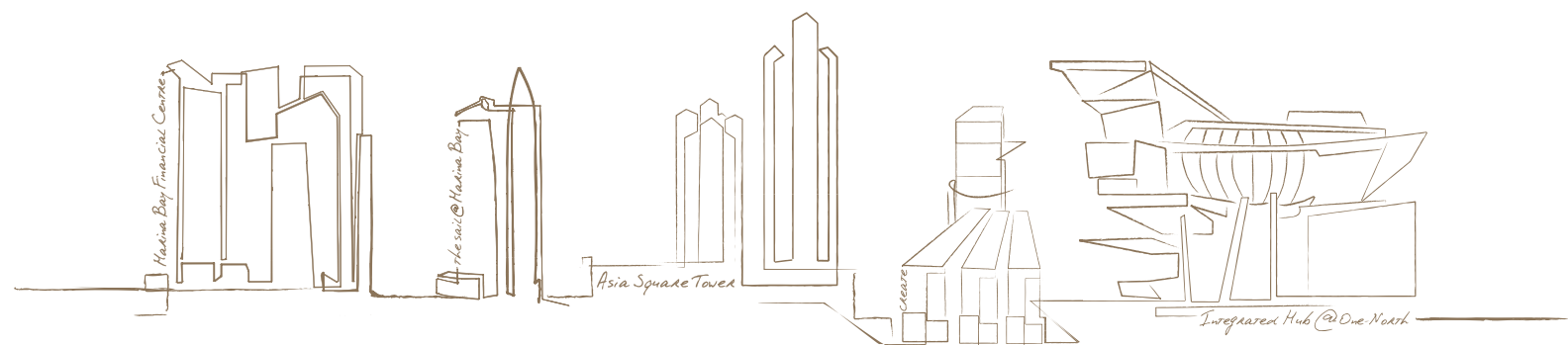
1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company may appoint not more than two proxies to attend and vote instead of him.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 1 Third Chin Bee Road, Singapore 618679, not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, under seal or under the hand of its attorney duly authorised.
6. A corporation which is a member may by a resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap 50.

General:

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

Personal Data Privacy:

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



SUNLIGHT

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(Incorporated In Singapore)

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Annual Report 2015