JEP HOLDINGS LIMITED

ANNUAL REPORT 2011


DEMAG

Contents

LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the board of directors, I am pleased to present to you the Annual Report of JEP Holdings Ltd ("JEP" or "the Group") for the financial year ended 31 December 2011 ("FY2011").

FY2011 has been a challenging year for us. The European debt crisis and slow recovery in the US affected sentiments and order flows from certain key customers declined, especially in the 2nd half of 2011. Added to this unforeseen development, the lower exchange rate had further impacted our revenue adversely and ultimately, a key factor which explains the net loss of S$2.2 million for the Company in FY2011.

We remain strong in our conviction to provide advanced precision engineering services to drive growth and expand margins. The Group's priority in the short and medium term is the relentless effort to build on our existing businesses to strengthen revenue through increase range of products in various sectors, niche engineering services, and better productivity through higher utilisation and cost improvement.

Before I go into a review of our latest acquisition and a preview of the year ahead, let me summarise our financial performance in FY2011.

Brief highlights on financial performance

For the year under review, the Group's revenue of S$23.8 million represented a decrease of 17.4% over FY2010. The decrease reflects the negative impact resulting from the Euro-zone crisis and uncertain global economy, particularly in the aerospace and oil & gas businesses.

The aerospace and oil & gas businesses remained the overall key revenue contributors making up 67.3% of the total revenue for FY2011, an increase of 8.3% as compared to 59.0% in FY2010. Revenue contribution from the electronics and semiconductor businesses decreased from 19.5% in FY2010 to 6.8% in FY2011. This decline was expected as the Group remained committed to businesses from the key revenue contributors.

For the similar period, gross profit margin decreased significantly from 19.6% in FY2010 to 4.8% in FY2011. The reduction is largely due to under-utilisation of our manufacturing capacity as a consequence of the reduction in revenue highlighted earlier as well as lower USD exchange rate.

The group also recorded a significant decrease in other income, from S$7.6 million in FY2010 to S$1.2 million in FY2011. The decrease was due to the one-off profit of approximately S$6.3 million arising from the sale and leaseback of the building located at 44/46 Changi South Street 1 which took place in FY2010.

A net loss of S$2.2 million was recorded by the Company for FY2011 as compared to a profit of S$0.1 million in FY2010.

The Group's cash flow remained healthy for FY2011. Besides a small term loan undertaken and drawdown by our Thailand subsidiary and an outstanding convertible term loan of $1 million which was scheduled to be repaid in April 2012, the Group had no need for drawdown of any of the available bank term loan and overdraft facilities. Our relationships with our bankers remain strong.

Strengthening Capabilities through Acquisition

Recognizing the inadequacy of depending on organic growth to expand the Group, we took the step in 2011 to explore and consider various business opportunities with the view to acquire new businesses consistent with our current strategy.

We are pleased to have concluded the acquisition of 100% shares of Dolphin Engineering Pte Ltd ("Dolphin") for a purchase consideration of S$14 million in early 2012. Dolphin is in the business of providing large format precision engineering and equipment fabrication services to the electronics and semiconductor industry, contract equipment manufacturing and aerospace industries. Since 2010, Dolphin has gained momentum in its performance by maintaining its focus in large format precision engineering services for a diversified customer base.

The synergy with JEP is one that would place the Group in a better position to meet competition and expand further. As a Group, the addition of Dolphin will broaden the customer base by providing a wide range of mid-to-large format niche precision engineering capacity, and enhances the opportunity of cross-selling of services within the Group.

The Year Ahead

Although the financial performance for FY2011 was negative resulting largely from decline in businesses in the engineering of oil & gas components, and aerospace components resulting from weaker USD, the Group will continue to focus on these industries.

Looking ahead, we believe that FY2012 marks another milestone for the Group.

For both the aerospace and oil & gas businesses, we have completed more than two dozens of first article of new products for Boeing 787 Dreamliner and Boeing 777 and high performance down hole tool for oil & gas last year. Most of these products would go into production in 2012.

The acquisition of Dolphin will add to the Group a wider range of niche engineering products and services it could offer.

Besides the prospective new businesses and the acquisition of Dolphin to our Group capabilities, no effort would be spared to build up an even stronger pipeline of manufacturing programmes with current portfolio of customers in the aerospace, oil & gas, and selective businesses in electronics and semiconductor industries.

Despite the challenges ahead, the Board and management remain confident and positive with the Group's prospects.

A Word of Appreciation

On behalf of the Board, I wish to express my heartfelt gratitude to our business partners, associates, management and staff for their commitment and contributions to JEP. Your support will certainly underpin our continued recovery. To our shareholders, we appreciate your support and belief in our business. The Board and management at JEP remain committed and confident of JEP and aims to continue achieving better financial and operational performances in the years to come.

I would also like to take this opportunity to extend a warm welcome to the management and staff of Dolphin as they join the JEP Group. We look forward to their contribution to grow the JEP Group in the years to come.

Adam Lau Fook Hoong @ Joe Lau
Executive Chairman and CEO
JEP Holdings Ltd

OPERATIONAL AND FINANCIAL REVIEW

Review of Financial Performance

The Group's revenue of S$23.8 million represented a decrease of 17.4% over FY2010. The decrease reflected the negative impact, particularly in the Electronics segment, and oil & gas businesses in the 4th Quarter resulting from the euro zone crisis and uncertain global economy. Revenue contribution from the electronic and semiconductor businesses decreased from 19.5% in FY2010 to 6.8% in FY2011. The aerospace and oil & gas businesses remained the two key revenue contributors making up 67.3% of the total revenue for FY2011. The combined contribution of the key contributors reflected an increase of 8.3% as compared to the combined contribution of 59.0% to the total revenue in FY2010.

Gross Profit margin decreased from 19.6% in FY2010 to 4.8% in FY2011. The deterioration was largely due to fall in revenue especially from the oil & gas businesses and lower USD exchange rate.

Other operating income recorded a significant decrease from S$7.6 million in FY2010 to S$1.2 million in FY2011. The operating income for FY2010 is significantly higher than that for FY2011 as a result of the one-off profit of approximately S$6.3 million arising from the one-off sale and leaseback of the building located at 44/46 Changi South Street 1 in FY2010.

Selling and Distribution expenses maintained at approximately S$0.8 million in FY2011 and FY2010.

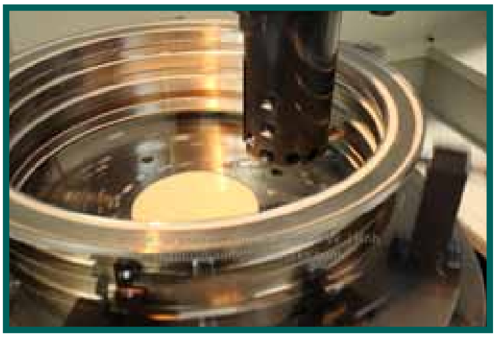
General and Administration expenses decreased substantially to S$4.9 million in FY2011 from S$6.2 million in FY2010. This represented a reduction of 20.9% or a reduction of S$1.3 million. The decrease was mainly attributed to reduction in depreciation of property, plant & equipment of S$0.7 million, legal & professional fees of S$0.3 million, director remuneration of S$0.2 million and audit & tax fees of S$0.1 million.

Financial expenses were reduced by 69.0%. The reduction of S$0.6 million in FY2011 was the result of repayment of the Group's borrowings and effort to keep financing cost down.

A net loss of S$2.2 million was recorded for FY2011 as compared over the corresponding period in FY2010 which recorded a net profit of S$0.1 million.

Balance Sheet and Cash Flow

The Group's Property, Plant and Equipment recorded S$11.3 million in FY2011 as compared to S$12.6 million in FY2010. The decrease of S$1.3 million was mainly due to depreciation expenses of S$4.2 million and disposal of machines of S$0.4 million. The decrease was partly offset by purchase of equipment amounting to S$3.3 million.



Total Current Assets decreased S$11.2 million from S$30.1 million in FY2010 to S$18.9 million in FY2011. Cash and bank balances decreased considerably by S$9.3 million due to repayment of finance lease & bank loan, and purchase of treasury shares and significant reduction of Trade Receivables and Other Receivables. The decrease was partially offset by an increase in inventory level by S$0.4 million and fixed deposit by S$0.9 million.

Total Liabilities decreased from S$20.6 million in FY2010 to S$11.5 million in FY2011. The reduction of the total liabilities of S$9.1 million was mainly due to repayment of bank loans and finance lease borrowings of S$5.4 million, other payables & accruals of S$2.3 million, deferred tax liabilities of S$1.0 million and trade payables of S$0.4 million.

In FY2011, the Group generated a positive cash flow of S$2.3 million from its operating activities. These were offset by cash outflow of S$0.3 million for its investing activities, and S$11.3 million for its financing activities which comprised of dividend of S$1.0 million paid to non-controlling interest shareholder of the subsidiary, S$7.7 million for the repayment of finance lease & bank loan and S$1.5 million for purchase of treasury shares. The overall cash and cash equivalent for FY2011 was S$11.5 million. This recorded a reduction of S$9.3 million as compared to the cash and cash equivalent of S$20.8 million for FY2010.

Going Forward

While revenue from the aerospace business for FY2011 recorded a moderate reduction from FY2010, the industry continued to face competition which led to narrowing of profit margin. The weak oil & gas businesses particularly in the 4th Quarter reflected the weakening of global macroeconomic conditions.

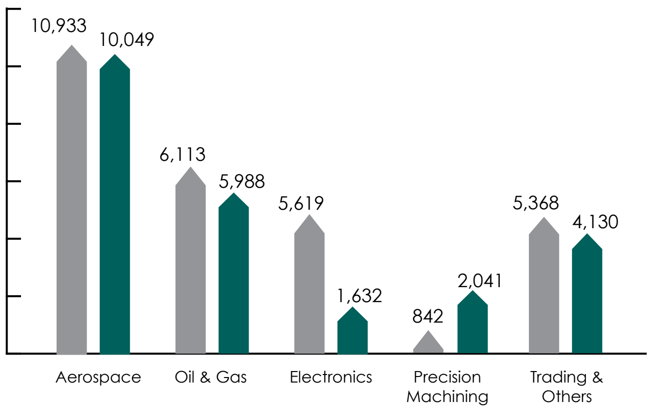
Like many businesses, the Group faces many challenges going forward – rising cost, increased competition and economic slowdown. The task ahead for the Group is to keep cost down, improve manufacturing efficiency, build on existing customer' relationships with the view of expanding current businesses, and explore new business opportunities compatible to its core competency.

Besides the relentless effort to keep cost down and improve productivity, the acquisition (as announced on 9 January 2012) of Dolphin Engineering Pte Ltd, a company which provides engineering business, will complement and add to its current offering of engineering services and increase product range. The acquisition will strengthen the Group's position to meet competition and expand further.

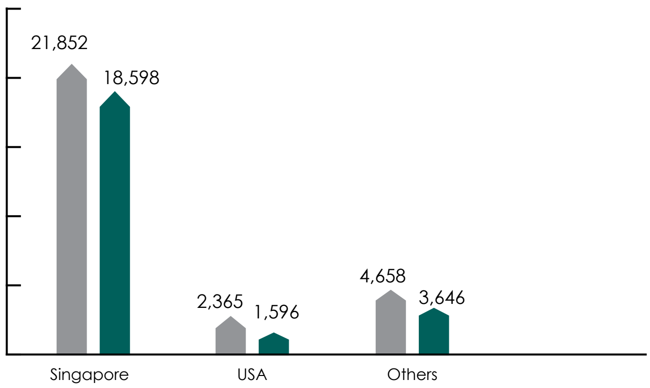
The acquisition of Dolphin Engineering Pte Ltd occurred after the end of the reporting period. For further information on the acquisition, please refer to Note 33 of the financial statements.

FINANCIAL HIGHLIGHTS

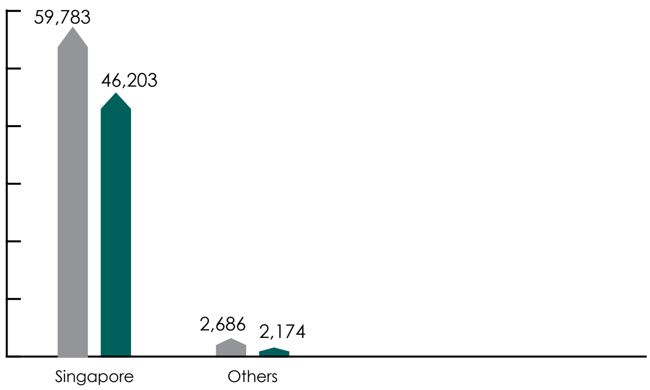
REVENUE BY INDUSTRY $'000

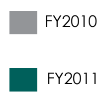


REVENUE BY REGION $'000



ASSETS BY REGION $'000





BOARD OF DIRECTORS

Mr Adam Lau Fook Hoong @ Joe Lau
Executive Chairman and Chief Executive Officer

Mr Adam Lau Fook Hoong @ Joe Lau was appointed as the Executive Chairman and Chief Executive Officer of the company on 17 August 2009. Mr Lau, the founder of JEP Precision Engineering Pte Ltd joined us as Executive Vice Chairman on 1 October 2007. With more than 20 years of experience in the precision engineering industry, he drives all operational matters for the Group. Mr Lau was the recipient of the 2006 Entrepreneur Award and the EYA Innovation Award 2006. He successfully built JEP Precision Engineering Pte Ltd to become an Enterprise 50 award winner in 2007. These awards clearly demonstrate his capability in building a successful business.

Mr Koh How Thim
Executive Director

Mr Koh How Thim, prior to his re-designation as the Executive Director in 14 December 2009, was a Non-Executive Director with the Company since May 2009.

Mr Koh has extensive experience in the banking and finance industry for more than 20 years. Prior to his appointment in the Company, Mr Koh was a Director, Head of Compliance with a Swiss-based private bank. His banking and finance experience included holding positions as Director of Corporate/ Relationship Banking and Director of Treasury of an American bank, Manager, Finance and Administration of a Swiss-based private banking and asset management subsidiary. He has also worked with Agilent Technologies, an American MNC in Singapore where he held the position of Asia Pacific Treasury Manager overseeing cash and financial management functions, and the Treasury operations of all the entities located in more than 10 of the Asia Pacific countries. His other experiences in MNC and financial institutions included M&A activities, financial structuring, management of treasury risk and operations, and cross-border business activities and projects.

He holds a Bachelor of Arts, Hons (Accounting and Finance) from the University of Northumbria in Newcastle, United Kingdom and Master of Business Administration from University of Leicester, United Kingdom. He is also a member of the Singapore Institute of Directors.

Mr Wong Gang
Lead Independent Director

Mr Wong Gang is a Partner in law firm, Shook Lin & Bok LLP since 2002, joined us as an Independent Director. With more than 12 years of professional experience advising on a wide range of corporate finance and securities transactions, including stock market flotations, rights issue, securities regulation for public listed companies, mergers and acquisitions, joint ventures, as well as general corporate advisory work, he is also a member of Shook Lin & Bok LLP's China practice group and has advised multinational corporations and Singapore companies on cross border transactions in China, as well as on public offerings of securities in Singapore by companies from China. He has been cited by Chambers Asia as one of Singapore's leading corporate lawyers in the capital markets, and is currently also an Independent Director of several other companies listed on the SGX-ST.

Mr Quek Hiong How, Raymond
Independent Director

Mr Quek Hiong How, Raymond, was appointed an Independent Director on 6 August 2009. Mr Quek has held several senior positions and directorships in finance and accounting over the past 30 years. Amongst the senior positions he has held, Mr Quek was the Finance Director for 2 subsidiaries of Boustead Singapore Limited (an SGX main board listed company) as well as the Chief Financial Officer for Keppel Telecommunications and Transportation Ltd ("Keppel T&T"). Mr Quek was also the Vice President (Finance and Administration) for the then-Television Corporation of Singapore Pte Ltd ("TCS").

Mr Quek has extensive experience in the areas of project feasibility studies, setting up of joint-ventures, mergers and acquisitions and corporate governance and finance.

Mr Chan Wai Leong
Non-Executive Director

Mr Chan Wai Leong was appointed as Non-Executive Director on 4 June 2010. Mr Chan is the Chief Executive Officer of Ellipsiz Ltd, a main board listed company on the SGX. Prior to his appointment as CEO of Ellipsiz Ltd, Mr Chan was the President of iNETest Resources, a wholly owned subsidiary of Ellipsiz. He has more than two decades of operational and business experience in the semiconductor and electronics manufacturing industries as well as working experience in the Asia Pacific region, Australia, New Zealand, China and India. He started his career as an engineer at Hewlett Packard and moved on to hold senior management positions at Electronic Resources Ltimited, Ingram Micro and iNETest resources.

Mr Chan holds a Bachelor's degree in Electrical Engineering and a Master of Business Administration degree from the National University of Singapore.

KEY EXECUTIVES

Mr Kuek Tee Meng
Senior Finance Manager, Group

Mr Kuek joined JEP Holdings Ltd in May 2010 and is presently the Senior Finance Manager of the Group. Mr Kuek had wide ranging work experiences and had served in different Finance management positions spanned over a few industries which included supply chain, fast moving consumer goods, manufacturing and management services.

Prior to joining the Company, Mr Kuek was the Vice-President, Finance of a local management services company overseeing the company's finance function. He has held a number of management appointments. He was the Financial Controller of a SGX-listed company which specialized in manufacturing and distribution of food and beverage products and Deputy Chief Financial Officer of an associate company of a listed company.

Mr Kuek is a fellow of the Chartered Institute of Management Accountants, United Kingdom, and a member of the Institute Certified Public Accountant of Singapore. He holds a Masters in Business Administration degree from Southern New Hampshire University, U.S.A.

Mr Soh Chee Siong
Chief Executive Office, subsidiary of JEP Precision Engineering Pte Ltd.

Mr Soh Chee Siong joined JEP Precision Engineering Pte Ltd, subsidiary of the Group in Oct 2011 as Chief Executive Officer.

Mr Soh started his career with Hamilton Sundstrand Pacific Aerospace Pte Ltd, a fully-owned subsidiary of United Technologies Corporation in 1975. He has more than 30 years of aerospace component manufacturing experience. Over the years, he rose through the ranks and his last held position was as the Plant Manager of the Changi Plant. During his tenure in Hamilton Sundstrand, he was instrumental in setting up Plant 3 in Bedok and Changi Plant in 2000 & 2005 respectively, in support of their expansion plan.

Mr Soh joined Rolls Royce Singapore Pte Ltd as the Operations Director in April 2010. He led a new team and was responsible in setting up the new facility in Seletar Aerospace Park, which focuses in the manufacturing of Wide Chord Fan Blade for the Trent Engine.

Mr Soh holds a Bachelor of Science (Hons) in Business & Management Studies from University of Bradford. He also holds the Certified Diploma in Accounting & Finance (ACCA), Specialist Diploma in Supply Chain Management (NYP), and a Certified Quality Manager (SQI).

Mr Tan Hung Heng
General Manager, subsidiary of JEP Precision Engineering Pte Ltd

Mr Tan joined JEP Precision Engineering Pte Ltd ("JEP") in Jan 2005 as a General Manager. He has more than 20 years experience in various management positions in aerospace component manufacturing industry. Started career as a Training Officer in the Industrial Training Board (now known as Institute of Technical Education or "ITE") and later graduated from the Teachers' Training College with Certificate in Pedagogy, and Singapore Polytechnic with Certificate in Industrial Management.

Prior to joining JEP, Mr Tan held the positions of a Manufacturing Engineer, Section Manager and Business Unit Lead Advisor with an American MNC, Hamilton Sundstrand Pacific Aerospace Pte Ltd, a fully-owned subsidiary of United Technologies Corporation. The initial period following joining Hamilton Sundstrand in Singapore, Mr Tan spent a year in the United States manufacturing facilities. On his return to Singapore, Mr Tan was a key person involved in the pioneering the aerospace facilities in the Singapore plant.

Mr Tan's major achievements while working with Hamilton Sundstrand included having led two Supply Chain Management teams to re-engineer part flow to achieve reduced manufacturing lead time. Mr Tan's other work experiences included being appointed Change Management Advocate, and conducted training on Leadership, Change Management and Teambuilding.

CORPORATE INFORMATION

Company Registration No. 199401749E

Board of Directors

Adam Lau Fook Hoong @ Joe Lau
Executive Chairman and Chief Executive Officer

Koh How Thim
Executive Director

Wong Gang
Lead Independent Director

Raymond Quek Hiong How
Independent Director

Chan Wai Leong
Non-Executive and Non-Independent Director

Audit Committee

Raymond Quek Hiong How *(Chairman)*
Wong Gang
Chan Wai Leong

Nominating Committee

Wong Gang *(Chairman)*
Raymond Quek Hiong How
Adam Lau Fook Hoong @ Joe Lau

Remuneration Committee

Wong Gang *(Chairman)*
Raymond Quek Hiong How
Chan Wai Leong

Company Secretary

Jonathan Lee Tiong Hock

Registered Office

44 Changi South Street 1
Singapore 486762
Tel: +65 6545 4222
Fax: +65 6545 2823
Website: www.jep-holdings.com

Bankers

United Overseas Bank
DBS Bank
OCBC Bank

Share Registrar

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

Auditor

Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce &
Industry Building
Singapore 179365

Partner-in-charge

Yeo Boon Chye
(financial year ended 31 December 2011)

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CORPORATE GOVERNANCE

Corporate Governance Statement

The Board of Directors and Management of JEP Holdings Ltd. (the "Company") are committed to observing high standards of corporate governance and transparency and the protection of shareholders' interests. This report describes the processes and measures adopted, where feasible and; the principles set out in the Code of Corporate Governance 2005 (the "Code").

Principle 1 – The Board's Conduct of its Affairs

The Company is headed by the Board that leads and oversees its operations and affairs.

The Board comprises the following members:

Executive Directors

Adam Lau Fook Hoong @ Joe Lau
Koh How Thim

Non-Executive Directors

Wong Gang	(Lead Independent Director)
Raymond Quek Hiong How	(Independent Director)
Chan Wai Leong	(Non-Executive Non-Independent Director)

The Board is responsible for the Company's system of corporate governance, and is ultimately responsible for the Group's activities, strategies and financial performance. It endeavours to enhance long-term value and return for shareholders.

The Board's primary functions include:

- Approving Group business objectives, strategic plans, and key initiatives,

- Overseeing the processes for evaluating adequacy of internal controls, risk management, financial reporting and compliance,

- Approving nomination of directors and appointment of key personnel,

- Approving annual budgets, major capital expenditures and funding proposals, major investment and divestment proposals,

- Approving half-year / full-year result announcements and all other announcements.

In carrying out his duties, each director is expected to consider, at all times, the interest of the Company.

The Board delegates certain decision making authorities to the Audit Committee, the Nominating Committee and the Remuneration Committee, and these committees will in turn be monitored by the Board.

Principle 1 – The Board's Conduct of its Affairs (cont'd)

The Board has adopted internal guidelines that require Board's approval, including appointment of directors, company secretary and appointment of Catalist Sponsor and as well as major transactions, *inter alia*, capital funding, acquisitions and disposals.

There will be an orientation of the Company's operational facilities and a meeting with the management staff for newly appointed Directors to familiarise them with the Company's business and governance policies. The Company would also be happy to open this orientation as a refresher for seasoned directors. To keep abreast with developments in financial, legal and accounting requirements, the Company will encourage its directors to attend relevant instructional/training courses at the Company's expense.

The Company Secretary attends the Board meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with.

To discharge its duties effectively and efficiently, the Board has established three committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), each of which functions within the defined terms of reference and operating procedures which are reviewed on a regular basis.

The Company's Articles of Association allow a board meeting to be conducted by way of teleconference and a resolution in writing signed by the majority of directors.

The Board, as a Group, possesses the necessary competencies to lead and govern the Company effectively.

The number of Board and other committee meetings held in the year and the attendance of each director, where relevant, is set out as follows:

	Board Meeting		**Audit Committee Meeting**		**Nominating Committee Meeting**		**Remuneration Committee Meeting**	
Name of Director	Number Held	Attendance	Number Held	Attendance	Number Held	Attendance	Number Held	Attendance
Adam Lau Fook Hoong @ Joe Lau	2	2	-	-	1	1	-	-
Wong Gang	2	2	2	2	1	1	1	1
Koh How Thim	2	2	-	-	-	-	-	-
Raymond Quek Hiong How	2	2	2	2	1	1	1	1
Chan Wai Leong	2	2	2	2	-	-	1	1

Principle 2 – Board Composition and Balance

The Board comprises five directors, of whom two are independent directors. There is a strong and independent element on the Board that enables it to exercise objective judgment on corporate affairs independently, in particular, from the management. No individual or small group of individuals are allowed to dominate the Board's decision- making. The independence of each director is reviewed annually by the NC based on guidelines on criteria of independence stated in the Code. The directors are not related to one another.

The NC is of the opinion that its current Board size and mix of expertise and experience of its members, as a group, provide core competencies necessary to meet the Company's requirements.

The independence of each director will be reviewed annually by the NC, based on the guidelines on criteria of independence stated in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independence business judgement.

The Independent Directors provide an independent and professional element to the Board, enabling the Board to challenge management from an objective perspective, and at the same time, allow for constructive suggestions that will shape the Company's policies. The Independent Directors also aid in the review of management performance and monitor the management reporting framework.

Principle 3 – Chairman and Chief Executive Officer

The Code stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should, in principle, be separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Group's Executive Chairman, Mr. Adam Lau Fook Hoong @ Joe Lau, assumes the role of both the Chairman and CEO. The Board is of the view that based on the Company's current size and operation, it is in the best interests of the Group to adopt a single leadership structure, whereby the Executive Chairman and the CEO is the same person, so as to ensure that the decision-making process of the Group and implementation of Board's corporate plans and polices would not be unnecessarily hindered.

The role of the Chairman includes ensuring the Board meetings are held when necessary and sets the Board meeting agenda in consultation with the Company Secretary and ensuring that the Board are provided with adequate and timely information.

All major decisions of the Company concerning its business strategies are reviewed by the AC. The CEO's performance and appointment to the Board are reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual. The Lead Independent Director is also available to shareholders, where they have concerns and for which contact through the normal channels of the Chairman, CEO or the chief financial officer (or equivalent) or the relevant director has failed to resolve or for which such contact is inappropriate.

Principle 4 – Board Membership

The Nominating Committee (“NC”), comprises three members; two are Independent Directors and one Executive Director.

Wong Gang	(Lead Independent Director and Chairman);
Raymond Quek Hiong How	(Independent Director);
Adam Lau Fook Hoong @ Joe Lau	(Executive Director)

The principal role of the NC is to establish a formal and transparent process for appointments and reappointments to the Board and to review Board effectiveness, structure, size and composition.

The NC shall be responsible for identifying and nominating candidates for the Board, determining annually, whether a director is independent, filling Board vacancies as well as to put in place plans for succession, in particular the positions of Chairman and Chief Executive Officer.

In addition, the NC will make recommendations to the Board concerning the continuation of the services of any Director who has reached the age of seventy (70) years. Should a director have multiple board representations, the NC has to decide whether he or she has been adequately carrying out his / her duties as a director of the Company.

NC will oversee and ensure that at least a third of the Board retires by rotation at every Annual General Meeting (“AGM”), and every director will be required to submit themselves for re-nomination and re-election on a rotational basis and at least once every 3 years.

At the forthcoming AGM, Mr Wong Gang and Mr Koh How Thim shall retire and being eligible, agree to be re-elected.

The process for selection and appointment of new directors will be led by the NC in the following order: (i) Determining the desirable competencies for the appointment, and after consultation with management, (ii) Assessment of suitability of candidates and an open dialogue to ensure the candidate is aware of his role and obligation and (iii) a final shortlist for recommendation to the Board.

Principle 5 - Board Performance

Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and the effectiveness of individual directors. Part of the process is through the review of the appraisal/evaluation forms, which included an assessment of the size and composition of the Board, the Board’s access to information, the Board’s performance in relation to discharging its key responsibilities and the time commitment of directors who served on multiple boards.

Principle 6 - Access to Information

The Directors are updated regularly on corporate governance, changes in listing rules and regulations and performance of the Group. The Directors have separate and independent access to the senior management, including the Company Secretary of the Group, at all times. The Directors, either individually or as a group, in the furtherance of their duties, can take independent professional advice, if necessary, at Company's expense.

The Company makes available to all Directors its half-year and full-year management accounts and where required, other financials statements, budgets and forecasts and other relevant information as necessary. Detailed reports and board papers are sent out to the Directors before the meetings so that the Board can have a proper understanding of the issues. With regard to budgets whereby material variances exist between the actual and forecasted numbers, they are reviewed by the Board as well as disclosed and explained by the Management, where required by the Board.

Principle 7- Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC"), comprises three members, two of whom are Independent Directors.

Wong Gang	(Lead Independent Director and Chairman)
Raymond Quek Hiong How	(Independent Director)
Chan Wai Leong	(Non-Executive Non-Independent Director)

The RC reviews and recommends to the Board, in consultation with Management, a general framework of remuneration for Management and key management personnel in the Company.

Independent and Non-Executive Directors receive directors' fees as determined by the RC, who takes into account their level of contribution and responsibilities.

Currently, the Company does not have any long-term incentive scheme for its Directors. However, the Company is currently looking into this issue with its independent directors into the possibility of adopting incentive schemes. Where appropriate, the board will adopt such recommendations and modifications, if feasible and applicable.

Principle 8 - Level and Mix of Remuneration

The RC is responsible for reviewing and approving specific remuneration packages and terms of employment of Directors and employees related to Executive Directors and controlling shareholders of the Company. The RC also reviews the adequacy and form of remuneration for Directors to ensure that their compensation commensurate with the responsibilities and risks involved in being a Director and the remuneration packages are comparable within the industry and include a performance-related element with appropriate and meaningful measures of assessing performance. Such remuneration packages include but are not limited to director's fees, salaries, allowances, bonuses and benefits in kind. In case of service contracts, there is a fixed appointment period for all directors, after which they are subject to re-election. No Director or member of the RC shall be involved in deciding his own remuneration.

Principle 9 – Disclosure on Remuneration

The remuneration of Directors and the top 5 senior executives of the Company for the year ended 31 December 2011 are set out below:

Remuneration band and name	Fees (1)	Salary (2)	Bonus (2)	Others(3)	Total
Directors					
S$250,000 to S$499,999					
Adam Lau Fook Hoong @ Joe Lau	-	76%	7%	17%	100%
Koh How Thim	-	81%	10%	9%	100%
Below S$250,000					
Wong Gang	100%	-	-	-	100%
Raymond Quek Hiong How	100%	-	-	-	100%
Chan Wai Leong	100%	-	-	-	100%
Key Executives					
S$250,000 to S$499,999					
NIL	-	-	-	-	-
Below S$250,000					
Kuek Tee Meng	-	87%	8%	5%	100%
Tan Hung Heng	-	83%	17%	-	100%
Soh Chee Siong (Joined on 3 October 2011)	-	82%	8%	10%	100%
Loh Wai Cheong (Resigned on 31 August 2011)	-	73%	15%	12%	100%

(1) These fees are subject to approval by shareholders as a lump sum at the forthcoming AGM.

(2) Salaries and bonuses include employer contributions to the Central Provident Fund.

(3) Benefits in kind such as use of company vehicles are included.

In the financial year ended 31 December 2011, the Group has no employee whose annual remuneration exceeds S$150,000 who is related to any Director.

Principle 10 - Accountability

The Board is collectively responsible for the success of the Company and works with management to achieve this. The Company reports its results once every six months.

Through these reports, the Board aims to provide shareholders with clear and balanced assessments of the Group's financial performance, position and prospects.

The Management provides all members of the Board sufficient and timely information on its financial performance and potential issues before all Board meetings.

In line with continuous disclosure obligations of the Company and in accordance to the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("the Catalist Rules") and the Companies Act, the Board adopts a policy whereby shareholders shall be informed of all major developments of the Company.

Financial information and other price sensitive information are circulated in a timely manner to the shareholders through announcements via SGXNET, press releases, the Company's website, media and analysts' briefings. The Company's corporate information as well as annual reports are also available on the Company's website.

The Management makes available to all Directors its half-year and full-year management accounts and where required, such other necessary financial information for other periods if applicable.

Principle 11 – Audit Committee

The Audit Committee ("AC"), comprises three members who have accounting or related financial expertise or legal experience to discharge the responsibilities. It comprises two Independent Directors and one non-executive non-independent director.

Raymond Quek Hiong How	(Independent Director and Chairman)
Wong Gang	(Lead Independent Director)
Chan Wai Leong	(Non-Executive Non-Independent Director)

The duties of the AC shall be:

a) to review with the external auditors their audit plan, audit report, management letter and Management's response.

b) to review the half-year and annual financial statements on significant financial reporting issues and judgments before submission to the Board for approval.

c) to review any formal announcements relating to the Company's financial performance.

d) to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors.

Principle 11 – Audit Committee (cont'd)

e) to meet with the external auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have.

f) to review the assistance given by Management to external auditors.

g) to review and evaluate the adequacy of the Company's internal controls systems by reviewing reports from internal and external auditors.

h) to review the effectiveness of the Company's internal audit function

i) to review annually the scope and results of the audit and its cost-effectiveness as well as the independence and objectivity of the external auditors.

j) to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within its terms of reference. A lead independent director will lead in all queries as may be raised by the staff of the Company. The AC will have full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings. The AC also has reasonable resources to enable it to discharge its functions properly.

The Company has put in place a whistle blowing policy, reviewed and endorsed by the AC, where the employees can, in confidence, raise concerns about improper conduct for investigation.

k) to report to the Board its findings from time to time on matters arising and requiring the attention of the AC.

l) to review interested person transactions (IPTs) falling within the scope of the Catalist Rules.

m) to undertake such other reviews and projects as may be requested by the Board.

n) to consider the appointment/re-appointment of external auditors, the audit fee and matters relating to the resignation or dismissal of auditors.

Foo Kon Tan Grant Thornton LLP was appointed as the Company's external auditors, to audit the accounts of the Company and its subsidiaries, and their appointment was approved by the Company's shareholders at the Annual General Meeting held on 28 April 2011. The Company has accrued an aggregate amount of audit fees of S$124,000, comprising audit fees of S$110,000 and non-audit services fees of S$14,000 to the external auditors for the year under review.

The AC has reviewed the non-audit services provided by the external auditors and is of the opinion that the provision of such services does not affect the independence of the external auditors.

The Group has also complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

CORPORATE GOVERNANCE

Principle 12 - Internal Controls

The Management has put in place and maintained internal control measures intended to manage business risks. These measures provide reasonable, but not absolute assurance, to the integrity and reliability of the financial information and to safeguard the accountability of the assets.

The AC had reviewed the effectiveness of the measures taken by the Management based on the recommendations made by the external auditors.

As part of the internal controls, a special audit on the Group's Information Technology ("IT") system has been carried out by Grant Thornton Technology Advisory Pte Ltd during the year and it was completed in October 2011. Nothing has come to the auditors' attention to cause the Board or the AC to believe that the IT system is inadequate.

In compliance with Rule 1204(10), the Board with the concurrence of the AC and based on the reports from the auditors is of the opinion that the system of internal controls is adequate to address the financial, operational and compliance risks.

For further information on the risk management policies and processes of the Company, please refer to Note 29 of the financial statements.

Principle 13 - Internal Audit

The Internal Auditor's primary line of reporting is to the Chairman of the AC. The AC ensures that the internal audit functions is adequately resourced and has appropriate standing within the Group. The adequacy of the internal audit function is determined at least annually by the AC.

Principle 14 – Communication with Shareholders

The Board is committed to being open and transparent in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. The Board is mindful of its obligations to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. Financial Results, annual reports and other material information are released via SGXNET. Announcements released via SGXNET are also uploaded promptly on the Company's corporate website.

Shareholders are informed of shareholders' meeting through notices published in the newspapers and reports or circulars sent to all shareholders.

Principle 15 – Shareholders' Participation

At general meetings, shareholders are given the opportunity to express their views and ask questions regarding the Group and its businesses. Shareholders may appoint proxies to attend and vote on their behalf.

Each item of special business in the notices of the shareholders' general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each distinct issue.

Principle 15 – Shareholders' Participation (cont;d)

The Chairman of the AC, RC and NC is required to be present during the general meeting to address shareholders' queries. In addition, external auditors are also present at such meetings to assist the Directors in addressing the queries, if required.

SECURITIES TRANSACTIONS

In compliance with Rule 1204(19), the Company has issued a policy to its Directors and key officers / employees that there must be no dealings in the securities of the Company one month before the release of the half-year and full-year financial results, or when they are in possession of unpublished material price-sensitive information.

An internal memorandum was circulated informing all persons covered by the policy that they are prohibited from dealing in the securities of the Company during the 'closed window' period until after the release of the results. The Company's internal memorandum includes the clause whereby an officer of the Company is prohibited to deal in the Company's securities on short-term considerations.

In view of the process in place, the Board is of the opinion that the Company has complied with the principal corporate governance recommendations.

MATERIAL CONTRACTS

No material contracts of the Company and its subsidiary involving the interest of the CEO or any Director or controlling Shareholder subsisted at the end of the financial year or had been entered into since the end of the previous financial year.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. The Management regularly assesses and reviews the Group's business and operational environment in order to identify areas of significant business and financial risks, such as credit risk, interest rate risk, foreign currency risk as well as appropriate measures to control and mitigate these risks.

INTERESTED PERSON TRANSACTIONS

There was no interested person transaction during the financial year under review.

SPONSORS

During the financial year, there were no non-sponsor fees paid to the Sponsor during the financial year.

DIRECTORS' REPORT
for the financial year ended 31 December 2011

The directors of the Company submit this annual report to the members together with the audited consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 December 2011.

Names of directors

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

Adam Lau Fook Hoong @ Joe Lau	-	Executive Chairman of the Board, Chief Executive Officer
Koh How Thim	-	Executive Director
Wong Gang	-	Lead Independent Director
Raymond Quek Hiong How	-	Independent Director
Chan Wai Leong	-	Non-Executive and Non-Independent Director

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed in this report.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of ordinary shares			
	Shares registered in the name of director		**Shares in which director is deemed to have an interest**	
The Company - JEP Holdings Ltd.	As at 1.1.2011	**As at 31.12.2011 and 21.1.2012#**	As at 1.1.2011	**As at 31.12.2011 and 21.1.2012#**
Adam Lau Fook Hoong @ Joe Lau	129,215,950	**135,240,950**	-	**30,000,000**
Koh How Thim	175,000	**175,000**	-	**-**

There are no changes to the above shareholdings as at 21 January 2012.

Directors' benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50, except for salaries, bonuses and fees and those benefits that are disclosed in Note 19 and Note 20 to the financial statements.

Share options

No options to take up unissued shares of the Company or any subsidiaries have been granted during the financial year.

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries.

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

Audit committee

The Audit Committee at the end of the financial year comprises the following members:

Raymond Quek Hiong How	-	Independent Director and Chairman
Wong Gang	-	Lead Independent Director
Chan Wai Leong	-	Non-Executive and Non-Independent Director

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

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

(iii) the half yearly financial information and the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 December 2011 as well as the auditor's report thereon; and

(iv) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ["SGX-ST"]).

Audit committee (cont'd)

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 auditor and reviews the level of audit and non-audit fees.

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

Independent auditor

The independent auditor, Foo Kon Tan Grant Thornton LLP, Certified Public Accountants, has expressed its willingness to accept re-appointment.

Other information required by the SGX-ST

Material information

Apart from the Service Agreements between the executive directors and the Company, there are no material contract to which the Company or its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year.

Interested person transactions

There was no interested person transactions as defined in Chapter 9 of SGX-ST Manual conducted during the financial year except as disclosed under "Interested Person Transactions" on "Corporate Governance" and on Note 25 to the financial statements.

On behalf of the Directors

Adam Lau Fook Hoong @ Joe Lau

Koh How Thim

Dated: 17 February 2012

STATEMENT BY DIRECTORS

for the financial year ended 31 December 2011

In the opinion of the directors, the accompanying statements of financial position, statements of comprehensive income, statements of changes in equity and consolidated statement of cash flows, together with the notes thereon, 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 December 2011 and of the results of the business and changes in equity of the Group and of the Company and the cash flows of the Group for the financial year ended on that date; and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

Adam Lau Fook Hoong @ Joe Lau

Koh How Thim

Dated: 17 February 2012

INDEPENDENT AUDITOR'S REPORT
to the members of JEP Holdings Ltd.

Report on the financial statements

We have audited the accompanying financial statements of JEP Holdings Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the statements of comprehensive income and the statements of changes in equity of the Group and the Company and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and the results and changes in equity of the Group and the Company and cash flows of the Group for the financial year ended on that date.

Other matter

The financial statements of the Company for the financial year ended 31 December 2010 were audited by other auditors whose report dated 31 March 2011 expressed an unqualified opinion on those financial statements.

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 the subsidiary incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

Yeo Boon Chye
Partner-in-charge of the audit

Singapore, 17 February 2012

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2011

		The Group		The Company	
		31 December	31 December	**31 December**	31 December
		2011	2010	**2011**	2010
	Note	**$'000**	$'000	**$'000**	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**11,267**	12,619	**119**	199
Investment in subsidiaries	5	**-**	-	**29,468**	29,468
Intangible assets	6	**18,156**	19,742	**-**	-
		29,423	32,361	**29,587**	29,667
Current assets					
Inventories	7	**2,059**	1,622	**-**	-
Trade and other receivables	8	**4,378**	7,615	**48**	327
Amount due from subsidiaries	9	**-**	-	**47**	3,004
Pledged deposits	10	**961**	17	**-**	-
Cash and cash equivalents	10	**11,556**	20,854	**8,660**	5,293
		18,954	30,108	**8,755**	8,624
Total assets		**48,377**	62,469	**38,342**	38,291
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	11	**33,473**	74,950	**33,473**	74,950
Treasury shares	12	**(1,553)**	-	**(1,553)**	-
Retained profits/(accumulated losses)		**1,522**	(36,724)	**5,225**	(41,477)
Translation reserve		**(147)**	(171)	**-**	-
		33,295	38,055	**37,145**	33,473
Non-controlling interests		**3,561**	3,848	**-**	-
Total equity		**36,856**	41,903	**37,145**	33,473
Non-current liabilities					
Obligations under finance lease	13	**1,926**	1,275	**-**	-
Borrowings	14	**287**	1,439	**-**	894
Deferred tax liabilities	15	**1,267**	2,234	**-**	-
Deferred income	16	**2,318**	2,788	**-**	-
		5,798	7,736	**-**	894
Current liabilities					
Trade and other payables	16	**3,285**	4,985	**275**	562
Amount due to a subsidiary	9	**-**	-	**23**	37
Obligations under finance lease	13	**1,286**	2,374	**-**	-
Borrowings	14	**1,135**	4,944	**894**	3,194
Bank overdraft	10	**12**	-	**-**	-
Derivative	14	**5**	131	**5**	131
Current tax payable		**-**	396	**-**	-
		5,723	12,830	**1,197**	3,924
Total equity and liabilities		**48,377**	62,469	**38,342**	38,291

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2011

	Note	The Group 31 December 2011 $'000	The Group 31 December 2010 $'000	The Company 31 December 2011 $'000	The Company 31 December 2010 $'000
Continuing operations					
Revenue	3	**23,840**	28,875	**802**	4,646
Cost of sales		**(22,704)**	(23,221)	**(162)**	(4,915)
Gross profit/(loss)		**1,136**	5,654	**640**	(269)
Other operating income	17	**1,178**	7,555	**5,986**	3,009
Selling and distribution expenses		**(845)**	(770)	**-**	(60)
Administrative expenses		**(4,933)**	(6,116)	**(1,353)**	(2,019)
Finance costs	18	**(261)**	(842)	**(48)**	(214)
Impairment loss on investment		**-**	-	**-**	(5,056)
(Loss)/profit before taxation from continuing operations	20	**(3,725)**	5,481	**5,225**	(4,609)
Tax credit	21	**1,287**	460	**-**	40
(Loss)/profit after taxation from continuing operations for the year		**(2,438)**	5,941	**5,225**	(4,569)
Discontinued operation					
Loss after taxation from discontinued operation	22	**-**	(4,963)	**-**	-
(Loss)/profit for the year, net of tax		**(2,438)**	978	**5,225**	(4,569)
Other comprehensive (expense)/income, net of tax					
Currency translation differences	23	**(6)**	810	**-**	-
Total comprehensive (expense)/ income for the year		**(2,444)**	1,788	**5,225**	(4,569)

	The Group 31 December 2011 $'000	The Group 31 December 2010 $'000
Attributable to:		
Owners of the parent		
(Loss)/profit from continuing operations, net of tax	**(2,181)**	5,090
Loss from discontinued operation, net of tax	**-**	(4,963)
(Loss)/profit attributable to the parent	**(2,181)**	127
Non-controlling interests		
(Loss)/profit from continuing operations, net of tax	**(257)**	851
Loss from discontinued operation, net of tax	**-**	-
(Loss)/profit attributable to the non-controlling interests	**(257)**	851
	(2,438)	978

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2011

		The Group		The Company	
		31 December	31 December	**31 December**	31 December
		2011	2010	**2011**	2010
	Note	**$'000**	$'000	**$'000**	$'000
	Note	**$'000**	$'000	**$'000**	$'000
Total comprehensive (expense)/ income attributable to:					
Owners of the parent		**(2,157)**	967		
Non-controlling interests		**(287)**	821		
		(2,444)	1,788		
(Loss)/earnings per share (cents)	24				
From continuing operations attributable to equity holders of the Company					
- basic		**(0.24)**	0.64		
- diluted		**(0.24)**	0.60		
From discontinued operations attributable to equity holders of the Company					
- basic		**-**	(0.63)		
- diluted		**-**	(0.59)		

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2011

The Group	Attributable to equity holders of the parent							
	Share capital	Treasury shares	Equity component of convertible term loan	Translation reserve	(Accumulated losses)/ retained profits	Total attributable to equity holders of the parent	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2010	63,377	-	993	(1,011)	(37,844)	25,515	3,027	28,542
Net profit for the year	-	-	-	-	127	127	851	978
Currency translation differences	-	-	-	840	-	840	(30)	810
Total comprehensive income for the year	-	-	-	840	127	967	821	1,788
Transfer of equity component of convertible loan derecognised	-	-	(993)	-	993	-	-	-
Proceeds from rights issue	11,718	-	-	-	-	11,718	-	11,718
Right issue expenses	(145)	-	-	-	-	(145)	-	(145)
Balance at 31 December 2010	**74,950**	**-**	**-**	**(171)**	**(36,724)**	**38,055**	**3,848**	**41,903**
Net loss for the year	**-**	**-**	**-**	**-**	**(2,181)**	**(2,181)**	**(257)**	**(2,438)**
Currency translation differences	**-**	**-**	**-**	**24**	**-**	**24**	**(30)**	**(6)**
Total comprehensive income/ (expense) for the year	**-**	**-**	**-**	**24**	**(2,181)**	**(2,157)**	**(287)**	**(2,444)**
Dividend on ordinary shares	**-**	**-**	**-**	**-**	**(1,050)**	**(1,050)**	**-**	**(1,050)**
Capital reduction	**(41,477)**	**-**	**-**	**-**	**41,477**	**-**	**-**	**-**
Purchases of treasury shares	**-**	**(1,553)**	**-**	**-**	**-**	**(1,553)**	**-**	**(1,553)**
Balance at 31 December 2011	**33,473**	**(1,553)**	**-**	**(147)**	**1,522**	**33,295**	**3,561**	**36,856**

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2011

The Company	Share capital $'000	Treasury shares $'000	Equity component of convertible term loan $'000	(Accumulated losses)/ retained profits $'000	Total $'000
Balance at 1 January 2010	63,377	-	993	(37,901)	26,469
Total comprehensive expense for the year	-	-	-	(4,569)	(4,569)
Transfer of equity component of convertible loan derecognised	-	-	(993)	993	-
Proceeds from right issue	11,718	-	-	-	11,718
Rights issue expenses	(145)	-	-	-	(145)
Balance at 31 December 2010	**74,950**	**-**	**-**	**(41,477)**	**33,473**
Total comprehensive income for the year	**-**	**-**	**-**	**5,225**	**5,225**
Capital reduction	**(41,477)**	**-**	**-**	**41,477**	**-**
Purchase of treasury shares	**-**	**(1,553)**	**-**	**-**	**(1,553)**
Balance at 31 December 2011	**33,473**	**(1,553)**	**-**	**5,225**	**37,145**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2011

	Year ended 31 December 2011	Year ended 31 December 2010
	$'000	$'000
Cash Flows from Operating Activities		
(Loss)/profit before taxation from continuing operations	**(3,725)**	5,481
Loss before taxation from discontinued operation	**-**	(4,963)
(Loss)/profit before taxation, total	**(3,725)**	518
Adjustments for:		
Allowance for impairment of trade receivables	**-**	48
Allowance for obsolete inventories	**7**	29
Depreciation of property, plant and equipment	**4,157**	6,255
Amortisation of intangible assets	**1,586**	1,586
Gain on disposal of property, plant and equipment	**(315)**	(6,452)
Bad debts written off	**-**	342
Inventories written off	**-**	255
Interest income	**(5)**	(1)
Interest expense	**261**	842
Net fair value gain on derivative	**(20)**	(81)
Translation difference	**-**	252
Loss on disposal of a subsidiary (Note 22)	**-**	3,154
Operating cash flows before working capital changes	**1,946**	6,747
(Increase)/decrease in inventories	**(444)**	496
Decrease/(increase) in receivables	**3,319**	(1,279)
(Decrease)/increase in payables	**(2,170)**	1,697
Cash generated from operations	**2,651**	7,661
Interest expense paid	**(261)**	(842)
Interest income received	**5**	1
Tax (refund)/paid	**(76)**	154
Net cash generated from operating activities	**2,319**	6,974
Cash Flows from Investing Activities		
Net cash inflow from disposal of a subsidiary (Note 22)	**-**	3,446
Purchase of property, plant and equipment (Note A)	**(1,088)**	(921)
Proceeds from disposal of property, plant and equipment	**743**	14,420
Net cash (used in)/generated from investing activities	**(345)**	16,945

CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2011

	Year ended 31 December 2011	Year ended 31 December 2010
	$'000	$'000
Cash Flows from Financing Activities		
Increase in pledged deposit	**(944)**	-
Dividend paid on ordinary shares	**(1,050)**	-
Repayment of obligations under finance lease	**(2,670)**	(3,251)
Repayment of bank term loans	**(5,067)**	(14,984)
Purchase of treasury shares	**(1,553)**	-
Proceeds from rights issue	**-**	11,718
Rights issue expenses	**-**	(145)
Net cash used in financing activities	**(11,284)**	(6,662)
Net (decrease)/increase in cash and cash equivalents	**(9,310)**	17,257
Cash and cash equivalents at beginning of year	**20,854**	3,597
Cash and cash equivalents at end of year (Note 10)	**11,544**	20,854

Note:

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $3,321,000 (2010 - $1,015,000) of which $2,233,000 (2010 - $94,000) was acquired by means of finance leases. Cash payments of $1,088,000 (2010 - $921,000) were made to purchase property, plant and equipment.

1 General information

The financial statements of the Group and of the Company for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company was incorporated as a limited liability company and is domiciled in Singapore and listed on the SGX-ST.

The registered office and the principal place of business of the Company is located at 44 Changi South Street 1, Singapore 486762.

The principal activity of the Company is that of an investment holding company. During the financial year, the Company changed its principal activities from that of the provision of advance engineering services in precision machining and the manufacturing of critical parts and components used in the Aerospace, Oil and Gas industries to that of an investment holding company. The principal activities of its subsidiaries remain the same as disclosed in Note 5 to the financial statements.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below.

The financial statements are prepared in Singapore dollar (SGD or $) which is the Company's functional currency. All financial information is presented in Singapore dollar, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below:

2(a) Basis of preparation (cont'd)

Significant accounting estimates and judgements (cont'd)

(a) ***Judgements made in applying accounting policies***

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amount recognised in the financial statements:

(i) Income taxes (Note 21)

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Capitalisation of labour and overheads (Note 7)

The Group has adopted a system to quantify and capitalise direct labour and direct overheads to work-in-progress held at the end of reporting period. Direct labour, depreciation of property, plant and equipment and other directly attributable production costs form a pool of the qualifying cost from which these costs are allocated to be included in the total cost of the inventories at year end and this is based on machine hours incurred for each product. On this basis, the total overheads capitalised is $334,000 (2010 - $306,000). The machine hours worked is based on best estimates by the production department. This estimation is approved by the management.

2(a) Basis of preparation (cont'd)

Significant accounting estimates and judgements (cont'd)

(b) ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of machinery and equipment (Note 4)

Machinery and equipment are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these assets to be within 5 to 8 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's machinery and equipment at the end of reporting period is disclosed in Note 4 to the financial statements. A 10% difference in the expected useful lives of these assets from management's estimates would result in approximately 15% (2010 - 54%) variance in the Group's result for the financial year.

(ii) Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be within 3 to 30 years. The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 December 2011 are $11,267,000 and $119,000 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of property, plant and equipment (Note 4)

The Group and the Company assess annually whether property, plant and equipment have any indications of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

(iv) Impairment in investment in subsidiaries (Note 5)

Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates.

2(a) Basis of preparation (cont'd)

Significant accounting estimates and judgements (cont'd)

(b) ***Key sources of estimation uncertainty (cont'd)***

(v) Impairment tests for cash-generating units containing goodwill (Note 6)

Goodwill is allocated to the Group's cash-generating units ("CGU") identified as follows:

The Group	**2011** **$'000**	2010 $'000
JEP Precision Engineering Pte Ltd ("JEPS")	**12,720**	12,720

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimate rates stated below:

	JEPS **2011** **%**	JEPS 2010 %
Gross margin	**21%**	22%
Growth rate	**2%**	3%
Discount rate	**9%**	10%

The key assumptions for the value-in-use calculations are those regarding the discount rate, growth rate and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The above estimates are particularly sensitive in the following areas:

- An increase of two percentage points in the discount rate used would have increased the impairment loss by $688,000 (2010 - $Nil).
- A 5% decrease in future gross margin would have increased the impairment loss by $4,730,000 (2010 - $Nil).

2(a) Basis of preparation (cont'd)

Significant accounting estimates and judgements (cont'd)

(b) ***Key sources of estimation uncertainty (cont'd)***

(vi) Allowance for inventory obsolescence (Note 7)

The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable value of the inventories increase/decrease by 10% from management's estimates, the Group's results will decrease/increase by $206,000.

(vii) Allowance for impairment of receivables (Note 8)

Allowance for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

2(b) Interpretations and amendments to published standards effective in 2011

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

Reference	Description
FRS 24	Related Party Disclosures
Amendments to FRS 32	Classification of Rights Issues
Amendments to FRS 101	Additional Exemptions for First-time Adopters
	Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement
Amendments to INT FRS 115	Agreements for the Construction of Real Estate (Accompanying Note)
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments
General amendments	Improvements to FRSs 2010

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

2(c) FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS were issued but not yet effective:

Reference	Description	Effective dates (annual period beginning on or after)
FRS 1	Amendments to FRS 1 - Presentation of Items of Other Comprehensive Income	1.7.2012
FRS 12	Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1.1.2012
FRS 19	Employee Benefits	1.1.2013
FRS 27	Separate Financial Statements	1.1.2013
FRS 28	Investments in Associates and Joint Ventures	1.1.2013
FRS 101	Amendments to FRS 101 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1.7.2011
FRS 107	Amendments to FRS 107 Disclosures - Transfers of Financial Assets	1.7.2011
FRS 110	Consolidated Financial Statements	1.1.2013
FRS 111	Joint Arrangements	1.1.2013
FRS 112	Disclosure of Interests in Other Entities	1.1.2013
FRS 113	Fair Value Measurements	1.1.2013

The directors do not anticipate that the adoption of these FRS in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

2(d) Summary of significant accounting policies

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is given in Note 5 to the financial statements.

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

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

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

Consolidation (cont'd)

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

Acquisition of businesses

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

Disposals of subsidiaries or businesses

When a change in the Company's ownership interest in a subsidiary resulted in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill were derecognised. Amounts previously recognised in other comprehensive income in respect of that entity were also reclassified to the consolidated income statement or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity was remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control was lost and its fair value was recognised in the consolidated income statement.

Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

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

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed using the straight-line method to write off the cost of the assets over their estimated useful lives as follows:

Freehold factory building	20 years
Leasehold factory buildings	30 years
Machinery and equipment	5 to 8 years
Electrical installations and renovations	3 to 5 years
Furniture, fittings and office equipment	5 to 10 years
Computers	3 years
Motor vehicles	5 years

No depreciation is provided on freehold land and construction-in-progress.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment, if any.

Subsequent expenditure relating to a property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the asset before the expenditure was made, will flow to the Group and the Company and the cost can be reliably measured. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Subsidiaries

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less accumulated impairment losses on an individual subsidiary basis.

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

Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles, if any, are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

<u>Goodwill</u>

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

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

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

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2010. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

<u>Customer relationships</u>

The customer relationships are acquired in business combinations. The customer relationships are amortised over their estimated useful lives of 5 or 10 years.

Inventories

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

- Raw materials are determined on a weighted average basis.
- Consumables are determined on a first-in, first-out basis.
- Finished goods and work-in-progress comprise direct materials (cost is determined on a first-in, first-out basis) and labour and a proportion of manufacturing overheads based on normal operating capacity.

Write-down is made, where necessary, for obsolete, slow-moving or defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

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

Financial assets

Financial assets, other than hedging instruments, if any, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss upon initial recognition is not revocable.

All financial assets are recognised on their trade date - the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs, except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the income statements when received, regardless of how the related carrying amount of financial assets is measured.

Other than loans and receivables and financial asset at fair value through profit or loss, the Group and the Company do not designate any available-for-sale financial assets or held-to-maturity investment.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group and the Company provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, amount due from subsidiaries and deposits held in banks. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in the income statements.

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

Financial assets (cont'd)

Financial asset at fair value through profit or loss

Financial asset at fair value through profit or loss includes financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statements.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in income statements. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in value.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and bank deposits net of any bank overdraft, which are repayable on demand and which form an integral part of cash management.

Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

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

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and amount due to a subsidiary.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance costs" in the income statements. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statements over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the income statements when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of reporting period are included in current liabilities in the statements of financial position even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period. Borrowings to be settled within the Group's normal operating cycle are considered as current. Other borrowings due to be settled more than 12 months after the end of reporting period are included in non-current liabilities in the statements of financial position.

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

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

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

Financial liabilities (cont'd)

Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

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

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Leases

Finance leases

When assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

For sale and finance leaseback, differences between sales proceeds and net book values are taken to the consolidated statement of financial position as deferred gain on sale and leaseback transactions, included under deferred account and amortised over the minimum lease terms.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment and depreciation".

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

Leases (cont'd)

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to the income statements on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the income statements when incurred.

Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme were recognised as income upon receipt.

Convertible term loan

Where equity conversion option was recognised as an equity component

When convertible term loan was drawndown, the total proceeds were allocated to the liability component and the equity component (conversion option), which were separately presented on the statements of financial position.

The liability component was recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible term loan. It was subsequently carried at amortised cost using the effective interest method until the liability was extinguished on conversion or redemption of the term loan.

The difference between the total proceeds and the liability component was allocated to the conversion option (equity component), which was presented in current liability. Interest expense and fair value adjustment on derivative financial liability was recognised in financial expenses. Upon conversion of the convertible loan, the carrying amount of the liability component and derivative financial liability were derecognised and recorded in share capital.

Where equity conversion option exhibits characteristics of an embedded derivative

The equity conversion option of convertible note exhibits characteristics of an embedded derivative and is separated from its liability component. On initial recognition, the embedded equity conversion option is measured at its fair value and presented as part of derivative financial instrument. The difference between total proceeds and the fair value of the equity conversion option is recognised as the liability component.

The equity conversion option is subsequently carried at its fair value with fair value changes recognised in the income statements. The liability component is carried at amortised cost until the liability is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

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

Borrowing costs

Borrowing costs are recognised in the income statements using the effective interest method except for those costs that are directly attributable to the construction of properties. This includes those costs on borrowings acquired specifically for the construction of properties, as well as those in relation to general borrowings used to finance the construction of properties.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

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

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

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

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

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

Income taxes (cont'd)

Group tax relief is available for the Singapore incorporated holding company and its Singapore incorporated subsidiary with at least 75% equity ownership, directly or indirectly (excluding any foreign shareholdings in the ownership chain) held by Singapore incorporated companies within the Group. Current year's unabsorbed tax losses and capital allowances are available to be set off against taxable profits of profitable subsidiary within the Group in accordance with the rules.

Current year unabsorbed capital allowances and trade losses of up to $100,000 incurred can be carried back and be set off against the assessable income of the year of assessment immediately preceding the year in which the capital allowance or trade loss arose. The loss carry-back will be given on due claim and subject to satisfaction of the substantial shareholding test and some business test.

Employee benefits

Pension obligations

The Group and the Company participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations.

- Singapore

  The Singapore incorporated companies in the Group contribute to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. Contributions to CPF or other defined contribution plans are charged to the income statements in the period to which the contributions relate.

- Thailand

  The subsidiary which is registered and operating in Thailand is required to make contribution to the Social Security Fund. This is an authorised defined contribution plan under the Thailand law and costs are recognised as an expense in the period in which the related service is performed.

Employee leave entitlements

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

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain general managers are considered key management personnel.

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

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group and the Company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets, if any, with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged *pro rata* to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

- 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 if no impairment loss had been recognised.

- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statements, a reversal of that impairment loss is recognised as income in the income statements.

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

Impairment of non-financial assets (cont'd)

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

Discontinued operation

In financial year 2010, all income and expenses from discontinued operation were reported separate from income and expenses from continuing activities, down to the level of loss after taxes, even when the Group retained a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) was reported separately in the consolidated income statement.

Property, plant and equipment once classified as held for sale was not depreciated.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred or services rendered to the buyer. Revenue excludes goods and services taxes ("GST") and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

<u>Sales of goods</u>

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

<u>Rendering of services</u>

Revenue from maintenance of precision machinery and precision engineering works is recognised when services are rendered.

<u>Interest income</u>

Interest income is recognised on a time-apportioned basis using the effective interest rate method.

Functional currencies

<u>Functional and presentation currency</u>

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, rounded to the nearest thousand ($'000), unless otherwise stated.

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

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the income statements, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the translations.

Group entities

The results and financial positions of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;

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

(iii) All resulting currency translation differences are recognised in the currency translation reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the end of reporting period.

Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the managing director who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

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

Financial instruments

Financial instruments carried on the statements of financial position include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management objectives and policies are provided in Note 29.

3 Revenue

Revenue represents the sale of goods in the normal course of business. Intra-group transactions have been excluded from Group revenue (see Note 32).

4 Property, plant and equipment

The Group	Freehold land $'000	Freehold factory building $'000	Leasehold factory building $'000	Machinery and equipment $'000	Electrical installations and renovations $'000	Furniture, fittings and office equipment $'000	Computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Cost										
At 1 January 2010	287	1,006	7,832	54,272	2,345	778	1,210	588	146	68,464
Additions	-	-	305	640	26	2	42	-	-	1,015
Disposals	-	-	(7,704)	(2,914)	-	(9)	(718)	(40)	-	(11,385)
Disposal of a subsidiary	-	-	(305)	(19,097)	(1,039)	(254)	(82)	(88)	-	(20,865)
Translation difference	94	(123)	15	46	(2)	60	140	1	-	231
Reclassification	-	143	(143)	11	198	(38)	(25)	-	(146)	-
At 31 December 2010	**381**	**1,026**	**-**	**32,958**	**1,528**	**539**	**567**	**461**	**-**	**37,460**
Additions	**-**	**-**	**-**	**3,195**	**9**	**7**	**110**	**-**	**-**	**3,321**
Disposals	**-**	**-**	**-**	**(662)**	**-**	**-**	**(1)**	**(72)**	**-**	**(735)**
Reclassification	**-**	**(43)**	**-**	**(4,915)**	**-**	**-**	**-**	**-**	**-**	**(4,958)**
Translation difference	**(16)**	**(40)**	**-**	**(74)**	**(2)**	**(2)**	**(2)**	**(4)**	**-**	**(140)**
At 31 December 2011	**365**	**943**	**-**	**30,502**	**1,535**	**544**	**674**	**385**	**-**	**34,948**
Accumulated depreciation										
At 1 January 2010	-	133	691	32,890	928	489	1,163	364	-	36,658
Depreciation for the year	-	51	235	5,260	340	160	133	76	-	6,255
Disposals	-	-	(882)	(1,772)	-	(8)	(715)	(40)	-	(3,417)
Disposal of a subsidiary	-	-	-	(13,848)	(379)	(254)	(82)	-	-	(14,563)
Translation difference	-	-	(44)	(58)	-	-	-	10	-	(92)
Reclassification	-	-	-	-	31	(27)	(4)	-	-	-
At 31 December 2010	**-**	**184**	**-**	**22,472**	**920**	**360**	**495**	**410**	**-**	**24,841**
Depreciation for the year	**-**	**49**	**-**	**3,625**	**303**	**85**	**58**	**37**	**-**	**4,157**
Disposals	**-**	**-**	**-**	**(234)**	**-**	**-**	**(1)**	**(72)**	**-**	**(307)**
Reclassification	**-**	**34**	**-**	**(4,992)**	**-**	**-**	**-**	**-**	**-**	**(4,958)**
Translation difference	**-**	**(10)**	**-**	**(33)**	**(2)**	**(2)**	**(2)**	**(3)**	**-**	**(52)**
At 31 December 2011	**-**	**257**	**-**	**20,838**	**1,221**	**443**	**550**	**372**	**-**	**23,681**
Net book value										
At 31 December 2011	**365**	**686**	**-**	**9,664**	**314**	**101**	**124**	**13**	**-**	**11,267**
At 31 December 2010	381	842	-	10,486	608	179	72	51	-	12,619

4 Property, plant and equipment (cont'd)

The Company	Machinery and equipment $'000	Electrical installations and renovations $'000	Furniture, fittings and office equipment $'000	Computers $'000	Motor vehicles $'000	Total $'000
Cost						
At 1 January 2010	6,316	174	151	915	40	7,596
Additions	-	-	-	40	-	40
Disposals	(6,316)	-	(8)	(718)	(40)	(7,082)
At 31 December 2010	**-**	**174**	**143**	**237**	**-**	**554**
Additions	**-**	**-**	**-**	**4**	**-**	**4**
Disposals	**-**	**-**	**-**	**(2)**	**-**	**(2)**
At 31 December 2011	**-**	**174**	**143**	**239**	**-**	**556**
Accumulated depreciation						
At 1 January 2010	4,415	67	59	812	38	5,391
Depreciation for the year	449	36	18	87	-	590
Disposals	(4,864)	-	(8)	(716)	(38)	(5,626)
At 31 December 2010	**-**	**103**	**69**	**183**	**-**	**355**
Depreciation for the year	**-**	**35**	**14**	**34**	**-**	**83**
Disposals	**-**	**-**	**-**	**(1)**	**-**	**(1)**
At 31 December 2011	**-**	**138**	**83**	**216**	**-**	**437**
Net book value						
At 31 December 2011	**-**	**36**	**60**	**23**	**-**	**119**
At 31 December 2010	-	71	74	54	-	199

4 Property, plant and equipment (cont'd)

(a) Depreciation expense charged to:

The Group	**2011** **$'000**	2010 $'000
Cost of sales	**3,674**	5,546
Selling and distribution expenses	**37**	76
Administrative expenses	**446**	633
	4,157	6,255

(b) The carrying amounts of property, plant and equipment purchased under finance leases were as follows:

The Group	**2011** **$'000**	2010 $'000
Machinery	**5,563**	6,842
Motor vehicles	**12**	28
	5,575	6,870

(c) Assets under finance leases

In addition to the assets under finance leases, the Group's freehold land, freehold factory building, and machinery and equipment with carrying amount of $365,000 (2010 - $381,000), $686,000 (2010 - $842,000), and $89,000 (2010 - $263,000) respectively are also pledged as security for bank overdraft facility (Note 10) and certain loans (Note 14) of the Group.

(d) Motor vehicle costing $97,000 (2010 - $97,000) for the Group and the Company is registered in the name of an employee. This is held in trust for the Group and the Company.

(e) Freehold land of 3,000 square metres ("sq m") located at 700/190 Moon 1, Amata Nakom Industrial Estate, Tambon Bankao, Amphur Panthong, Chonburi, 20160 is held by a subsidiary.

(f) Fully depreciated assets

The gross carrying amount of the Group's fully depreciated property, plant and equipment that is still in use amounted to $9,670,000 (2010 - $4,319,000).

5 Investment in subsidiaries

The Company	**2011** **$'000**	2010 $'000
Unquoted equity investments, at cost	**29,468**	29,468
Impairment loss on investment in subsidiaries		
Balance at beginning of year	**-**	(14,785)
Allowance for the year	**-**	(1,343)
Reversal on disposal of a subsidiary	**-**	16,128
Balance at end of year	**-**	-
Net carrying amount at end of year	**29,468**	29,468

In financial year 2010, the Group disposed off its entire interest in Alantac Technology (Suzhou) Co., Ltd (see Note 22).

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
Held by the Company		**2011** **$'000**	2010 $'000	**2011** **%**	2010 %	
JEP Precision Engineering Pte Ltd ("JEPS") [1]	Singapore	**29,468**	29,468	**85**	85	Precision engineering works for parts used mainly in the aerospace, oil and gas industries, and other general engineering and machinery works
Held through a subsidiary						
JEP Precision Engineering Co., Ltd ("JEP Thailand") [2]/[3]	Thailand	**-**	-	**85**	85	Manufacturing of high-technology products

[1] Audited by Foo Kon Tan Grant Thornton LLP, Singapore.

[2] Audited by member firm of Morison International in Thailand.

[3] Effectively owned 99.99% (2010 - 99.99%) by JEP Precision Engineering Pte Ltd which includes nominee shareholding.

6 **Intangible assets**

The Group	Goodwill on consolidation $'000	Customer relationship $'000	Total $'000
Cost			
Balance as at 31 December 2010 and **as at 31 December 2011**	**12,720**	**12,176**	**24,896**
Accumulated amortisation			
Balance as at 1 January 2010	-	3,568	3,568
Amortisation for the year	-	1,586	1,586
Balance as at 31 December 2010	**-**	**5,154**	**5,154**
Amortisation for the year	**-**	**1,586**	**1,586**
Balance as at 31 December 2011	**-**	**6,740**	**6,740**
Net book value			
Balance as at 31 December 2011	**12,720**	**5,436**	**18,156**
Balance as at 31 December 2010	12,720	7,022	19,742

6 Intangible assets (cont'd)

(a) Goodwill

Impairment test for goodwill

The recoverable amounts of goodwill arising on acquisition of JEP Precision Engineering Pte Ltd and JEP Precision Engineering Co., Ltd are determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a 5-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the 5-years period are 9% (2010 - 10%) and 2% (2010 - 3%) respectively.

Management has considered and determined the factors applied in these financial budgets which include budgeted gross margins and average growth rates. The budgeted gross margins are based on past performances and the expectation of market developments for each entity.

The discount rate applied to the cash flow projections is derived from the borrowing rate plus a reasonable risk premium.

Upon considering these factors, no impairment has been included in the consolidated income statement for the financial year.

Changes to the assumptions used by the management to determine the impairment required, particularly the discount rate, can significantly affect the results.

(b) Customer relationship

This relates to customers relationship arising from the acquisition of JEP Precision Engineering Pte Ltd and its subsidiary. The useful life and remaining amortisation period of the customer relationship range from 1 year to 5 years (2010 - 2 years to 6 years). The amortisation of customer relationship is included in the "Administrative expenses" line items in the consolidated income statement. In the opinion of the directors of the Group, there is no indication that the recorded book value cannot be recovered from the business operations in the future periods.

7 Inventories

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Raw materials, at cost	**224**	280	**-**	-
Work-in-progress, at net realisable value	**507**	385	**-**	-
Finished goods, at net realisable value	**263**	41	**-**	-
Consumables, at cost	**1,065**	916	**-**	-
	2,059	1,622	**-**	-
Allowance for stock obsolescence:				
Balance at beginning of year	**70**	769	**-**	643
Allowance for the year	**7**	29	**-**	-
Allowance no longer required	**(19)**	(728)	**-**	(643)
Balance at end of year	**58**	70	**-**	-

The Group

In financial year 2011, $Nil (2010 - $255,000) and $19,000 (2010 - $473,000) of the write-down of inventories was written off and reversed to the consolidated income statement due to the recovery of selling price upon subsequent sales of these inventories respectively.

The Company

In financial year 2011, $Nil (2010 - $255,000) and $Nil (2010 - $388,000) of the write-down of inventories was written off and reversed to the income statement due to the recovery of selling price upon subsequent sales of these inventories respectively.

8 Trade and other receivables

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade receivables				
Corporate shareholder of a subsidiary	**931**	1,612	**-**	-
Third parties	**2,027**	3,625	**-**	327
	2,958	5,237	**-**	327
Allowance for impairment of trade receivables				
Balance at beginning of year	**(37)**	(116)	**-**	(95)
Allowance for the year	**-**	(48)	**-**	-
Allowance no longer required	**9**	127	**-**	95
Balance at end of year	**(28)**	(37)	**-**	-
Net trade receivables	**2,930**	5,200	**-**	327
Other receivables				
Deposits	**1,246**	1,287	**-**	-
Prepayments	**188**	507	**48**	-
GST input tax	**-**	166	**-**	-
Other receivables	**14**	455	**-**	-
	1,448	2,415	**48**	-
	4,378	7,615	**48**	327

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Singapore dollar	**1,685**	3,544	**-**	-
United States dollar	**1,586**	3,359	**23**	327
Japanese Yen	**978**	541	**25**	-
Thai Baht	**129**	171	**-**	-
	4,378	7,615	**48**	327

Trade receivables are usually due within 30 to 90 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, the Group and the Company do not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers.

8 Trade and other receivables (cont'd)

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

Trade receivables that are neither past due nor impaired are substantially customers with a good collection track record with the Group.

The Group	**2011 $'000**	2010 $'000
Current	**2,590**	606

(ii) Financial assets that are past due but not impaired

The ageing analysis of trade receivables past due but not impaired is as follows:

The Group	**2011 $'000**	2010 $'000
Trade receivables past due:		
Less than 31 days	**73**	2,292
31 to 60 days	**56**	1,606
61-90 days	**2**	391
More than 90 days	**209**	305
	340	4,594

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due but not impaired. These receivables are mainly arising by customers that have a good credit record with the Group.

(iii) The ageing analysis of trade receivables past due and impaired is as follows:

The Group	**2011 $'000**	2010 $'000
Trade receivables past due:		
Less than 31 days	**-**	-
31 to 60 days	**-**	-
61-90 days	**-**	-
More than 90 days	**28**	37
	28	37

Impairment on trade receivables is made on specific debts for which the directors of the Group are of the opinion that debts are not recoverable.

9 Amount due from/(to) subsidiaries

The Company	**2011** **$'000**	2010 $'000
Due from subsidiaries		
Trade	**-**	228
Non-trade	**47**	2,776
	47	3,004
Due to a subsidiary		
Trade	**-**	5
Non-trade	**23**	32
	23	37

The non-trade amount due from/(to) subsidiaries is unsecured, interest-free and repayable on demand. The carrying value approximates the fair value of the amount due.

10 Cash and cash equivalents

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Cash on hand	**3**	3	**-**	-
Bank balances	**11,553**	20,851	**8,660**	5,293
Fixed deposits	**961**	17	**-**	-
	12,517	20,871	**8,660**	5,293
Less: Fixed deposits pledged	**(961)**	(17)	**-**	-
	11,556	20,854	**8,660**	5,293

Fixed deposits are excluded from cash and cash equivalents because they may not be realisable as they are fully pledged to banks to secure banker's and performance guarantees which is in the ordinary course of business of these subsidiaries.

10 Cash and cash equivalents (cont'd)

For the purpose of the consolidated statement of cash flows, the year-end cash and bank balances comprise the following:

The Group	**2011** **$'000**	2010 $'000
Cash on hand	**3**	3
Bank balances	**11,553**	20,851
Less: Bank overdraft	**(12)**	-
Cash and cash equivalents	**11,544**	20,854

The interest rates of fixed deposits range from 0.10% to 0.75% (2010 - 0.25%) per annum and mature on varying dates which range from 1 to 9 months (2010 - 1 month) from the end of reporting period.

Fixed deposits are denominated in the following currencies:

The Group	**2011** **$'000**	2010 $'000
Singapore dollar	**945**	-
Thai Baht	**16**	17
	961	17

Bank overdraft is included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management. Bank overdraft facility of $203,000 (Baht5,000,000) is secured by a mortgage on the subsidiary's freehold land, freehold factory building, and machinery and equipment [(Note 4(c)], guaranteed by the subsidiary's directors, and bear interest at a range of 9.00% to 10.00% (2010 - 8.38% to 8.63%) per annum. Interest rate of bank overdraft is re-priced monthly.

Cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Singapore dollar	**10,047**	19,869	**8,595**	5,181
United States dollar	**1,492**	847	**65**	112
Japanese Yen	**16**	96	**-**	-
Thai Baht	**1**	42	**-**	-
	11,556	20,854	**8,660**	5,293

11 Share capital

The Company	No. of shares 2011	2010	Amount 2011 $'000	2010 $'000
Issued and fully paid, with no par value:				
Balance at beginning of year	**911,474,266**	520,842,438	**74,950**	63,377
Rights issue	**-**	390,631,828	**-**	11,718
Rights issue expenses	**-**	-	**-**	(145)
Capital reduction	**-**	-	**(41,477)**	-
Balance at end of year	**911,474,266**	911,474,266	**33,473**	74,950

The Company had on 23 April 2010, undertaken a renounceable non-underwritten Rights Issue of 390,631,828 ordinary shares, at issue price of $0.03 for each Rights Issue share, on the basis of three Rights Shares for every four existing ordinary shares in the capital of the Company, The Rights Issue was fully subscribed and the gross proceeds arising from the Rights Issue was $11,718,000.

The Company had on 15 June 2011, undertaken the Capital Reduction Exercise to reduce and cancel the issued and fully paid-up share capital which had been lost or was unrepresented by available assets amounted to $41,477,000 and reduced the retained profits by the corresponding amount. There was no change in the total number of issued shares in the Company held by the shareholders nor was there any payment made to any of the shareholders.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

12 Treasury shares

The Company and The Group	No. of shares 2011	2010	Amount 2011 $'000	2010 $'000
Balance at beginning of year	**-**	-	**-**	-
Repurchased during the year	**45,001,000**	-	**1,553**	-
Balance at end of year	**45,001,000**	-	**1,553**	-

The Company acquired 45,001,000 of its own shares through purchase on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $1,553,000 and has been deducted from the shareholders' equity. The shares are held as "treasury shares". The purpose of these treasury shares is for the issue and allotment of shares to a acquire target company as consideration shares.

13 Obligations under finance lease

The Group	2011 $'000	2010 $'000
Minimum lease payments payable:		
Due not later than one year	**1,386**	2,485
Due later than one year and not later than five years	**1,956**	1,194
Due later than five years	**64**	122
	3,406	3,801
Less: Finance charges allocated to future periods	**(194)**	(152)
Present value of minimum lease payments	**3,212**	3,649
Present value of minimum lease payments:		
Due not later than one year	**1,286**	2,374
Due later than one year and not later than five years	**1,862**	1,153
Due later than five years	**64**	122
	3,212	3,649

The Group has finance leases for certain items of property, plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. There are no restrictions placed upon the Group by entering into these leases. Renewals are at the option of the specific entity that holds the lease. The range of discount rate implicit in the leases is 2.4% to 9.8% (2010 - 2.4% to 9.8%) per annum.

14 Borrowings

		The Group		The Company	
		2011	2010	**2011**	2010
	Maturity	**$'000**	$'000	**$'000**	$'000
Current:					
Current portion of SGD factoring loan [1]	2011	-	484	**-**	-
Current portion of long term convertible term loan [2]	2012	**894**	894	**894**	894
Current portion of USD factoring loan [3]	2011	**-**	1,028	**-**	-
Short-term SGD bank loan [4]	2011	**-**	2,300	**-**	2,300
Current portion of long term Thai Baht bank loan [5]	2014	**241**	238	**-**	-
	(i)	**1,135**	4,944	**894**	3,194
Non-current:					
Long term portion:					
convertible term loan [2]	2011	**-**	894	**-**	894
Thai Baht bank loan [5]	2014	**287**	545	**-**	-
	(ii)	**287**	1,439	**-**	894
Total borrowings	(i)+(ii)	**1,422**	6,383	**894**	4,088

Borrowings are denominated in the following currencies:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Singapore dollar	**894**	4,572	**894**	4,088
United States dollar	**-**	1,028	**-**	-
Thai Baht	**528**	783	**-**	-
	1,422	6,383	**894**	4,088

[1] The factoring loan was denominated in SGD and was secured by a corporate guarantee provided by the Company. The effective interest rate was 4.50% (2010 - 4.22%) per annum. This loan was fully repaid during the financial year.

14 Borrowings (cont'd)

(2) The unsecured convertible term loan is denominated in SGD. The effective interest rate is 2.92% (2010 - 3.07%) per annum. Please refer to Note A below for further details on the convertible term loan.

(3) The factoring loan was denominated in USD and was secured by a corporate guarantee provided by the Company. The effective interest rate was 1.68% (2010 - 2.46%) per annum. This loan was fully repaid during the financial year.

(4) This comprised two short term unsecured SGD bank loans:

(1) Loan amounting to $1,000,000. The effective interest rate was 2.88% (2010 - 3.07%) per annum.

(2) Loan amounting to $1,300,000. The effective interest rate was 2.94% (2010 - 3.07%) per annum. Please refer to Note A below.

These loans were fully repaid during the financial year.

(5) The loan is repayable in monthly instalments over a period of 5 years from 30 April 2009. Interest rate range from 8.00% to 9.00% (2010 - 7.38% to 7.63%) per annum. The loan is secured by a mortgage of the subsidiary's freehold land, freehold factory building, and machinery and equipment and a corporate guarantee provided by the Company [Note 4(c)].

Note A - Unsecured convertible term loan

In FY2007, the Company drew down an unsecured convertible term loan ("convertible term loan") of $12,000,000 from the United Overseas Bank ("UOB"). The convertible term loan bore interest at 4.18% per annum and was repayable over 12 staggered quarterly instalments commencing 6 months from date of first drawdown, 28 September 2007.

In financial year 2010, the balance of the convertible term loan which had a carrying value of $7,200,000 as at 31 December 2009 was fully repaid on 7 April 2010.

On 7 April 2010, the Company entered into the following new arrangements with UOB:

(i) $2,000,000 unsecured convertible term loan agreement; and

(ii) $5,200,000 unsecured one year term loan repayable in 4 quarterly instalments beginning 30 April 2010.

Under the new convertible loan agreement, UOB shall make available to the Company the convertible loan, in respect of which up to the entire convertible loan may be converted by UOB into new ordinary shares of the Company in repayment of the convertible loan. The conversion right shall only be exercisable between the periods from 1 May 2010 to 30 April 2012. The conversion price of each convertible share shall be at a 10% discount to the average traded closing day price per Share for the five consecutive market days immediately preceding the date of conversion subject to a minimum floor price of $0.04 per conversion share.

14 Borrowings (cont'd)

Note A - Unsecured convertible term loan (cont'd)

The effective interest rate is 2.92% (2010 - 3.07%) per annum.

During the financial year, the Company had repaid a sum of $1,000,000 and $1,300,000 towards the convertible term loan and term loan respectively. As at 31 December 2011, the sum remains outstanding is gross amount of $1,000,000 for the convertible term loan.

The Company has financial covenants attached to the said bank loan facilities for which the Company has duly observed.

The convertible term loan recognised in the statements of financial position is analysed as follows:

	2011	2010
The Group and The Company	**$'000**	$'000
Convertible term loan		
Face value of convertible term loan drawdown on 7 April 2010	**2,000**	2,000
Derivative	**(212)**	(212)
Liability component as at initial recognition, 7 April 2010	**1,788**	1,788
Less: Repayment made during the year	**(894)**	-
	894	1,788
Embedded equity conversion option:		
- Balance at beginning of year	**-**	993
- Redemption during the year	**-**	(993)
- Balance at end of year	**-**	-
Liability component at end of year	**894**	1,788
Derivative		
Derivative as at initial recognition, 7 April 2010	**212**	212
Less: Repayment made during the year	**(106)**	-
	106	212
Add: Fair value gain		
- Balance at beginning of year	**(81)**	-
- Fair value gain recognised during the year	**(20)**	(81)
- Balance at end of year	**(101)**	(81)
Derivative at end of year	**5**	131
Convertible term loan		
Current	**894**	894
Non-current	**-**	894
	894	1,788

The Group and the Company have unutilised banking facilities of $42,666,000 (2010 - $44,389,000) and $10,390,000 (2010 - $8,990,000) respectively.

14 Borrowings (cont'd)

(a) Carrying amounts and fair values

The table below analyses the maturity profile of the Group's and the Company's borrowings based on contractual undiscounted cash flows:

	The Group		The Company	
	Carrying amounts	**Contractual cash flows**	**Carrying amounts**	**Contractual cash flows**
2011	**$'000**	**$'000**	**$'000**	**$'000**
Variable interest rate loans				
Current	**1,135**	**1,177**	**894**	**899**
Non-current	**287**	**302**	**-**	**-**
	1,422	**1,479**	**894**	**899**

	The Group		The Company	
	Carrying amounts	Contractual cash flows	Carrying amounts	Contractual cash flows
2010	$'000	$'000	$'000	$'000
Variable interest rate loans				
Current	4,944	5,155	3,194	3,325
Non-current	1,439	1,492	894	894
	6,383	6,647	4,088	4,219

The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

15 Deferred tax liabilities

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	**2,234**	2,811	**-**	-
Transfer (to)/from income statement (Note 21)				
- current	**(1,021)**	(285)	**-**	-
- under/(over) provision in respect of prior years	**54**	(292)	**-**	-
	(967)	(577)	**-**	-
Balance at end of year	**1,267**	2,234	**-**	-

15 Deferred tax liabilities (cont'd)

The balance comprises tax on the following temporary differences:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Excess of net book value over tax written down value of property, plant and equipment	**333**	1,015	**-**	-
Fair value adjustments on acquisition of subsidiaries	**934**	1,219	**-**	-
	1,267	2,234	**-**	-

16 Trade and other payables

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade payables with third parties	**1,494**	1,766	**-**	14
Other payables	**63**	788	**13**	10
Accrued personnel costs	**554**	654	**86**	210
Other accrued operating expenses	**490**	998	**59**	106
GST and other tax expenses	**73**	176	**7**	122
Deferred income (Note A)	**2,789**	3,261	**-**	-
Provision for directors' fees	**140**	130	**110**	100
Other payables	**4,109**	6,007	**275**	548
Less: Deferred income (Note A) - non-current	**(2,318)**	(2,788)	**-**	-
	1,791	3,219	**275**	548
	3,285	4,985	**275**	562

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the statements to the financial position to be reasonable approximation of their fair value.

16 Trade and other payables (cont'd)

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Singapore dollar	**2,736**	2,773	**275**	551
United States dollar	**449**	1,852	**-**	11
Japanese Yen	**3**	220	**-**	-
Thai Baht	**97**	138	**-**	-
Others	**-**	2	**-**	-
	3,285	4,985	**275**	562

Note A: Deferred income

	2011	2010
	$'000	$'000
The Group		
Cost		
Balance at beginning of year	**3,300**	-
Received during the year	**-**	3,300
Balance at end of year	**3,300**	3,300
Accumulated amortisation		
Balance at beginning of year	**39**	-
Amortisation for the year	**472**	39
Balance at end of year	**511**	39
Net carrying amount		
Current	**471**	473
Non-current	**2,318**	2,788
	2,789	3,261

Deferred income arose through the sale and leaseback transaction for leasehold factory building located at 44 and 46 Changi South Street 1 in financial year 2010 entered by the subsidiary, JEP Precision Engineering Pte Ltd, where sales proceeds less fair value is amortised over the lease term of seven years.

17 Other operating income

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Bad debts recovered	**9**	42	**-**	-
Dividend income	**-**	-	**5,950**	-
Exchange gain	**-**	-	**-**	132
Fair value gain in derivative	**20**	81	**20**	81
Gain on disposal of property, plant and equipment	**315**	6,452	**5**	408
Gain on redemption of convertible loan	**-**	481	**-**	481
Gain on sales & leaseback, and amortisation	**529**	39	**-**	-
Interest income	**5**	1	**4**	1
Jobs credit subsidy	**-**	48	**-**	7
Management fee	**-**	-	**-**	1,480
Rental income	**1**	55	**-**	157
Sales of scrap waste metal	**254**	263	**5**	19
Others	**45**	93	**2**	243
	1,178	7,555	**5,986**	3,009

18 Finance costs

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Interest expense				
- bank term loans	**103**	506	**48**	174
- bank overdraft	*****	8	**-**	-
- finance lease	**156**	301	**-**	40
- others	**2**	27	**-**	-
	261	842	**48**	214

* represents amount less than $1,000

19 Employee benefit expenses

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Directors				
- Directors' salaries and related costs	**586**	672	**586**	672
- Directors' CPF contributions	**21**	14	**21**	14
Key management personnel (other than directors)				
- Salaries and related costs	**416**	399	**92**	123
- CPF contributions	**26**	24	**10**	10
Other than directors and key management personnel				
- Salaries and related costs	**6,733**	5,871	**65**	664
- CPF contributions	**423**	349	**6**	39
	8,205	7,329	**780**	1,522
Employee benefit costs charged to:				
Cost of sales	**6,524**	5,704	**-**	512
Selling & distribution expenses	**443**	377	**-**	56
Administrative expenses	**1,238**	1,248	**780**	954
	8,205	7,329	**780**	1,522

20 (Loss)/profit before taxation from continuing operations

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
(Loss)/profit before taxation has been arrived at after charging:				
Allowance for obsolete inventories	**7**	29	**-**	-
Allowance for impairment of trade receivables	**-**	48	**-**	-
Amortisation of intangible assets	**1,586**	1,586	**-**	-
Depreciation of property, plant and equipment	**4,157**	6,255	**83**	590
Directors' fees	**140**	137	**110**	107
Exchange loss/(gain)	**129**	298	**23**	(132)
Impairment of investment in subsidiaries	**-**	-	**-**	1,343
Write-off of amounts due from subsidiary	**-**	-	**-**	3,713
Bad debts written off	**-**	342	**-**	314
Inventories written off	**-**	255	**-**	255

20 (Loss)/profit before taxation from continuing operations (cont'd)

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Gain on disposal of property, plant and equipment	**(315)**	(6,452)	**(5)**	(408)
Loss on disposal of a subsidiary	**-**	3,154	**-**	-
Operating lease expenses	**1,861**	293	**34**	39
Non-audit fees paid/payable to auditor of the Company	**14**	-	**1**	-
Non-audit fees paid/payable to prior auditor of the Company	**-**	39	**-**	26
Audit fees paid/payable to auditor of the Company	**117**	-	**35**	-
Audit fees paid/payable to prior auditor of the Company	**5**	254	**5**	154
Gain on redemption of convertible loan	**-**	(481)	**-**	(481)
Fair value gain in derivative	**(20)**	(81)	**(20)**	(81)

21 Taxation

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Current taxation	**-**	279	**-**	347
Group relief utilised	**-**	-	**-**	(347)
Deferred taxation	**(1,021)**	(285)	**-**	-
	(1,021)	(6)	**-**	-
(Over)/under provision in respect of prior years				
- Current taxation	**(320)**	(162)	**-**	(40)
- Deferred taxation	**54**	(292)	**-**	-
	(266)	(454)	**-**	(40)
Net tax credit	**(1,287)**	(460)	**-**	(40)

21 Taxation (cont'd)

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's and the Company's results as a result of the following:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
(Loss)/profit from continuing operations	**(3,725)**	5,481	**5,225**	(4,609)
Loss from discontinued operation	**-**	(4,963)	**-**	-
(Loss)/profit before taxation	**(3,725)**	518	**5,225**	(4,609)
Tax at the domestic rates applicable to profits in the countries concerned [(1)]	**(637)**	(235)	**888**	(784)
Tax effect on non-deductible expenses	**332**	1,970	**19**	961
Tax effect on non-taxable income	**(829)**	(1,561)	**(1,020)**	(105)
(Over)/under provision in respect of prior years				
- Current taxation	**(320)**	(162)	**-**	(40)
- Deferred taxation	**54**	(292)	**-**	-
Utilisation of deferred tax assets on temporary differences not recognised in prior years	**-**	(156)	**-**	(284)
Deferred tax assets on temporary differences not recognised	**113**	-	**113**	-
Group relief utilised	**-**	-	**-**	212
Singapore statutory stepped income exemption	**-**	(26)	**-**	-
Others	**-**	2	**-**	-
	(1,287)	(460)	**-**	(40)

(1) This is prepared by aggregating separate reconciliations for each national jurisdiction.

The corporate tax rate applicable to the Company and JEP Precision Engineering Pte Ltd was at 17% for the year of assessment 2010 onwards. JEP Precision Engineering Co., Ltd is subject to tax at 30% (2010 - 30%).

Unrecognised tax losses

At the end of reporting period, the Group has tax losses and unutilised capital allowances of approximately $6,148,000 (2010 - $5,567,000) and $5,036,000 (2010 - $21,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to agreement with the relevant tax authorities.

21 Taxation (cont'd)

Deferred income tax related to other comprehensive income

There is no deferred income tax related to other comprehensive income for the financial year (2010 - $Nil).

Group tax relief

In financial year 2010, the Company transferred unabsorbed trade losses of $1,247,000 to the subsidiary in Singapore under the Group relief scheme, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore.

22 Discontinued operation

On 23 April 2010, the Group entered into a sale and purchase agreement with Compact Asia Pte Ltd, a wholly-owned subsidiary of Broadway Industrial Group Limited, for the sale by the Group at its entire equity interest in its wholly-owned subsidiary Alantac Technology (Suzhou) Co., Ltd ("ATSZ"). The sale of ATSZ was completed on 31 August 2010. The results relating to ATSZ were presented as "discontinued operation" in the consolidated income statement accordingly.

Statement of comprehensive income disclosures

The financial results of discontinued group for the financial years ended 31 December were as follows:

	2011	2010
The Group	**$'000**	$'000
Revenue	-	349
Cost of sales	-	(1,409)
Gross loss	-	(1,060)
Other operating expenses	-	(178)
Selling and distribution expenses	-	(2)
General and administrative expenses	-	(487)
Financial expenses	-	(82)
	-	(1,809)
Loss on disposal of discontinued operation (Note A)	-	(3,154)
Net loss from discontinued operation	-	(4,963)

22 Discontinued operation (cont'd)

Note A: Loss on disposal of discontinued operation

The following was the assets, liabilities and reserves of the ATSZ as at the date of disposal of subsidiary, and the loss on disposal arising thereon:

The Group	**2011** **$'000**	2010 $'000
Consideration on disposal of discontinued operation	-	3,800
Add/(less):		
Property, plant and equipment	-	(6,802)
Trade receivables	-	(170)
Other receivables	-	(48)
Cash and cash equivalents	-	(354)
Other payables and accruals	-	78
Tax payable	-	23
Translation reserve	-	319
Loss on disposal of discontinued operation	-	(3,154)

Note B: Net cash inflow on disposal of discontinued operation

The Group	**2011** **$'000**	2010 $'000
Discontinued operation		
Cash and cash equivalents of discontinued operation	-	354
Less: Consideration on disposal of discontinued operation	-	(3,800)
Net cash inflow from disposal of subsidiary	-	(3,446)

23 Other comprehensive (expense)/income, net of tax

	2011		
	Before tax	Tax expense	Net of tax
The Group	$'000	$'000	$'000
Exchange translation difference	**(6)**	**-**	**(6)**

	2010		
	Before tax	Tax expense	Net of tax
The Group	$'000	$'000	$'000
Exchange translation difference	810	-	810

24 (Loss)/earnings per share

Basic (loss)/earnings per share amounts are calculated by dividing the net (loss)/profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/earnings per share amounts are calculated by dividing net (loss)/profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the consolidated income statement and share data used in the computation of basic (loss)/earnings per share from continuing operations for the financial years ended 31 December:

	2011	2010
The Group	**$'000**	$'000
Net (loss)/profit attributable to equity holders of the Group	**(2,181)**	5,090
Less: Loss after taxation from discontinued operation	**-**	(4,963)
(Loss)/earnings for the purposes of basic earnings per share from continuing operations	**(2,181)**	127

24 (Loss)/earnings per share (cont'd)

The Group	No. of shares	
	2011	2010
Weighted average number of ordinary shares outstanding for		
- basic earnings per share	**895,839,313**	791,609,157
- diluted earnings per share	**920,839,313**	841,609,157
Continuing operations		
Basic earnings per share (cents)	**(0.24)**	0.64
Diluted earnings per share (cents)	**(0.24)**	0.60
Discontinued operations		
Basic earnings per share (cents)	**-**	(0.63)
Diluted earnings per share (cents)	**-**	(0.59)

The convertible term loan has an anti-dilutive effect on the basic earnings per share for the years ended 31 December 2011 and 2010 and was ignored in the calculation of diluted earnings per share.

Accordingly, diluted loss per share is the same as basic loss per share.

25 Significant related party transactions

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

	2011	2010
The Group	**$'000**	$'000
Sales to corporate shareholder of a subsidiary	**9,058**	10,329

26 Operating lease commitments (non-cancellable)

At the end of reporting period, the Group and the Company were committed to making the following lease rental payments under non-cancellable operating leases with a term of more than one year as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Not later than one year	**1,842**	1,785	**7**	7
Later than one year and not later than five years	**7,693**	7,368	**27**	33
Later than five years	**1,925**	3,753	**-**	-

The Group and the Company have various operating lease commitments in respect of rental of office premises, factory space and office equipment. These non-cancellable leases have remaining non-cancellable lease terms of between 4 to 6 years with an option to renew the lease at market rate. There are no restrictions placed upon the Group or the Company by entering into these leases. Operating lease payments recognised in the consolidated income statement during the financial year amount to $1,861,000 (2010 - $293,000).

27 Capital commitment

	2011	2010
The Group	**$'000**	$'000
Capital expenditure contracted but not provided for in the financial statements	**5,844**	3,210

28 Contingent liabilities

(a) Corporate guarantees

The Company

The Company has issued corporate guarantees to banks for banking and hire purchase facilities totalling $27,477,000 (2010 - $31,938,000) granted to the subsidiary, JEP Precision Engineering Pte Ltd for which the Company is exposed to liability which is capped at $25,877,000 (2010 - $31,450,000).

As at the reporting date, the banking and hire purchase facilities utilised stood at $1,896,000 (2010 - $3,406,000) and $2,340,000 (2010 - $1,741,000) respectively.

28 Contingent liabilities (cont'd)

(a) Corporate guarantees (cont'd)

The Company has issued a corporate guarantee to a bank for a banking facility of $1,116,000 (Baht27,500,000) [(2010 - $1,171,000 (Baht27,500,000)] granted to the subsidiary, JEP Precision Engineering Co., Ltd for which the Company is exposed to liability which is capped at $1,116,000 (Baht27,500,000) [(2010 - $1,171,000 (Baht27,500,000)].

As at the reporting date, the banking facility utilised stood at $1,116,000 (2010 - $1,171,000).

There is no effect on the financial guarantees as to the interest cost as the variable interest rate debt obligations are at prevailing market interest rate.

(b) Other commitments

The Group	**2011** **$'000**	2010 $'000
Banker's guarantee	**16**	17

29 Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, foreign currency risk and credit risk. The board of directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The Group and the Company do not apply hedge accounting.

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

29.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings.

The following tables sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

29 Financial risk management objectives and policies (cont'd)

29.1 Interest rate risk (cont'd)

The Group	Within 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 - 5 years $'000	More than 5 years $'000	Total $'000
2011							
Fixed rate							
Bank overdraft	**(12)**	**-**	**-**	**-**	**-**	**-**	**(12)**
Obligations under finance lease	**(1,286)**	**(743)**	**(640)**	**(420)**	**(59)**	**(64)**	**(3,212)**
Borrowings	**(1,135)**	**(262)**	**(25)**	**-**	**-**	**-**	**(1,422)**
Floating rate							
Cash assets	**11,556**	**-**	**-**	**-**	**-**	**-**	**11,556**
2010							
Fixed rate							
Obligations under finance lease	(2,374)	(788)	(214)	(93)	(58)	(122)	(3,649)
Borrowings	(4,944)	(1,151)	(277)	(11)	-	-	(6,383)
Floating rate							
Cash assets	20,854	-	-	-	-	-	20,854
The Company							
2011							
Fixed rate							
Borrowings	**(894)**	**-**	**-**	**-**	**-**	**-**	**(894)**
Floating rate							
Cash assets	**8,660**	**-**	**-**	**-**	**-**	**-**	**8,660**
2010							
Fixed rate							
Borrowings	(3,194)	(894)	-	-	-	-	(4,088)
Floating rate							
Cash assets	5,293	-	-	-	-	-	5,293

29 Financial risk management objectives and policies (cont'd)

29.1 Interest rate risk (cont'd)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

Sensitivity analysis for interest rate risk

At the end of reporting period, if SGD interest rates had been 20 (2010 - 20) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $9,000 (2010 - $20,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, lower/higher interest income from bank balances. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

29.2 Liquidity risk

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

The Group's and the Company's liquidity risk management policy is that not more than 55% (2010 - 55%) of loans and borrowings (including overdraft and convertible term loan) should mature in the next one year period, and that to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the end of reporting period, approximately 52% (2010 - 73%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements, based on the contractual maturity profile.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of reporting period based on contractual undiscounted payments.

The Group	**1 year or less $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
31 December 2011				
Trade and other payables	**5,603**	**-**	**-**	**5,603**
Obligations under finance lease and borrowings	**2,563**	**2,258**	**64**	**4,885**
	8,166	**2,258**	**64**	**10,488**

29 Financial risk management objectives and policies (cont'd)

29.2 Liquidity risk (cont'd)

The Group	**1 year or less $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
31 December 2010				
Trade and other payables	7,773	-	-	7,773
Obligations under finance lease and borrowings	7,639	2,687	122	10,448
	15,412	2,687	122	18,221

The Company	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
31 December 2011				
Trade and other payables	**275**	**-**	**-**	**275**
Due to a subsidiary	**23**	**-**	**-**	**23**
Borrowings	**899**	**-**	**-**	**899**
	1,197	**-**	**-**	**1,197**
31 December 2010				
Trade and other payables	562	-	-	562
Due to a subsidiary	37	-	-	37
Borrowings	3,325	894	-	4,219
	3,924	894	-	4,818

All the financial assets of the Group and the Company mature within one year from the end of reporting period.

29 Financial risk management objectives and policies (cont'd)

29.3 Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States dollar ("USD"). These transactions which are mainly denominated in foreign currencies amount to $12,675,000 (2010 - $16,911,000), approximately 56% (2010 - 62%) of the Group's sales and 3% (2010 - 12%) of the Group's costs are denominated in foreign currencies other than the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of reporting period have similar exposures to foreign currency risk as disclosed in Notes 8 and 16.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of reporting period, such foreign currency balances (mainly in USD) amount to $1.5 million (2010 - $0.9 million).

Sensitivity analysis for foreign currency risk

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

The Group			**2011** **$'000**	2010 $'000
USD	-	strengthened 5% (2010 - 5%)	**(133)**	(168)
	-	weakened 5% (2010 - 5%)	**133**	168

29.4 Credit risk

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

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

29 Financial risk management objectives and policies (cont'd)

29.4 Credit risk (cont'd)

Exposure to credit risk

At the end of reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

There are no credit enhancements for trade and other receivables.

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

	2011		2010	
The Group	**$'000**	**% of total**	$'000	% of total
By country:				
Singapore	**2,833**	**97%**	5,073	98%
Thailand	**97**	**3%**	127	2%
	2,930	**100%**	5,200	100%
By industry sectors:				
Aerospace	**1,243**	**42%**	1,950	38%
Oil and gas	**1,147**	**39%**	1,890	36%
Electronics	**113**	**4%**	643	12%
Others	**427**	**15%**	717	14%
	2,930	**100%**	5,200	100%

At the end of reporting period, approximately 81% (2010 - 74%) of the Group's trade receivables are due from customers in the Aerospace and Oil and Gas industries.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 8 (Trade and other receivables).

30 Financial instruments

Fair values

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

<u>Financial instruments carried at fair value</u>

As at 31 December 2011, the Group has $5,000 (2010 - $131,000) financial instruments that are classified as derivative financial instrument, which is carried at its respective fair value as required by FRS 39.

<u>Financial instruments whose carrying amount approximate fair value</u>

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, bank overdrafts, current trade and other payables, current bank loans based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently. The carrying amounts of finance lease obligations approximate fair values as the average implicit discount rate approximates market interest rate. The carrying amounts of non-current bank loans approximate fair values as they are repriced frequently.

<u>Methods and assumptions used to determine fair values</u>

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements.

<u>Alantac Technology (Suzhou) Co., Ltd</u>

In financial year 2010, the results relating to ATSZ had been presented as "discontinued operation" in the consolidated statement of comprehensive income.

31 Capital management

The primary objectives of the Group's capital management are to ensure that it maintains a strong credit rating and to maintain an optimal capital structure to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or convertible loan. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

31 Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 30% and 55%. The Group includes within net debt, finance lease obligations, borrowings and bank overdraft less cash and cash equivalents. Capital includes convertible term loan of the Company of gross amount of $1,000,000 (2010 - $2,000,000) convertible into equity.

The Group	**2011** **$'000**	2010 $'000
Obligations under finance lease (Note 13)	**3,212**	3,649
Borrowings (Note 14)	**1,422**	6,383
Bank overdraft (Note 10)	**12**	-
Less: Cash and cash equivalents (Note 10)	**(11,556)**	(20,854)
Convertible term loan	**(1,000)**	(2,000)
Net assets	**(7,910)**	(12,822)
Equity attributable to the equity holders of the Company	**33,295**	38,055
Add: Convertible term loan	**1,000**	2,000
Total capital	**34,295**	40,055
Capital and net debt	**26,385**	27,233
Gearing ratio	**(30%)**	(47%)

32 Segment information

For management purposes, the Group is organised into business units based on their products and services, and has 5 reportable operating segments as follows:

1. The aerospace segment is a provider of the manufacturing service for engine casings.

2. The oil and gas segment is a provider of manufacturing services to oil drilling equipment, in particular, body connectors for clip risers and related rigs.

3. The electronics segment is provider of manufacturing and assembly services for parts used by the semiconductor, telecommunication and medical industries.

4. The precision engineering segment is a provider of precision machining services for automotive parts.

5. The trading and other segment is provider of machine sales and customised cutting tools for our customers.

32 Segment information (cont'd)

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of comprehensive income. Group financing (including finance cost) and income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other operating income and expenses, financial income and expenses and income tax expense.

The allocation of the group assets and liabilities as well as the revenues and profits and other material segmental items thereon attributable to individual segments is not presented as the information is not provided to the chief operating decision maker. Most of the business is operated under one single entity, JEP Precision Engineering Pte Ltd, where the customers and suppliers are common to the individual segments.

Transfer prices between operating segments are at terms agreed between the parties.

32 Segment information (cont'd)

(a) By business

	Aerospace		Oil and gas		Electronics		Precision machining		Trading and others		Adjustments and eliminations		The Group	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Continuing operations	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
REVENUE:														
External customers	**10,049**	10,933	**5,988**	6,113	**1,632**	5,619	**2,041**	842	**4,130**	5,368	**-**	-	**23,840**	28,875
Inter-segment sales	**-**	-	**-**	156	**168**	944	**711**	313	**630**	-	**(1,509)**	(1,413)	**-**	-
Total revenue	**10,049**	10,933	**5,988**	6,269	**1,800**	6,563	**2,752**	1,155	**4,760**	5,368	**(1,509)**	(1,413)	**23,840**	28,875
Results														
Segment results	**(1,246)**	499	**(964)**	(1,100)	**3,462**	(61)	**(378)**	(611)	**1,856**	9,416	**(6,100)**	(1,733)	**(3,370)**	6,410
Unallocated expenses:														
Unallocated corporate expenses													**(99)**	(88)
(Loss)/profit from operations													**(3,469)**	6,322
Finance income													**5**	1
Finance expense													**(261)**	(842)
(Loss)/profit before taxation from continuing operations													**(3,725)**	5,481
Tax credit													**1,287**	460
(Loss)/profit after taxation from continuing operations													**(2,438)**	5,941
Discontinued operation														
Loss from discontinued operation after taxation													**-**	(4,963)
Net (loss)/profit for the year after taxation													**(2,438)**	978

32 Segment information (cont'd)

(b) Geographical information

Revenue is based on the location of customers regardless of where the goods are produced. Assets and capital expenditure are based on the location of those assets.

	Revenue		Assets	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Continuing operations				
Singapore	**18,598**	21,852	**46,203**	59,783
USA	**1,596**	2,365	**-**	-
Others	**3,646**	4,658	**2,174**	2,686
	23,840	28,875	**48,377**	62,469
Discontinued operation				
PRC	**-**	349	**-**	-
	23,840	29,224	**48,377**	62,469

* Others include countries in the Southeast Asia.

Information about major customers

Revenue from two major customers amounted to $9,058,000 and $3,405,000 (2010 - $11,030,000 and $2,908,000), arising from sales by the aerospace and oil and gas segments respectively.

33 Event occurring after the end of reporting period

The Group

Acquisition of a subsidiary

On 9 January 2012 (the "acquisition date"), the Group acquired 100% equity interest in Dolphin Engineering Pte Ltd ("DEPL"), a large format precision engineering and equipment fabrication service provider in Singapore. Upon the acquisition, DEPL became a subsidiary of the Group.

The Group acquired DEPL in order to strengthen its position as a leading manufacturer of advanced precision engineering services for aerospace, and oil and gas components, and to enlarge the range of niche engineering products and services it can offer to its clients. The acquisition is also expected to reduce costs through economies of scale.

33 Events occurring after the end of reporting period (cont'd)

The fair value of the identifiable assets and liabilities of DEPL as at the acquisition date were:

	Fair value recognised on acquisition $'000 (Unaudited)
Factory building	5,200
Property, plant and equipment	2,219
Other assets	112
Trade and other receivables	2,568
Inventories	90
Cash and cash equivalents	1,054
	11,243
Trade and other payables	(1,589)
Finance lease obligations	(458)
Deferred tax liability	(121)
Income tax payable	(190)
Total identifiable net assets at fair value	8,885
Goodwill arising from acquisition	5,115
	14,000

Consideration transferred for the acquisition of DEPL

	$'000
Cash paid	8,000
Equity instruments issued (62,500,000 ordinary shares of the Company)	2,500
Contingent consideration in cash recognised as at acquisition date	3,500
Total consideration transferred	14,000

Effect of the acquisition of DEPL on cash flows

	$'000
Total consideration for 100% equity interest acquired	14,000
Less: Non-cash consideration	(6,000)
Consideration settled in cash	8,000
Less: Cash and cash equivalents of subsidiary acquired	(1,054)
Net cash outflow on acquisition	6,946

33 Events occurring after the end of reporting period (cont'd)

Equity instruments issued as part of consideration transferred

In connection with the acquisition of 100% equity interest in DEPL, the Company issued 62,500,000 ordinary shares at value of $0.04 each. The value of these shares is based on the issue price of $0.04 per share at the acquisition date.

The attributable cost incurred of $8,000 for the issuance of the shares has been recognised directly in equity as deduction from share capital.

Contingent consideration in cash

As part of the purchase agreement with the previous owners of DEPL, an additional cash consideration has been agreed. Additional cash consideration shall be due to the previous owners of DEPL, based on the performance of DEPL in respect of each financial year ("FY") specified below:

a) Additional Cash Consideration for each FY2012 and FY2013 shall be based on the actual Net Profit after Tax ("NPAT') for the relevant FY based on the audited financial statements, up to a cumulative maximum amount of $3,500,000 for both FYs, and

b) The Additional Cash Consideration shall be paid not later than 1 month after the relevant audited financial statements of DEPL for the relevant FY have been issued.

As at the acquisition date, the fair value of the additional cash consideration was estimated at $3,500,000.

The fair value of the additional cash consideration was determined by direct reference to their price quotation in an active market at the acquisition date.

Goodwill arising from acquisition

The goodwill of $5,115,000 comprises the value of strengthening the Group's market position in advanced precision engineering services for aerospace, and oil and gas components, and cost reduction synergies expected to arise from the acquisition. It also includes the value of a customer list, which has not been recognised separately. Due to the contractual terms imposed on the acquisition, the customer list is not separable and therefore does not meet the criteria for recognition as an intangible asset under FRS 38. None of the goodwill recognised is expected to be deductible for income tax purpose.

Issuance of treasury shares and new shares

The Company reissued 45,001,000 (2010 - Nil) treasury shares and 17,499,000 new ordinary shares pursuant to acquisition of DEPL's consideration shares at issue price of $0.04 (2010 - Nil) each.

34 Comparative figures

Certain comparative figures have been reclassified to reinstate to current presentation for better financial information:

	The Group		The Company	
	Restated 31 December 2010	Reported 31 December 2010	Restated 31 December 2010	Reported 31 December 2010
	$'000	$'000	$'000	$'000
Statements of financial position				
ASSETS				
Current assets				
Trade and other receivables	7,615	-	327	-
Trade receivables	-	5,200	-	327
Other receivables	-	824	-	-
Deposits and prepaid operating expenses	-	1,615	-	24
Amount due from subsidiaries	-	-	3,004	2,980
	7,615	7,639	3,331	3,331
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	4,985	5,009	562	562
	2,630	2,630	2,769	2,769
Statements of comprehensive income				
Cost of sales	(23,221)	(21,219)	(4,915)	(4,915)
Financial income	-	1	-	1
Other operating income	7,555	7,474	3,009	2,796
Selling and distribution expenses	(770)	(535)	(60)	(60)
Administrative expenses	(6,116)	(8,262)	(2,019)	(1,834)
Finance costs	(842)	(844)	(214)	(178)
Other financial charges	-	(9)	-	(9)
	(23,394)	(23,394)	(4,199)	(4,199)

There is no impact on notes to the financial statements as to the classification made thereon to the financial statements.

35 Authorisation of financial statements

The financial statements for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 17 February 2012.

DISTRIBUTION OF SHAREHOLDINGS

AS AT 29 FEBRUARY 2012

SHARE CAPITAL

Issued and fully paid-up capital	:	$34,172,960
Number of Shares	:	928,973,266
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Treasury shares	:	Nil

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	19	0.75	8,749	0.00
1,000 - 10,000	502	19.74	3,455,368	0.37
10,001 - 1,000,000	1,955	76.88	225,699,183	24.30
1,000,001 AND ABOVE	67	2.63	699,809,966	75.33
TOTAL	**2,543**	**100.00**	**928,973,266**	**100.00**

SUBTANTIAL SHAREHOLDERS

	Direct Interest	%	Deemed Interest	%
Ellipsiz Ltd	175,364,808	18.88	-	-
Adam Lau Fook Hoong @ Joe Lau [1]	135,240,950	14.56	30,000,000	3.23
TOTAL	**310,605,758**	**33.44**	**30,000,000**	**3.23**

Note:
(1) 30,000,000 Shares are registered in the name of Bank of Singapore Nominees Pte Ltd

DISTRIBUTION OF SHAREHOLDINGS

AS AT 29 FEBRUARY 2012

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ELLIPSIZ LTD	175,364,808	18.88
2	ADAM LAU FOOK HOONG @JOE LAU	135,240,950	14.56
3	KOH PANG AN	41,650,000	4.48
4	BANK OF SINGAPORE NOMINEES PTE LTD	30,100,000	3.24
5	OCBC SECURITIES PRIVATE LTD	29,804,750	3.21
6	PHILLIP SECURITIES PTE LTD	21,900,378	2.36
7	HL BANK NOMINEES (S) PTE LTD	17,050,000	1.84
8	LEE MUI GEK PAULINE	17,049,000	1.84
9	TAN ENG CHUA EDWIN	16,731,000	1.80
10	LEK HANG LIANG	16,547,000	1.78
11	TAN ENG HUAT	16,447,000	1.77
12	YAP HIEN KIONG	16,447,000	1.77
13	ANG AI KENG	13,159,000	1.42
14	LEE TIAM NAM	10,000,000	1.08
15	LOW KOON POO EDMUND	7,432,750	0.80
16	LIM BOON HOCK BERNARD	7,416,000	0.80
17	MAYBANK KIM ENG SECURITIES PTE LTD	7,269,250	0.78
18	NG LIAN SANG	7,248,000	0.78
19	UNITED OVERSEAS BANK NOMINEES PTE LTD	5,507,995	0.59
20	CIMB SECURITIES (SINGAPORE) PTE LTD	5,092,750	0.55
	TOTAL	**597,457,631**	**64.33**

PERCENTAGE OF SHAREHOLDING HELD BY PUBLIC

63.33% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Rules of Catalist.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of JEP Holdings Ltd. ("the Company") will be held at 44 Changi South Street 1, Singapore 486762 on Wednesday, 18 April 2012 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

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

2. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Articles of Association of the Company:

   Mr Wong Gang **(Resolution 2)**
   Mr Koh How Thim **(Resolution 3)**

   Mr Wong Gang will, upon re-election as Director, remain as a Lead Independent Director, Chairman of the Nominating Committee / Remuneration Committee and a member of the Audit Committee and will be considered independent.

3. To approve the payment of Directors' fees of S$110,000 for the financial year ended 31 December 2011. (2010: S$110,000).
(Resolution 4)

4. To re-appoint Foo Kon Tan Grant Thornton LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
(Resolution 5)

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

AS SPECIAL BUSINESS

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

6. **Authority to issue shares**

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

(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 centum (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 other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (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 that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

   (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules 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 a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting ("AGM") of the Company or (ii) the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 6)**

7. **Proposed Renewal of Share Buy-Back Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual,

on the terms set out in the Appendix to the Annual Report, be and is hereby authorized and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM is held or required by law to be held; and

(ii) the date on which the share buybacks are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days on which Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the market purchase or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five day period;

"**date of the making of the offer**" means the day on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Percentage**" means that number of issued Shares representing ten per cent. (10%) of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market purchase of a Share, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and

(ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price of the Shares; and

(d) any Director be and is hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as he may consider expedient or necessary to give effect to the transactions contemplated and/or authorized by this Resolution.

[See Explanatory Note (ii)]

(Resolution 7)

By Order of the Board

Jonathan Lee Tiong Hock
Company Secretary
Singapore, 27 March 2012

Explanatory Notes:

(i) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of 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 issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 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 Ordinary 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 Ordinary Resolution is passed and any subsequent bonus issue , consolidation or subdivision of shares.

(ii) The Ordinary Resolution 7 in item 7 above, if passed, renews the Share Buy-Back Mandate and will authorise the Directors of the Company, from time to time, to purchase Shares subject to and in accordance with the Articles of Association of the Company, the Listing Manual (Section B: Rules of Catalist) and such other laws and regulations as may for the time being be applicable. The Company may use internal sources of funds, external borrowings, or a combination of both to finance the Company's purchase or acquisition of the Shares.

The amount of funding required for the Company to purchase or acquire the Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, the number of Shares to be purchased or acquired, the price at which such Shares are to be purchased or acquired, and whether the Shares to be purchased or acquired are cancelled or held as treasury shares. Based on certain assumptions, an illustration on the financial impact of a purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited financial statements of the Company for the financial year ended 31 December 2011 is set out in Section 6 of the Appendix dated 27 March 2012, which is enclosed together with the Company's Annual Report.

Notes

1. A Member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 44 Changi South Street 1, Singapore 486762 not less than forty-eight (48) hours before the time appointed for holding the AGM.

This Notice has been prepared by the Company and its contents have been reviewed by the Company's ponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the SGX-ST. The Sponsor (whose effective date of appointment is 13 April 2009) has not independently verified the contents of this Notice

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

The contact person for the Sponsor is Mr. Ng Joo Khin.
Telephone number: 6389 3000 Email: jookhin.ng@stamfordlaw.com.sg

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JEP HOLDINGS LTD.

[Company Registration No. 199401749E]

(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy JEP Holdings Ltd's shares, this Report is forwarded to them at the request of the 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 Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ____

of____

being a member/members of JEP Holdings Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and /or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 44 Changi South Street 1 Singapore 486762 on Wednesday, 18 April 2012 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2011		
2	Re-election of Mr Wong Gang as a Director		
3	Re-election of Mr Koh How Thim as a Director		
4	Approval of Directors' fees amounting to S$110,000		
5	Re-appointment of Foo Kon Tan Grant Thornton LLP as Auditors		
6	Authority to allot and issue new shares		
7	Proposed Renewal of Share Buy-Back Mandate		

Dated this ____________ day of ____________ 2012

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s) or,
Common Seal of Corporate Shareholder

* Delete where inapplicable

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, 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 is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 44 Changi South Street 1, Singapore 486762 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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

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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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