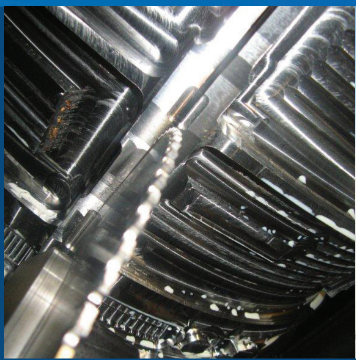
Reaching New Heights



Annual Report **2013**

JEP Holdings Ltd

Contents

Letter to Shareholders

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of JEP Holdings Ltd. (the "Group"), I am pleased to present our annual report for the financial year ended 31 December 2013 ("FY2013").

We have seen significant changes for the Group in the last few years. Following the successful acquisition of Dolphin Engineering Pte Ltd ("DEPL") in FY2012, we continued our corporate transformation in FY2013 with increased focus on growing the businesses locally as well as internationally. Our efforts have begun to pay off and we are seeing better financial results and overall performance of the Group.

In line with our continued drive to stay trim and nimble in responding to changes, in August 2013 we announced plans to dissolve and liquidate our operations in Thailand. The decision to cease operations in our Thailand subsidiary was based on the reason that it no longer serves the strategic interest of the Group and that potential returns would not justify the cost.

While always keeping operations responsive to changes which will impact business, management maintains an unflinching stance to strengthen its existing businesses, harness and capitalize on business opportunities. It is constantly looking out for expansion opportunities within its core strength and to increase production capacity and capabilities.

Due to expanding business and to prepare for future growth the Group had in the second half of 2013 signed an agreement with Jurong Town Corporation ("JTC") in October last year to lease a 1,216.05 square metre plot of land located next to the premises of its subsidiary, DEPL in Loyang Way. Over the next three years, we intend to inject a total of approximately S$5.0 million towards a 4-storey building housing a new manufacturing facility and equipping it to facilitate expanding manufacturing activities covering small components related mainly to the aerospace industry. As part of our holistic approach to the management of the Group and human capital being one of the key pillars to the performance of the Group, plans have been put in place to enhance the welfare of our employees. The top floor of the prospective new building will include live-in accommodation equipped with recreational facilities for our employees. The new facilities are expected to be operational in 1Q 2015.

We are always mindful of our shareholders who have supported us even through challenging times. In May 2013, we paid a dividend for the first time in the Group's history. It marked the results of our efforts in turning the Group around in recent years. I am pleased to announce that for this financial year, we are again proposing a dividend of $0.001 Singapore cent per ordinary share.

Financial Performance

The Group financial performance continued to improve in FY2013, with revenue rising 6.0% year-on-year to S$36.8 million. The aerospace industry continues to be our primary driver of growth, contributing 57.4% of FY2013 revenue, compared to 48.2% in FY2012. Oil and gas and equipment manufacturing was the other significant contributor at 37.4%, although this declined from 44.7% in FY2012.

Gross profit was affected by a dip in revenue from equipment manufacturing, as well as higher cost of sales due to higher costs of materials in line with increased aerospace manufacturing, and higher labour costs. Other operating income was S$1.3 million higher, mainly due to a fair value gain on additional cash consideration relating to the acquisition of DEPL, as a result of rights waived by the vendors. With the discontinuation of our operations in Thailand, we recognised a loss of S$0.9 million based on the operating losses of the Thai unit.

In spite of the recognition of the loss on the cessation of Thai operations, net profit for FY2013 grew by 57.9% to S$1.6 million.

Our balance sheet is healthy with total assets of S$66.6 million compared to S$26.6 million total liabilities as at 31 December 2013. Cash and cash equivalents stood at S$6.1 million. Our gearing level remains low, which gives us the flexibility of utilising bank borrowing to partially fund the capital expenditure for our new facilities in Loyang and for future expansion.

Outlook

We are at the beginning of yet another exciting new stage in the company's story. We have successfully integrated the operations of DEPL into the Group. Besides complementing our existing businesses, DEPL's niche capability in large format machining adds to our portfolio of capabilities and more importantly, attracts the customers we are targeting.

We continue to be positive on the two primary engines of growth, namely, aerospace, and oil and gas industries, for our businesses. In April 2013 we announced a long term agreement signed between our subsidiary, JEP Precision Engineering Pte Ltd, and the Messier-Bugatti-Dowty Group for potential orders of US$45 million for aeronautical products between 2015 and 2018.

Contributions from oil and gas engineering are stable. We are still fulfilling orders under a 5-year agreement with Akers Solutions which was signed in November 2012. The industry outlook is generally positive with oil prices being sustained at a level that supports exploration and production activities, and initial signs of stabilisation in the global economy should also provide a boost to energy demand.

The Group has thrived despite relentless challenges arising from as labour shortage, cost pressure and space constraint. At the macro level the aerospace industry continues to enjoy good growth especially in Asia, the future of the industry seems bright, and Singapore has strengthened its position

Letter to Shareholders

as a key regional aerospace hub. The local aerospace industry grew at an average annual rate of 10% in the last 20 years (source: Singapore Economic Development Board). The Group with its growing international reputation as a reliable manufacturing facility is well-positioned to capitalise on this explosive growth in the region. As long as our expansion plans remain on track, we have good reasons to believe that the growth in the overall aerospace industry will translate into further strengthening of our order book.

Aside from organic growth, we remain opened to exploring strategic opportunities for acquisitions which will expand the Group's footprint and capabilities.

"Group financial performance continued to improve in FY2013, with revenue rising 6.0% year-on-year to S$36.8 million. The aerospace industry continues to be our primary driver of growth, contributing 57.4% of FY2013 revenue, compared to 48.2% in FY2012."

Lastly, I would like to extend my appreciation to you, our shareholders, the staff and management, our business partners, and all who have contributed to our success. Stay with us as we take flight into the next leg of our corporate journey.

Joe Lau
Executive Chairman and CEO
JEP Holdings Ltd.

Reaching New Heights

Operating Profit 2013
S$2.4 Million

Operating Profit 2012
S$1.0 Million

Net Profit 2013
S$1.6 Million

Net Profit 2012
S$1.0 Million

Operational and Financial Review

Review of Financial Performance

Continuing operations

The Group's revenue for FY2013 increased S$2.1 million or 6.0% from S$34.7 million to S$36.8 million. Aerospace continued to be the main contributor to the Group's revenue, generating S$21.1 million revenue in FY2013 or 57.4% of total group revenue. The other major contributors were oil and gas, and equipment manufacturing sectors. These sectors collectively contributed 37.4% of total group revenue. The electronics business contributed 3.8% while precision machining and other sectors contributed 1.4% of the total revenue.

Cost of sales increased by S$3.2 million from S$28.9 million in FY2012 to S$32.1 million in FY2013. The increase of S$3.2 million was mainly due to higher purchase of raw materials for aerospace customer and labour cost, and increase in revenue in in aerospace operating segment.

Gross profit margin decreased from 17.0% in FY2012 to 12.9% in FY2013. The decrease mainly resulted from the decrease in revenue generated from equipment manufacturing.

Compared with FY2012, other operating income for FY2013 has increased by S$1.3 million. The increase was mainly due to a fair value gain on additional cash consideration of S$2.0 million in FY2013 as compared to S$0.4 million in FY2012. This was partly offset by a decrease in scrap income of S$0.2 million in FY2013 as compared to FY2012.

Selling and distribution expenses for FY2013 remained relatively similar to FY2012 at S$1.2 million.

Administrative expenses decreased by S$0.8 million in FY2013 as compared to FY2012. The decrease was attributable to a decrease in amortisation of intangible assets of S$0.6 million and exclusion of fair value loss on derivatives of S$0.1 million from FY2012.

Finance expenses increased slightly from S$0.02 million in FY2012 to S$0.03 million in FY2013 was mainly due to higher loan quantum of borrowings and the rise in financing interest rates.

The tax credit in FY2013 was S$0.4 million as compared to S$0.2 million in FY2012. The increase in tax credit of S$0.2 million was due to provision for deferred tax liabilities movement of $0.2 million for the subsidiary, JEPS, in FY2013.

No allowance for obsolete inventories was recorded for FY2013. Amortisation of intangible assets decreased from S$1.4 million to S$0.85 million in FY2013 due to the diminishing value of related customer relationships.

Gain on disposal of property, plant and equipment of S$0.04 million in FY2013 was attributed to the disposal of machineries by subsidiaries, JEP Precision Engineering Pte Ltd ("JEPS") and JEP Precision Engineering Co Ltd ("JEPT").

Fair value gain of S$2.0 million was a result of rights waived by the vendors of Dolphin Engineering Pte Ltd ("DEPL") of the deferred additional cash consideration payable in May 2014 pertaining to the acquisition of DEPL.

Foreign exchange gain of S$0.6 million was recorded in FY2013. This was mainly attributable to an unrealised gain on Japanese Yen revaluation arising from the procurement of machinery by the subsidiary, JEPS.

Depreciation of property, plant and equipment remained relatively constant at S$3.2 million in FY2013 and FY2012.

Impairment loss on goodwill on consolidation of S$0.77 million was recorded in FY2013. This was attributed to impairment loss on goodwill on consolidation of the subsidiary, JEPT as a result of winding down of its operations.

As a result at the above, net profit from continuing operations of S$2.4 million was recorded in FY2013 as compared to S$1.0 million in FY2012.

Discontinued operation

On 5 August 2013, the Company announced the decision of its board of directors to dissolve and liquidate the subsidiary, JEP Precision Engineering Co., Ltd ("JEPT"), which is 99.99% owned by JEPS. The assets and liabilities of JEPT were classified as disposal group held-for-sale on the balance sheet, and the results from JEPT were presented separately on the statement of comprehensive income as "Discontinued operation". The dissolution and liquidation of JEPT will not be commencing in the immediate future. JEPT will be dormant for a period of 3 years before dissolution and liquidation process commences. The transaction is expected to be completed by the end of FY2016.

Loss from discontinued operation of S$0.9 million represented the operating losses for the financial year ended 31 December 2013, as below:

	Financial Year Ended 31 December 2013 S$'000	Financial Year Ended 31 December 2012 S$'000
Discontinued operation		
Revenue	453	1,238
Cost of sales	(592)	(1,074)
Gross (loss)/profit	(139)	164
Other items of income		
Other operating income	336	40
Other items of expense		
Selling and distribution expenses	(2)	(34)
Administrative expenses	(284)	(134)
Finance costs	(31)	(50)
Impairment loss on goodwill on consolidation	(770)	-
Loss before tax	(890)	(14)
Tax expenses	-	-
Loss from discontinued operation, net of tax	(890)	(14)

Impairment loss on goodwill on consolidation of S$0.77 million represented the goodwill written off upon cessation of operations of the subsidiary, JEPT, in FY2013.

Taking into account the loss from discontinued operation, the Group recorded a net profit of S$1.5 million in FY2013 compared to a net profit of S$1.0 million in FY2012.

Balance Sheet

The Group's property, plant and equipment ("PPE") recorded S$24.0 million in FY2013 as compared to S$24.3 million in FY2012. The decrease of S$0.3 million was mainly due to the depreciation charge of S$3.2 million of the year, reclassification of assets held for disposal amounting to S$0.7 million in JEPT as held-for-sale and disposal of machineries with a carrying amount of S$0.3 million during the period. The PPE included procurement of machinery amounting to S$3.9 million.

Goodwill of S$16.7 million was due to the acquisition of JEPS and DEPL, of which S$11.4 million is attributable to JEPS and the remaining S$5.3 million to DEPL. Goodwill decreased by S$0.77 million due to impairment loss on goodwill on consolidation recognised upon winding down of operations of the subsidiary, JEPT.

Intangible assets related to customer relationships arising from the acquisition of JEPS decreased by S$0.85 million due to amortisation costs incurred during FY2013.

Current assets increased by S$5.4 million from S$15.2 million in FY2012 to S$20.5 million in FY2013. Compared to FY2012, inventories for FY2013 increased by S$1.0 million. The increase was mainly due to an increase in JEPS' raw materials of S$0.3 million, work-in-progress of S$0.8 million and consumables tools of S$0.1 million. This was offset by a decrease in inventories held for disposal of S$0.2 million by the subsidiary, JEPT, being reclassified as held-for-sale in FY2013.

Trade receivables increased by S$1.3 million as compared with FY2012, in line with the revenue increase in FY2013. Other receivables increased by S$0.1 million largely due to GST refunds receivables of the subsidiary, JEPS.

Deposit and prepaid operating expenses increased by S$0.3 million mainly due to S$0.1 million in down payment deposits paid to vendors for the procurement of machinery by the subsidiary, JEPS, S$0.1 million deposit placed with subcontractors for the machine parts ordered and S$0.1 million of advance payments paid to suppliers for goods purchased.

Fixed deposit pledged decreased by S$0.9 million as compared to FY2012. The fixed deposit pledged of S$0.9 million by the subsidiary, JEPS, had been released by bank to the Company during the year.

Tax recoverable in FY2012 was S$0.03 million as compared to nil in FY2013. This was due to under-provision of tax expenses of $0.03 million for the subsidiary, DEPL, in FY2012.

Cash and cash equivalents increased by S$2.7 million. The increase in cash and cash equivalent was mainly due to drawdown of a money market loan of S$5.0 million by the subsidiary, DEPL, and this was partly offset by the payment of additional cash consideration of S$1.1 million to the vendors of DEPL, and first and final dividend payment of S$0.9 million declared for the financial year ended 2012 and an interim dividend payment of S$0.9 million declared for the financial year ending 2013.

Current liabilities for FY2013 increased S$6.5 million from S$12.7 million to S$19.2 million in FY2013. Trade payables increased by S$0.8 million, attributable to an increase in the trade payables of DEPL of S$0.5 million and JEPS of S$0.3 million respectively.

Other payables and accruals decreased by S$1.9 million mainly due to an exclusion of S$1.3 million payables to suppliers of machinery in FY2012 and S$1.0 million payment of additional cash consideration to the former vendors of DEPL. The exclusion of S$1.3 million payables to suppliers of machinery

Operational and Financial Review (cont'd)

was attributed to its conversion to hire purchase facilities in FY2013.

Obligations under finance lease increased S$0.5 million due to procurement of machinery by the subsidiary, JEPS. Loans and borrowings increased by S$6.9 million were mainly due to drawdown of money market loan of S$5.0 million by the subsidiary, DEPL, and S$2.1 million by the Company.

Non-current liabilities recorded a decrease of S$1.6 million in FY2013 compared to FY2012. It was due to:

1) Waiver of rights to the additional cash consideration for an amount of S$2.2 million by the vendors of DEPL. The amount of S$2.2 million included a waiver of rights of S$2.0 million plus the difference of S$0.2 million, which was due to actual payment of S$1.1 million and the accrued amount payable to vendors of DEPL of S$0.9 million in FY2013;

2) Decrease in deferred income of S$0.5 million was due to the recognition of deferred income gain on sales and leaseback of S$0.5 million by the subsidiary, JEPS, in FY2013;

3) Increase in deferred tax liabilities of S$0.9 million was due to the recognition of customer's relationship of S$0.1 million by the subsidiary, JEPS and provision of deferred tax liabilities movements of S$1.0 million for the subsidiary, JEPS, in FY2013;

4) Decrease in loan borrowings of S$0.2 million was due to loan borrowings held for disposal of S$0.2 million by the subsidiary, JEPT, being reclassified as held-for-sale in FY2013; and

5) Increase in obligations under finance lease of S$0.4 million was due to procurement of machinery by the subsidiary, JEPS.

Overall, total Group obligations under finance lease and borrowings as at 31 December 2013 increased by S$7.6 million to S$13.2 million compared to S$5.6 million as at 31 December 2012.

Cash Flow

In FY2013, the Group generated a positive net cash flow of S$2.7 million and recorded S$6.1 million of cash and cash equivalents. Cash flow generated during the year was mainly attributed to financing activities of S$6.7 million, offset by net cash used in operating and investing activities of S$3.6 million and S$0.4 million respectively.

Net cash flow from operating activities recorded a cash outflow of S$3.6 million in FY2013 as compared to a cash inflow of S$3.6 million in FY2012. The decrease was mainly due to profit before tax of S$1.2 million; and adjustments for non-cash items comprising, (a) depreciation of property, plant and equipment of S$3.2 million, (b) net fair value gain on additional cash consideration for acquisition of a subsidiary of S$2.0 million, (c) amortisation of intangible assets of S$0.85 million, and (d) impairment loss on goodwill on consolidation of S$0.77 million. This was offset by a net decrease in working capital, which comprised (a) inventories of S$1.0 million, (b) trade receivables of S$1.2 million, (c) other receivables, deposits and prepayments of S$3.5 million, and (d) other payables and accruals of S$2.3 million.

Net cash flow used in investing activities was S$0.4 million in FY2013 as compared to net cash used of S$9.1 million in FY2012. This was mainly due to the acquisition of DEPL in FY2012.

Net cash inflow generated from financing activities was S$6.7 million in FY2013 as compared to net cash used of S$2.7 million in FY2012. The increase in net cash inflow of S$6.7 million was mainly due to (a) the drawdown of money market loan by the subsidiary, DEPL, of S$5.0 million, (b) fixed deposit pledged released from the subsidiary, JEPS, of $1.0 million, and (c) purchase of machinery under finance lease obligation by the subsidiary, JEPS. The cash inflow was offset by the dividends paid on ordinary shares for financial year 2012 and financial year ending 2013, amounting to S$1.9 million.

Going Forward

With the cessation of the underperforming business unit in Thailand recently and our effort to chart new grounds, we have entered into yet another phase of the Group's growth.

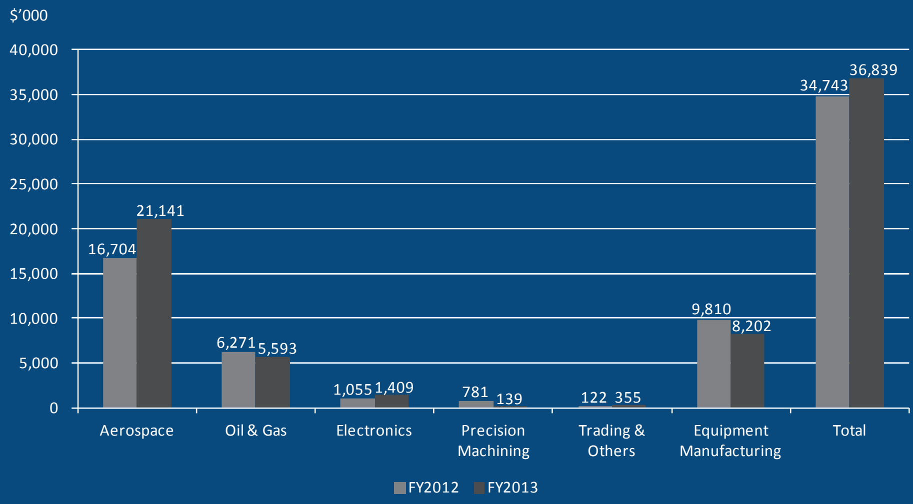
For the next 12 months, we continue to be positive on the two primary engines of growth for our business, namely aerospace engineering, and oil and gas. In April 2013 we announced a long term agreement between our subsidiary, JEPS and the Messier-Bugatti-Dowty Group.

Contributions from oil and gas engineering were stable, and we are still fulfilling orders under a 5-year agreement with Akers Solutions which was signed in November 2012. Overall, the industry outlook is generally positive with oil prices being sustained at a level that supports exploration and production activities, and initial signs of stabilisation in the global economy should also provide a boost to energy demand.

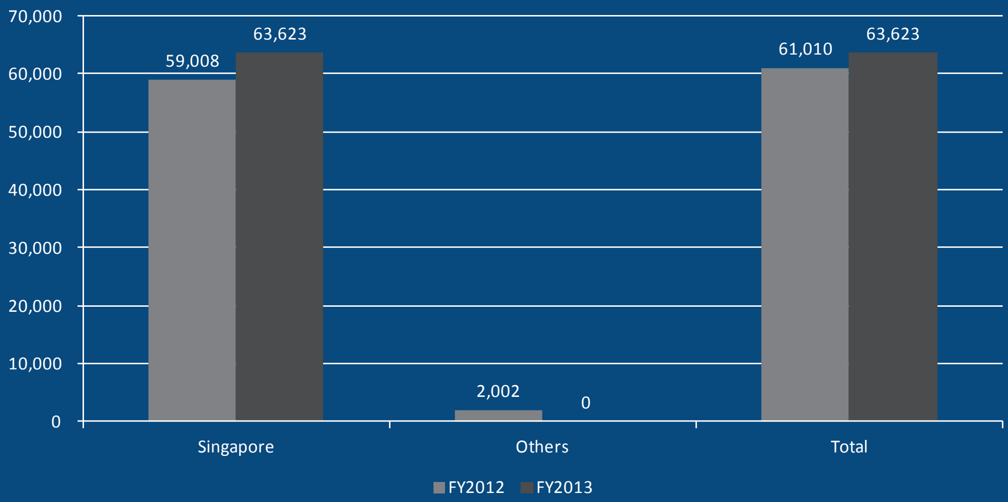
Despite the ongoing challenges in of labour shortage, cost competitiveness and space to expand, the Group has thrived. It has been able to make progress and expanded its businesses. Plans are underway for further expansion to meet demand for our products and services. The Group continues to enjoy increasing international recognition and we hope that this will translate to further strengthening of our order book.

Financial Highlights

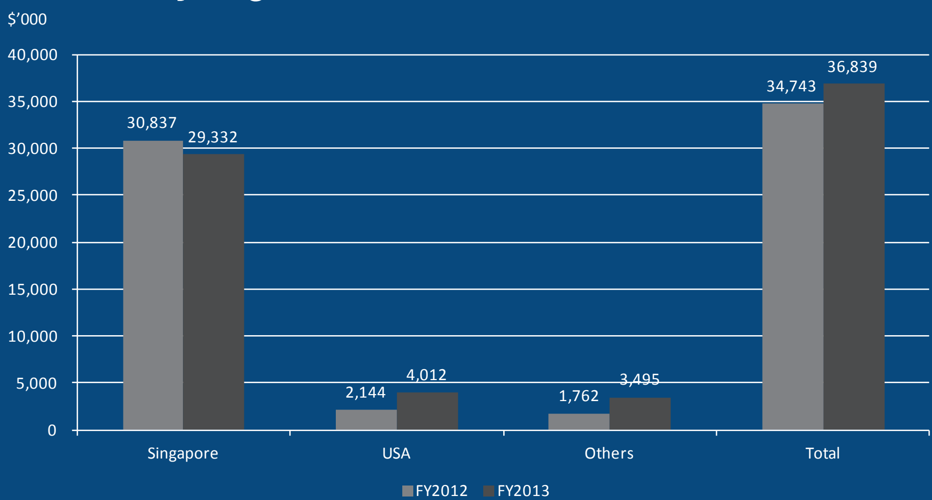
Revenue by Industry $’000



Asset by Region $’000



Revenue by Region $’000



Board of Directors

Mr Wong Gang	Mr Soh Chee Siong	Mr Joe Lau	Mr Koh How Thim	Mr Chan Wai Leong	Mr Raymond Quek
Lead Independent Director	Executive Director	Executive Chairman & CEO	Executive Director	Non-Executive Director	Independent Director

Board of Directors

Mr Joe Lau
Executive Chairman and Chief Executive Officer

Mr 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 Soh Chee Siong
Executive Director

Mr Soh Chee Siong joined JEP Precision Engineering Pte Ltd, a subsidiary of the Group in October 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 Hamilton Sundstrand's 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 for setting up the new facility in Seletar Aerospace Park, which focuses on the manufacturing of the wide chord fan blade for Rolls-Royce Trent engines.

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 Koh How Thim
Executive Director Finance

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 in his capacity as an Executive Director oversees the management of the finance and accounting operations, risk and control management, and corporate affairs of the Group. He has extensive experience in the banking and finance industry for more than 20 years, including 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.

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.

Board of Directors

Mr Wong Gang
Lead Independent Director

Mr Wong Gang is a Partner in law firm, Shook Lin & Bok LLP since 2002, and joined us as an Independent Director in 2006. 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 3 August 2009. Mr Quek has held several senior positions and directorships in finance and accounting over the past 30 years. Among the senior positions he has held, Mr Quek was the Finance Director for 2 subsidiaries of Boustead Singapore Limited (a company listed on the mainboard of the SGX-ST) as well as the Chief Financial Officer for Keppel Telecommunications and Transportation Ltd. Mr Quek was also the Vice President (Finance and Administration) for the then- Television Corporation of Singapore Pte Ltd.

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 company listed on the mainboard of the SGX-ST. 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 Limited, 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 has a wide range of work experiences and has served in different finance management positions in different industries, including 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 company listed on the SGX-ST which specialized in the 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 of Singapore Chartered Accountants. He holds a Masters in Business Administration degree from Southern New Hampshire University, U.S.A.

Mr Eddie Goh Kuan Teck

General Manager, JEP Precision Engineering Pte Ltd

Mr Eddie Goh joined JEP Precision Engineering Pte Ltd, subsidiary of the Group in May 2013 as General Manager.

Mr Eddie Goh's background is in precision machining where he has more than 20 years' extensive experience, progressing from a craftsman to various managerial positions during his service in Singapore Aerospace Manufacturing Pte Ltd, a fully-owned subsidiary of Singapore Technology. His operational experience includes holding key roles in the shipping and logistics, supply chain management, production and engineering department within the organization. He led a project to redefine and implement the manufacturing processes of the aero-engine compressor vane and transferring the manufacturing technology to Suzhou in the late nineties as part of the group's expansion plan.

He holds a Bachelor of Science (Hons) in Business from University of London and a Diploma in Mechanical Engineering.

Mr Yoshihide Miura

Chief Operating Officer, Dolphin Engineering Pte Ltd

Mr Miura joined Dolphin Engineering Pte Ltd ("DEPL") in June 2013. Much of Mr Miura work experience and knowledge has been in the field of engineering and machining. Mr Miura had worked with the major Japanese machine manufacturer, Yamazaki Mazak Group for more than 40 years since 1970. He started off with the Group as an engineer in Yamazaki Mazak Corporation based in Nagoya, Japan. Over the years with his increasing knowledge and experience, he assumed senior management position. After his responsibilities in Nagoya, he was posted to the corporation's Atlanta Georgia Office and Houston office, USA. During his 11-year posting in the US offices, he held the position of Regional general Manager. His primary role was to set up the Technical Centre in the region and to take charge of major customers in oil industries. In 1991, he was posted to the Singapore office, Yamazaki Mazak Singapore Pte Ltd. and held the position of Deputy Managing Director until 2003.

Mr Miura was appointed as Managing Director in 2003. He was responsible for setting up Yamazaki Mazak Optonics Europe in Belgium, a new subsidiary for laser products supporting the Europe region. Before joining DEPL, Mr Miura was a director with Yamazaki Mazak Trading in Japan.

Key Executives

Mr Alan Tan Shee Tong

General Manager, Dolphin Engineering Pte Ltd

Mr Alan Tan joined JEP Precision Engineering Pte Ltd, subsidiary of JEP Holdings Ltd in October 1987 as an engineering apprentice.

Over the past 26 years of service, Alan has grown with the Company and has moved from engineering to a senior managerial position. With his wealth of experience, he has contributed significantly to the company. He is also the certified Internal Auditor for AS9100:2009.

Shortly after the Group acquired Dolphin Engineering Pte Ltd, Alan was promoted to the position of General Manager with primary responsibilities to strengthen the manufacturing processes and capabilities at Dolphin. With Alan's leadership, Dolphin has made significant improvement in the operations, productivity and safety.

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Corporate Information

Company Registration No. 199401749E

Board of Directors

Executive:

Joe Lau
(Executive Chairman and Chief Executive Officer)

Koh How Thim
(Executive Director)

Soh Chee Siong
(Executive Director)
(Appointed on 10 January 2014)

Non-Executive:

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
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
Chartered Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce &
Industry Building
Singapore 179365

Audit Partner-in-Charge

Yeo Boon Chye
(since financial year ended 31 December 2011)

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Financial Contents

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 2012 (the "Code").

Principle 1 – The Board's Conduct of its Affairs

The Company is headed by the Board that leads and controls the Company. The Board is collectively responsible for the long-term success of the Company and works with Management to achieve this objective and Management remains accountable to the Board.

The Board comprises the following members:

Executive Directors

Joe Lau
Koh How Thim
Soh Chee Siong (Appointed on 10 January 2014)

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.

The Board has guidelines that require Board's approval, including appointment of directors, Company Secretary and appointment of Catalist Sponsor and as well as major transactions such as, *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. In particular, the Board is regularly kept informed and updated on courses/seminars offered by Singapore Institute of Directors which are relevant to training and professional development of directors.

The Company Secretary attends most of 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.

Corporate Governance

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

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
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
Soh Chee Siong	2	-*	-	-	-	-	-	-

* Mr Soh Chee Siong was appointed as a Director of the Company on 10 January 2014.

Principle 2 – Board Composition and Balance

The Board comprises six 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 and 10% shareholders. 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.

Even though the Independent Directors form less than half of the Board, the Board is still able to exercise objective judgement on business and corporate affairs, independent from management. This is because of the active participation and engagement between the nominee director of the substantial shareholder and the Independent Directors in often stimulating and dynamic discussions during board meetings and meetings of the board committees. As a result, proposed strategies and significant issues and matters are constructively analysed, debated and thoroughly discussed and considered, with the long-term interests of shareholders taken into consideration.

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 10% shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's Independence business judgement. The NC has ascertained that for the period under review, all Non-Executive Independent Directors are independent.

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. 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 setting the agenda for board meetings, ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues, and that complete, adequate and timely information is made available to the Board. He encourages constructive relations within the Board and between the Board and management and takes a lead role in promoting high standards of corporate governance.

All major decisions 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.

Corporate Governance

Principle 4 – Board Membership

The 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);
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. Other roles include review of Board succession plans, training needs and professional development programmes.

The NC shall be responsible for identifying and nominating candidates for the Board, determining annually, whether a director is independent in accordance with the guidelines set out in the Code, 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. The NC monitors and determines annually whether Directors who have multiple board representation and principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and his actual conduct on the Board, in making this determination.

The NC has ascertained that for the period under review, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out, his 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 Joe Lau and Mr Wong Gang shall retire and being eligible, agree to be re-elected.

Pursuant to Article 97 of the Company's Articles of Association, any person so appointed by the Directors shall hold office only until the next AGM and shall then be eligible for re-election and for this purpose, Mr Soh Chee Siong shall retire from office, at the forthcoming AGM.

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.

The NC has discussed the maximum number of listed company board representations which directors may hold, and has concluded that there is no need to impose a limit on the number of board representations at this stage. The Directors have expressed that they are committed to carry out their roles and responsibilities to their best of efforts.

Further Information on Board of Directors

Joe Lau

Executive Chairman and Chief Executive Officer
Date of first appointment as a director : 1 October 2007
Date of last re-election as a director : 28 April 2011

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (March 2011 to March 2014)
Nominating Committee	JEP Precision Engineering Pte. Ltd. JEP Precision Engineering Co., Ltd. Dolphin Engineering Pte. Ltd.	Nil

Corporate Governance

Principle 4 – Board Membership (cont'd)

Further Information on Board of Directors (cont'd)

Wong Gang
Lead Independent Director
Date of first appointment as a director : 1 November 2006
Date of last re-election as a director : 18 April 2012

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (March 2011 to March 2014)
Remuneration Committee (Chairman) Nominating Committee (Chairman) Audit Committee	China Animal Healthcare Limited, Bermuda Tianjin Zhongxin Pharmaceutical Group Corporation Limited, PRC Renewable Energy Asia Group Limited, Bermuda Bowsprit Capital Corporation Limited	Nil

Quek Hiong How
Independent Director
Date of first appointment as a director : 3 August 2009
Date of last re-election as a director : 22 April 2013

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (March 2011 to March 2014)
Audit Committee (Chairman) Nominating Committee Remuneration Committee	Nil	Nil

Koh How Thim
Executive Director
Date of first appointment as a director : 7 May 2009
Date of last re-election as a director : 18 April 2012

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (March 2011 to March 2014)
Nil	JEP Precision Engineering Pte. Ltd. Dolphin Engineering Pte. Ltd.	Nil

Chan Wai Leong
Non Executive Director
Date of first appointment as a director : 4 June 2010
Date of last re-election as a director : 22 April 2013

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (March 2011 to March 2014)
Audit Committee Remuneration Committee	Ellipsiz Ltd Group of Companies	Nil

Principle 4 – Board Membership (cont'd)

Soh Chee Siong
Executive Director
Date of first appointment as a director : 10 January 2014
Date of last re-election as a director : N.A.

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (March 2011 to March 2014)
Nil	Dolphin Engineering Pte. Ltd.	Nil

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.

As an integral element of the process of appointing new directors, the Chairman, in consultation with the NC, may act on the performance evaluation result and where appropriate, proposes new members to be appointed to the Board or seeks resignation of Directors.

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 Company Secretary attends most of the board meetings and is responsible to the Board for advising on the implementation of the Group's compliance requirement pursuant to the relevant statutes and regulations. The appointment and removal of the Company Secretary is subject to approval of the Board.

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 financial 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 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. The Executive Directors' remuneration packages are based on service contracts. These include a profit sharing scheme that is performance related to align their interest with those of the shareholders.

Currently, the Company does not have any long-term incentive scheme for its Directors but has been looking into this issue with its Independent Directors. The Company has decided not to proceed further at this stage. Where appropriate, the Board will adopt recommendations and modifications on adopting incentive schemes, if feasible and applicable. The RC may seek expert advice outside the Company on remuneration for the Directors and key management personnel. It ensures that in the event such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

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.

The RC may seek expert advice inside and/or outside of the Company on remuneration of Directors and staff. It ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

The Independent and Non-Executive Directors do not have any service agreements with the Company. Save for directors' fees, which have to be approved by the shareholders at every AGM, the Independent and Non-Executive Directors do not receive any remuneration from the Company.

Principle 9 – Disclosure on Remuneration

The remuneration of Directors and the top 5 senior executives of the Company for the year ended 31 December 2013 are set out below:

Name of Director	Fees (1)	Salary (2)	Bonus (2)	Others (3)	Total
Directors					
Joe Lau	-	65%	22%	13%	100%
Koh How Thim	-	74%	13%	13%	100%
Soh Chee Siong	-	72%	16%	12%	100%
Wong Gang	100%	-	-	-	100%
Raymond Quek Hiong How	100%	-	-	-	100%
Chan Wai Leong	100%	-	-	-	100%

(1) These fees were approved by shareholders during the last AGM on 22 April 2013.

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

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

The Board is of the view that it is not in the interests of the Company to disclose the remuneration of each individual Director and the CEO on a named basis and the top five key managers (who are not Directors) of the Company in bands of S$250,000 in this Report due to the sensitive and confidential nature of such information and disadvantages that this might bring.

There is no termination, retirement and post-employment benefits granted to Directors, the CEO and the top five management personnel.

In the financial year ended 31 December 2013, the Group has no employee whose annual remuneration exceeds S$50,000 who is related to any Director.

As at 31 December 2013, the Company does not have an employee share schemes.

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 a balanced and understandable assessment 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 is 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 - Risk Management and Internal Controls

The Company does not have a Risk Management Committee. The Board is overall responsible for the governance of risk within the Group. It ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic business objectives.

Management had engaged JF Virtus Pte Ltd ("JFV"), the internal auditor, to conduct a major review of the Group's operations and business to identify and assess risks relevant to the Group with the objective of mitigating the risks, and allocating the Group's resources to create and preserve value aligned to the Group's strategy. JFV performed a facilitator role in the risk assessment process. JFV conducted an Enterprise Risk Assessment with the management and relevant employees to identify key risks that would impact the achievement of the Group's business objectives. The risk assessment exercise highlighted pertinent risks in strategic, operational, financial, regulatory compliance and IT areas. Identified risks formed a basis of the Group's risk management framework and manual.

The risk management framework and Enterprise Risk Management manual were developed to provide the architecture for managing risk across the Group. Identification, evaluation and reporting of risks which are activities conducted by an in-house risk management function on a continuing basis. Mr Koh How Thim, the Chief Risk Officer ("CRO"), oversees the in-house risk management function. He works with the management, relevant employees and the internal auditor in relation to risk identification and management as well as internal audit works.

Management is responsible for ensuring that the risk identified is relevant to the business environment and that controls or mitigating factors are in place. The Board reviews and approves policies and procedures for the management of identified risks. The AC provides independent oversight to the effectiveness of the risk management process.

Both the external auditors and the internal auditors conducted annual review of the effectiveness of the Group's key internal controls, including financial, operational and compliance controls and risk management. Any material non-compliance or lapses in internal controls and recommendation for improvement are reported to the AC. All required corrective, preventive or measures for improvement are closely monitored.

The effectiveness of the Group's system of internal controls are in place to address the key financial, operational and compliance risks affecting the operations are reviewed by the AC, together with the Board.

In compliance with Rule 1204(10), the Board with the concurrence of the AC is of the opinion that the Company has a robust and effective internal control system. The system is adequate to address the financial, operational and compliance risks, based on the internal controls established and maintained by the Group, reports from the internal auditors and external auditors.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

The Board had received assurance from the CEO and Mr Koh How Thim (who performs the role of a CFO): (i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (ii) regarding the effectiveness of the Company's risk management and internal control systems.

Principle 12 – Audit Committee

The AC comprises three members who all have accounting or related financial expertise or experience to discharge the responsibilities. It comprises of two Independent Directors and one Non-Executive Director.

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

Principle 12 – Audit Committee (cont'd)

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.

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 external 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, whereby 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.

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment. The AC provides a channel of communication between the Board, the Management, and the internal and external auditors on audit matters.

The AC also has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or Executive Director to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC meets with the internal and external auditors, without the presence of the Management, at least once a year.

Changes to accounting standards and issues which have a direct impact on financial statements will be highlighted to the AC from time to time by the external auditors. The external auditors will work with Management to ensure that the Group complies with the new accounting standards, if applicable.

Foo Kon Tan Grant Thornton LLP ("FKT") was appointed as the Company's external auditors. FKT audit the accounts of the Company and its subsidiaries. The Company has accrued an aggregate amount of audit fees of S$167,300, comprising audit fees of S$135,000 and non-audit services fees of S$32,300 to the external auditors for the year under review. The AC has undertaken a review of all non-audit services provided by FKT and is of the opinion that they would not affect their independence.

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

Principle 13 - Internal Audit

During the financial year, the Company appointed a firm which specialises in audit, risk and control consultancy firm, JF Virtus Pte Ltd ("JF") to conduct an internal audit of the Company. JF reports directly to the AC Chairman and administratively to the CEO and CRO. The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls, and to highlight the areas where control weaknesses exist, if any. The Company continues to work with the internal auditor to identify other scope of work which will help to further enhance the robustness of the Company.

The internal auditor carried out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC has reviewed the adequacy and effectiveness of the internal audit function at least annually and ensured that it is adequately resourced and has appropriate standing within the Company.

The AC approves the hiring, removal, evaluation and compensation of the internal auditor, who has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

Principle 14, 15 & 16 – Shareholder Rights and Responsibilities

The Board is committed to being open and transparent in the conduct of the Company's affairs, while 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. The Company's website: www.jep-holdings.com, contains regular up to date information and corporate profile of the Group. All shareholders and the public can access for more information of the Company through this website.

The Company has also engaged an external investor relations firm to enhance its communication with shareholders and investment community at large.

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

At general meetings, shareholders are given the opportunity to express their views and ask questions regarding the Group and its businesses. The Articles allow a shareholder to appoint one or two proxies to attend and vote instead of the shareholder. The Articles contain provision for any shareholder to vote in absentia.

The Company is in full support of shareholder participation at AGMs. For those who hold their shares through nominee or custodial services, they are allowed, upon prior request through their nominee, to attend the AGM as observers without being constrained by the two-proxy rule.

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. All minutes of general meetings are available to shareholders upon request.

Due to the high cost in employing electronic polling and relatively small number of shareholders who turn up for the general meetings, the voting process of the Company is done via a show of hands unless a poll is demanded.

All directors, including the Chairman of the AC, RC and NC are in attendance at the general meeting to allow shareholders the opportunity to air their views and ask directors questions regarding the Company. In addition, external auditors are also invited to attend the Annual General Meetings to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors' report.

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 from dealing 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.

Corporate Governance

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.

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 2013

The directors 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 2013.

Names of directors

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

Joe Lau	-	Executive Chairman of the Board, Chief Executive Officer
Koh How Thim	-	Executive Director
Soh Chee Siong	-	Executive Director (Appointed on 10 January 2014)
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.

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			
	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
The Company - JEP Holdings Ltd.	As at 1.1.2013 or date of appointment, if later	**As at 31.12.2013 and 21.1.2014#**	As at 1.1.2013 or date of appointment, if later	**As at 31.12.2013 and 21.1.2014#**
Joe Lau	135,240,950	**135,240,950**	30,000,000	**30,000,000**
Koh How Thim	175,000	**175,000**	-	**-**
Soh Chee Siong	1,394,000	**3,394,000**	-	**-**

There are no changes to the above shareholdings as at 21 January 2014.

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 Notes 20 and 21 to the financial statements.

Share options

The Company does not have any employee share option schemes in force during the financial year.

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 Listing Manual of the Singapore Exchange 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 2013 as well as the independent auditor's report thereon; and

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

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, Chartered Accountants, has expressed its willingness to accept re-appointment.

Other information required by the SGX-ST

Material information

No material contracts of the Company and/or its subsidiaries 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.

Interested person transactions

There was no interested person transaction as defined in Chapter 9 of SGX-ST Manual conducted during the financial year except as disclosed under "Interested Person Transactions" under "Corporate Governance".

On behalf of the Directors

Joe Lau

Koh How Thim

Dated: 12 March 2014

Statement By Directors

for the financial year ended 31 December 2013

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 2013 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

Joe Lau

Koh How Thim

Dated: 12 March 2014

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 2013, 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 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 2013, 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.

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 subsidiaries 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
Chartered Accountants

Yeo Boon Chye
Partner-in-charge of the audit

Singapore, 12 March 2014

Statements of Financial Position

as at 31 December 2013

	Note	The Group 31 December 2013 $'000	The Group 31 December 2012 $'000	The Company 31 December 2013 $'000	The Company 31 December 2012 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**24,009**	24,324	**20**	56
Investment in subsidiaries	5	**-**	-	**43,401**	43,401
Intangible assets	6	**19,913**	21,533	**-**	-
Deferred tax assets	16	**2,205**	921	**-**	-
		46,127	46,778	**43,421**	43,457
Current assets					
Tax recoverable		**-**	29	**-**	-
Inventories	7	**5,028**	3,988	**-**	-
Trade and other receivables	8	**8,561**	6,758	**7**	3
Amount due from subsidiaries	9	**-**	-	**6**	151
Pledged deposits	10	**-**	965	**-**	-
Cash and cash equivalents	10	**6,109**	3,413	**1,232**	868
		19,698	15,153	**1,245**	1,022
Assets of disposal group classified as held for sale	23	**809**	-	**-**	-
		20,507	15,153	**1,245**	1,022
Total assets		**66,634**	61,931	**44,666**	44,479
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	11	**34,163**	34,163	**34,163**	34,163
Capital reserve	13	**247**	247	**247**	247
Retained profits		**2,957**	3,422	**6,974**	5,682
Translation reserve		**(180)**	(121)	**-**	-
		37,187	37,711	**41,384**	40,092
Non-controlling interests		**2,871**	2,615	**-**	-
Total equity		**40,058**	40,326	**41,384**	40,092
Liabilities					
Non-current liabilities					
Other payables	17	**-**	2,150	**-**	2,150
Obligations under finance lease	14	**3,108**	2,742	**-**	-
Borrowings	15	**-**	170	**-**	-
Deferred tax liabilities	16	**2,930**	2,035	**-**	-
Deferred income	17	**1,375**	1,847	**-**	-
		7,413	8,944	**-**	2,150
Current liabilities					
Trade and other payables	17	**8,822**	9,956	**182**	1,237
Obligations under finance lease	14	**2,000**	1,474	**-**	-
Borrowings	15	**8,100**	1,225	**3,100**	1,000
Bank overdraft	10	**-**	6	**-**	-
		18,922	12,661	**3,282**	2,237
Liabilities directly associated with disposal group classified as held for sale	23	**241**	-	**-**	-
		19,163	12,661	**3,282**	2,237
Total equity and liabilities		**66,634**	61,931	**44,666**	44,479

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statements of Comprehensive Income

for the financial year ended 31 December 2013

	Note	The Group 31 December 2013 $'000	The Group 31 December 2012 $'000	The Company 31 December 2013 $'000	The Company 31 December 2012 $'000
Continuing operations					
Revenue	3	**36,839**	34,743	**2,660**	1,565
Cost of sales		**(32,081)**	(28,853)	**-**	-
Gross profit		**4,758**	5,890	**2,660**	1,565
Other operating income	18	**3,342**	2,078	**2,002**	424
Selling and distribution expenses		**(1,215)**	(1,159)	**-**	-
Administrative expenses		**(4,537)**	(5,292)	**(1,461)**	(1,502)
Finance costs	19	**(264)**	(195)	**(51)**	(30)
Impairment loss on goodwill on consolidation	6	**-**	(500)	**-**	-
Profit before tax from continuing operations	21	**2,084**	822	**3,150**	457
Taxation	22	**361**	177	**-**	-
Profit after tax from continuing operations for the year		**2,445**	999	**3,150**	457
Discontinued operation					
Loss from discontinued operation, net of tax	23	**(890)**	(14)	**-**	-
Profit for the year, net of tax		**1,555**	985	**3,150**	457
Other comprehensive income/(expense) after tax					
Item that will be reclassified subsequently to profit or loss					
Currency translation differences					
Gains/(losses)	24	**35**	(5)	**-**	-
Total comprehensive income for the year		**1,590**	980	**3,150**	457
Profit attributable to:					
Equity owners of the Company					
Profit from continuing operations, net of tax		**2,150**	862		
Loss from discontinued operation, net of tax		**(757)**	(12)		
Profit attributable to equity owners of the Company		**1,393**	850		
Non-controlling interests					
Profit from continuing operations, net of tax		**295**	137		
Loss from discontinued operation, net of tax		**(133)**	(2)		
Profit attributable to the non-controlling interests		**162**	135		
		1,555	985		
Total comprehensive income attributable to:					
Equity owners of the Company		**1,423**	846		
Non-controlling interests		**167**	134		
		1,590	980		
Earnings/(loss) per share (cents)	25				
From continuing operations attributable to equity owners of the Company					
- basic		**0.231**	0.092		
- diluted		**0.231**	0.092		
From discontinued operation attributable to equity owners of the Company					
- basic		**(0.081)**	(0.001)		
- diluted		**(0.081)**	(0.001)		

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statement of Changes in Equity

for the financial year ended 31 December 2013

The Group	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Translation reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total $'000
	← Attributable to equity holders of the Company →							
Balance at 1 January 2012	33,473	(1,553)	-	(147)	2,572	34,345	2,511	36,856
Net profit for the year	-	-	-	-	850	850	135	985
Currency translation differences	-	-	-	26	-	26	(31)	(5)
Total comprehensive income for the year	-	-	-	26	850	876	104	980
Re-issuance of treasury shares (Note 12)	-	1,553	247	-	-	1,800	-	1,800
Issue of new ordinary shares	700	-	-	-	-	700	-	700
Shares issuance expenses	(10)	-	-	-	-	(10)	-	(10)
Balance at 31 December 2012	**34,163**	**-**	**247**	**(121)**	**3,422**	**37,711**	**2,615**	**40,326**
Net profit for the year	**-**	**-**	**-**	**-**	**1,393**	**1,393**	**162**	**1,555**
Currency translation differences	**-**	**-**	**-**	**30**	**-**	**30**	**5**	**35**
Total comprehensive income for the year	**-**	**-**	**-**	**30**	**1,393**	**1,423**	**167**	**1,590**
Dividends (Note 34)	**-**	**-**	**-**	**-**	**(1,858)**	**(1,858)**	**-**	**(1,858)**
Transfer of translation reserve	**-**	**-**	**-**	**(89)**	**-**	**(89)**	**89**	**-**
Balance at 31 December 2013	**34,163**	**-**	**247**	**(180)**	**2,957**	**37,187**	**2,871**	**40,058**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statement of Changes in Equity

for the financial year ended 31 December 2013

The Company	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 January 2012	33,473	(1,553)	-	5,225	37,145
Total comprehensive income for the year	-	-	-	457	457
Re-issuance of treasury shares (Note 12)	-	1,553	247	-	1,800
Issue of new ordinary shares	700	-	-	-	700
Shares issuance expenses	(10)	-	-	-	(10)
Balance at 31 December 2012	**34,163**	**-**	**247**	**5,682**	**40,092**
Total comprehensive income for the year	**-**	**-**	**-**	**3,150**	**3,150**
Dividends	**-**	**-**	**-**	**(1,858)**	**(1,858)**
Balance at 31 December 2013	**34,163**	**-**	**247**	**6,974**	**41,384**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2013

	Year ended 31 December 2013 $'000	Year ended 31 December 2012 $'000
Cash Flows from Operating Activities		
Profit before tax from continuing operations	**2,084**	822
Loss before tax from discontinued operation	**(890)**	(14)
Profit before tax, total	**1,194**	808
Adjustments for:		
Impairment of trade receivables no longer required	**(5)**	(27)
Impairment of trade receivables	**2**	64
Allowance for obsolete inventories no longer required	**(43)**	(15)
Depreciation of property, plant and equipment	**3,198**	3,185
Amortisation of intangible assets	**850**	1,401
Gain on disposal of property, plant and equipment	**(385)**	(20)
Gain on sales & leaseback and amortisation	**(529)**	(529)
Inventories written off	**16**	-
Impairment loss on goodwill on consolidation	**770**	500
Bad debts written off	**2**	-
Bad debts recovered	**(6)**	(16)
Interest income	**(3)**	(6)
Interest expense	**295**	245
Net fair value loss on derivative	**-**	101
Net fair value gain on additional cash consideration for acquisition of a subsidiary	**(1,956)**	(395)
Operating cash flows before working capital changes	**3,400**	5,296
Increase in inventories	**(1,013)**	(1,824)
(Increase)/decrease in operating receivables	**(1,778)**	177
(Decrease)/increase in operating payables	**(3,959)**	714
Cash (used in)/generated from operations	**(3,350)**	4,363
Interest expense paid	**(295)**	(245)
Interest income received	**3**	6
Tax refund	**-**	(495)
Net cash (used in)/generated from operating activities	**(3,642)**	3,629
Cash Flows from Investing Activities		
Net cash outflow on acquisition of a subsidiary (Note 5)	**-**	(6,880)
Purchase of property, plant and equipment (Note A)	**(1,017)**	(2,259)
Proceeds from disposal of property, plant and equipment	**638**	47
Net cash used in investing activities	**(379)**	(9,092)
Cash Flows from Financing Activities		
Decrease/(increase) in pledged deposit	**950**	(4)
Dividends paid on ordinary shares	**(1,858)**	-
Proceeds/(repayment) of obligations under finance lease	**891**	(2,527)
Drawdown/(repayment) of bank term loans	**6,705**	(133)
Share issuance expenses	**-**	(10)
Net cash generated from/(used in) financing activities	**6,688**	(2,674)
Net increase/(decrease) in cash and cash equivalents	**2,667**	(8,137)
Exchange differences on translation of cash and bank balances at beginning	**36**	-
Cash and cash equivalents at beginning of year	**3,407**	11,544
Cash and cash equivalents at end of year (Note 10)	**6,110**	3,407

Note:

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $3,947,000 (2012 - $8,772,000) of which $2,930,000 (2012 - $3,098,000) was acquired by means of finance leases and $Nil (2012 - $3,415,000) by means of non-trade payables. Cash payments of $1,017,000 (2012 - $2,259,000) were made to purchase property, plant and equipment.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 General information

The financial statements of the Group and of the Company for the financial year ended 31 December 2013 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 activities of the Company are those of an investment holding company and provision of management services to its subsidiaries. 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.

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

In the process of applying the Group'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 16 and Note 22)

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 $811,000 (2012 - $641,000). The machine hours worked is based on best estimates by the production department. This estimation is approved by management.

(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:

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

Significant accounting estimates and judgements (cont'd)

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

(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 12 years (2012 - 5 to 12 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 11% (2012 - 24%) 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 amount of the Group's property, plant and equipment as at 31 December 2013 is $24,009,000 (2012 - $24,324,000). 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 Company 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.

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

The recoverable amounts of the cash generating units which goodwill have been allocated are determined based on value-in-use calculations. The value-in-use calculations are based on a discounted cash flow model. Determining the recoverable amount requires management to make significant judgements, estimates and assumptions. While management believes that the estimates and assumptions are reasonable, these estimates and assumptions could have a significant impact on whether or not an impairment charge is recognised.

The results of an impairment analysis are as of a point in time. There is no assurance that the actual future earnings or cash flows of the cash generating units will not decline significantly from the projections. Any significant decline in the operations could result in impairment charges in future periods, which could have a significant impact on the Group's operating results and financial condition.

A number of factors, many of which management has no ability to control, could affect the Group's financial condition, operating results and business prospects and could cause actual results to differ from estimates and assumptions management employed. These factors include: a prolonged economic slowdown; a significant decrease in the demand for the Group's products and services; a significant adverse change in the business climate; successful efforts by competitors to gain market share in the Group's markets; and a loss of key personnel.

The key assumptions applied in the determination of the value-in-use including sensitivity analysis, are disclosed and further explained in Note 6 to the financial statements.

(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 $503,000 (2012 - $399,000).

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

Significant accounting estimates and judgements (cont'd)

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

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

Allowances 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 2013

On 1 January 2013, the Group and the Company adopted the amended FRSs 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. This includes the following FRSs which are relevant to the Group and the Company:

Reference	Description
FRS 1	Presentation of Items of Other Comprehensive Income
FRS 19	Employee Benefits
FRS 101	Government Grants
FRS 107	Disclosures - Offsetting Financial Assets and Financial Liabilities
FRS 113	Fair Value Measurement
Improvements to FRSs 2012	

FRS 1 Presentation of items of Other Comprehensive Income

The amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* ("OCI") are effective for financial periods beginning on or after 1 July 2012.

The amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be classified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 107 Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 107 provides disclosure requirements that are intended to help investors and other financial statement users better assess the effect or potential effect of offsetting arrangements on a company's financial position. The new disclosures require information about the gross amount of financial assets and liabilities before offsetting and the amounts set off in accordance with the offsetting model in FRS 32.

FRS 113 Fair Value Measurement

FRS 113 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of FRS 113 is broad and it applies for both financial and non-financial items for which other FRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

FRS 113 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

The Group has applied FRS 113 for the first time in the current year.

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

The adoption of above amended standards does not have any material impact on the basic and fully diluted earnings per share of the Group.

2(c) FRS and INT FRS issued but not yet effective

The following are the new or amended FRS and INT FRS issued in 2013 that are not yet effective but may be early adopted for the current financial year:

No.	Title	Effective date (Annual periods beginning on or after)
Revised FRS 27	Separate Financial Statements	1 January 2014
Revised FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014

The directors do not anticipate that the adoption of the above FRSs 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 over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated 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.

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

Consolidation (cont'd)

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 are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are 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 is 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 is 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.

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 building	30 years
Machinery and equipment	5 to 12 years
Electrical installations and renovations	3 to 10 years
Furniture, fittings and office equipment	5 to 10 years
Computers	3 years
Motor vehicles	5 to 6 years

No depreciation is provided on freehold land and assets under construction.

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.

Goodwill

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.

Customer relationships

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 and 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.

Provision 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.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

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.

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

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.

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

Financial assets (cont'd)

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They 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.

Financial asset at fair value through profit or loss

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

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

Derivatives embedded in host contracts were accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks were not closely related to those of the host contracts and the host contracts were not held for trading or designated at fair value through profit or loss. These embedded derivatives were measured at fair value with changes in fair value recognised in income statements. Reassessment only occurs if there was a change in the terms of the contract that significantly modified 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 pledged fixed deposits and 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 and the Company's financial liabilities include borrowings, trade and other payables and obligations under finance lease.

Financial liabilities are recognised when the Group and the Company become 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 and the Company'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 and the Company'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).

Financial guarantees

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

Financial guarantees are 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 statements 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 statements.

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.

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

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".

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.

Convertible term loan

Where equity conversion option was recognised as an equity component

When convertible term loan was drawn-down, 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.

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.

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

Income taxes (cont'd)

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 date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, 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 statements, 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.

Group tax relief is available for the Singapore incorporated holding company and its Singapore incorporated subsidiaries 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 subsidiaries 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 same 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. During the financial year ended 31 December 2013, the Group has ceased its business in Thailand.

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.

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.

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

Impairment of non-financial assets (cont'd)

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.

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.

Non-current assets held for sale and discontinued operation

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents:

- a separate major line of business or geographical area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

In profit or loss of the current reporting period, and of the comparative period of the previous year, all income and expenses from discontinued operation are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in income statements.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

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.

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

Revenue recognition (cont'd)

Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risks 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.

Rendering of services

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

Interest income

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

Productivity and Innovation Credit ("PIC") and Special Employment Credit ("SEC") Cash Grant

Cash grants received from the government in relation to the PIC and SEC Cash Grant are recognised as income upon receipt.

Management fee

Management fee is recognised when services are rendered.

Dividend income

Dividend income from investments is recognised gross when the right to receive the dividend has been established.

Functional currencies

Functional and presentation currency

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.

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. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statements within "finance costs". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

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 transactions.

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

Conversion of foreign currencies (cont'd)

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 segment

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

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 30.

3 Revenue

The Group

Revenue represents the sale of goods in the normal course of business. Intra-group transactions have been excluded from Group revenue (see Note 33).

The Company

Revenue represents dividend income from its subsidiaries and management fee from services rendered to its subsidiaries.

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	Assets under construction $'000	Total $'000
Cost										
At 1 January 2012	246	869	-	30,695	1,535	544	674	385	-	34,948
Additions	-	-	-	8,568	34	12	142	16	-	8,772
Disposals	-	-	-	(68)	(25)	(29)	(160)	(116)	-	(398)
Acquisition of a subsidiary	-	-	5,200	2,225	60	34	17	-	-	7,536
Translation difference	(5)	(14)	-	(41)	(1)	*	(1)	3	-	(59)
At 31 December 2012	**241**	**855**	**5,200**	**41,379**	**1,603**	**561**	**672**	**288**	**-**	**50,799**
Additions	**-**	**-**	**-**	**510**	**62**	**72**	**231**	**-**	**3,072**	**3,947**
Disposals	**-**	**-**	**-**	**(2,117)**	**(229)**	**(138)**	**(138)**	**(84)**	**-**	**(2,706)**
Attributable to discontinued operation	**(233)**	**(826)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,059)**
Translation difference	**(8)**	**(29)**	**-**	**(59)**	**(2)**	**(2)**	**(1)**	**(3)**	**-**	**(104)**
At 31 December 2013	**-**	**-**	**5,200**	**39,713**	**1,434**	**493**	**764**	**201**	**3,072**	**50,877**
Accumulated depreciation										
At 1 January 2012	-	257	-	20,838	1,221	443	550	372	-	23,681
Depreciation for the year	-	47	204	2,586	202	52	81	13	-	3,185
Disposals	-	-	-	(42)	(26)	(29)	(160)	(116)	-	(373)
Translation difference	-	(4)	-	(15)	(1)	*	*	2	-	(18)
At 31 December 2012	**-**	**300**	**204**	**23,367**	**1,396**	**466**	**471**	**271**	**-**	**26,475**
Depreciation for the year	**-**	**11**	**204**	**2,725**	**87**	**37**	**131**	**3**	**-**	**3,198**
Disposals	**-**	**-**	**-**	**(1,906)**	**(226)**	**(118)**	**(132)**	**(71)**	**-**	**(2,453)**
Attributable to discontinued operation	**-**	**(298)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(298)**
Translation difference	**-**	**(13)**	**-**	**(34)**	**(2)**	**(2)**	**(1)**	**(2)**	**-**	**(54)**
At 31 December 2013	**-**	**-**	**408**	**24,152**	**1,255**	**383**	**469**	**201**	**-**	**26,868**
Net book value										
At 31 December 2013	**-**	**-**	**4,792**	**15,561**	**179**	**110**	**295**	**-**	**3,072**	**24,009**
At 31 December 2012	241	555	4,996	18,012	207	95	201	17	-	24,324

* Represents amount less than $1,000

4 Property, plant and equipment (cont'd)

The Company	Electrical installations and renovations $'000	Furniture, fittings and office equipment $'000	Computers $'000	Total $'000
Cost				
At 1 January 2012	174	143	239	556
Disposals	-	(1)	(150)	(151)
At 31 December 2012	**174**	**142**	**89**	**405**
Additions	**-**	**-**	**2**	**2**
Disposals	**(174)**	**(69)**	**-**	**(243)**
At 31 December 2013	**-**	**73**	**91**	**164**
Accumulated depreciation				
At 1 January 2012	138	83	216	437
Depreciation for the year	35	14	14	63
Disposals	-	(1)	(150)	(151)
At 31 December 2012	**173**	**96**	**80**	**349**
Depreciation for the year	**1**	**13**	**9**	**23**
Disposals	**(174)**	**(54)**	**-**	**(228)**
At 31 December 2013	**-**	**55**	**89**	**144**
Net book value				
At 31 December 2013	**-**	**18**	**2**	**20**
At 31 December 2012	1	46	9	56

(a) Depreciation expense charged to:

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Cost of sales	**2,940**	2,836	**-**	-
Selling and distribution expenses	**2**	14	**-**	-
Administrative expenses	**256**	335	**23**	63
	3,198	3,185	**23**	63

(b) As at 31 December 2013, the net book value of machinery and equipment under finance leases of the Group amounted to $9,052,000 (2012 - $5,934,000).

(c) Certain of the Group's assets were pledged as securities for bank overdraft facility (Note 10) and certain loans (Note 15) of the Group as follows:

	Net book value	
	2013	**2012**
	$'000	**$'000**
Freehold land	-	241
Freehold factory building	-	555
Machinery and equipment	-	58
Leasehold factory building	4,792	-
	4,792	854

4 Property, plant and equipment (cont'd)

The pledge on the freehold land, freehold factory building and machinery and equipment totalling $854,000 was discharged following the full repayment of borrowings (Note 10 and Note 15) during the financial year ended 31 December 2013.

(d) The freehold land comprises:

Location	Description	Land area (sq. metres)	Tenure
700/190 Moon 1, Amata Nakom Industrial Estate, Tambon Bankao, Amphur Panthong, Chonburi, 20160 Thailand	Land	3,000	Freehold

(e) The leasehold property comprises:

Location	Description	Land area (sq. metres)	Tenure	Net book value ($'000)
No.2 Loyang Way 4 Singapore	Leasehold land with an elected single-storey Jurong Town Corporation standard (Type D8) factory with a mezzanine level and a single-storey rear extension	5,017.5	30 years commencing 1 June 2007	4,792
				4,792

(f) Fully depreciated assets

The cost of the Group's fully depreciated property, plant and equipment that is still in use amounted to $10,514,000 (2012 - $11,757,000).

5 Investment in subsidiaries

The Company	2013 $'000	2012 $'000
Unquoted equity investments, at cost	**43,401**	43,401

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
		2013	2012	**2013**	2012	
		$'000	$'000	**%**	%	
Held by the Company						
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
Dolphin Engineering Pte Ltd ("DEPL") [1]	Singapore	**13,933**	13,933	**100**	100	Large format precision engineering and equipment fabrication service
		43,401	43,401			
Held through a subsidiary						
JEP Precision Engineering Co., Ltd ("JEPT") [2]/[3]	Thailand	**-**	-	**85**	85	Manufacturing of high-technology products
		43,401	43,401			

(1) Audited by Foo Kon Tan Grant Thornton LLP, Singapore.

(2) Audited by member firm of Morison International in Thailand, the total assets only represent less than 5% of the Group's total assets. JEPT had ceased operations on 31 July 2013 and had been classified as discontinued operation for the financial year ended 31 December 2013.

(3) Effectively owned 99.99% (2012 - 99.99%) by JEPS which includes nominee shareholding.

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.

5 Investment in subsidiaries (cont'd)

Acquisition of a subsidiary (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
Leasehold factory building	5,200
Property, plant and equipment	2,336
Trade and other receivables	2,543
Inventories	90
Cash and cash equivalents	1,053
	11,222
Trade and other payables	(1,644)
Finance lease obligations	(433)
Deferred tax liability	(24)
Income tax payable	(466)
Total identifiable net assets at fair value	8,655
Goodwill arising from acquisition (Note 6)	5,278
	13,933

Consideration transferred for the acquisition of DEPL

	$'000
Cash paid	7,933
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	13,933

Effect of the acquisition of DEPL on cash flows

	$'000
Total consideration for 100% equity interest acquired	13,933
Less: Non-cash consideration	(6,000)
Consideration settled in cash	7,933
Less: Cash and cash equivalents of subsidiary acquired	(1,053)
Net cash outflow on acquisition	6,880

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 was based on the issue price of $0.04 per share at the acquisition date.

The attributable cost incurred of $10,000 for the issuance of the shares had 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.

5 Investment in subsidiaries (cont'd)

Acquisition of a subsidiary (cont'd)

The fair value of the additional cash consideration as at 31 December 2012 had been decreased by $395,000 to $3,105,000. The fair value of the additional cash consideration was calculated by applying the income approach using the probability-weighted payout method at a discount rate of 9.22%. This fair value adjustment of additional cash consideration is recognised in "Other operating income" line item in the consolidated income statement for the financial year ended 31 December 2012.

During the financial year ended 31 December 2013, an additional cash consideration of $1,149,000 was paid to the previous owners of DEPL based on the NPAT in respect of FY2012. As of 31 December 2013, the previous owners of DEPL had waived their rights to the additional cash consideration in respect of FY2013 that would have been payable on May 2014. Accordingly, the fair value of the deferred additional cash consideration of $3,105,000 has been adjusted to reflect this development and the residual fair value gain of the additional cash consideration of $1,956,000 has been recognised in "Other operating income" line item in the consolidated income statement for the year ended 31 December 2013.

Transaction costs

Transaction costs related to the acquisition of $128,000 had been recognised in "Administrative expenses" line item in the consolidated income statement for the year ended 31 December 2012.

Goodwill arising from acquisition

The goodwill of $5,278,000 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 treasury shares and 17,499,000 new ordinary shares pursuant to acquisition of DEPL's consideration shares at issue price of $0.04 per share for the financial year ended 31 December 2012.

6 Intangible assets

The Group	Goodwill on consolidation $'000	Customer relationship $'000	Total $'000
Cost			
Balance as at 1 January 2012	12,720	12,176	24,896
Effect on acquisition of a subsidiary (Note 5)	5,278	-	5,278
Balance as at 31 December 2012 and 31 December 2013	**17,998**	**12,176**	**30,174**
Accumulated amortisation and impairment loss			
Balance as at 1 January 2012	-	6,740	6,740
Amortisation for the year	-	1,401	1,401
Impairment loss recognised	500	-	500
Balance as at 31 December 2012	**500**	**8,141**	**8,641**
Amortisation for the year	**-**	**850**	**850**
Impairment loss recognised	**770**	**-**	**770**
Balance as at 31 December 2013	**1,270**	**8,991**	**10,261**
Net book value			
Balance as at 31 December 2013	**16,728**	**3,185**	**19,913**
Balance as at 31 December 2012	17,498	4,035	21,533

6 Intangible assets

(a) Goodwill

Impairment test for goodwill

The aggregate carrying amount of goodwill is allocated to the Group's cash-generating units ("CGU") identified as follows:

The Group	**2013 $'000**	2012 $'000
JEP Precision Engineering Pte Ltd	**11,450**	11,450
Dolphin Engineering Pte Ltd	**5,278**	5,278
JEP Precision Engineering Co., Ltd	**-**	770
	16,728	17,498

The recoverable amounts of goodwill arising on acquisition of JEP Precision Engineering Pte Ltd ("JEPS"), Dolphin Engineering Pte Ltd ("DEPL") and JEP Precision Engineering Co., Ltd ("JEPT") 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.

Key assumptions used in the calculation of recoverable amounts are budgeted gross margin, discount rate, terminal value growth rate and the budgeted EBITDA growth rate. The values assigned to the key assumptions represent management's assessment of future trends in the industries the entities operate in and are based on both external and internal sources.

The key assumptions are as follows:

	2013		2012		
	JEPS %	**DEPL %**	JEPS %	DEPL %	JEPT %
Budgeted gross margin	**17.6**	**20.4**	18.8	20.0	27.6
Discount rate	**14.0**	**14.0**	9.2	9.2	11.9
Terminal value growth rate	**1.5**	**1.5**	0.0	1.5	1.5
Budgeted EBITDA growth rate (average of next five years)	**29.7**	**26.2**	9.9	(6.8)	(5.2)

Budgeted gross margin

The budgeted gross margin is based on past performances and the expectation of market developments.

Discount rate

For JEPS and DEPL, the discount rate is a pre-tax measure based on the risk-free rate obtained from the yield on 10-year bonds issued by the Singapore government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the industries that the entities operate in.

For JEPT, the discount rate is a pre-tax measure estimated based on past experience, and industry average weighted average cost of capital.

Terminal value growth rate

Five years of cash flows are included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the lower of the nominal Singapore GDP rates and the long-term compound annual growth rate in EBITDA which management believes is consistent with the assumption that a market participant would make.

Budgeted EBITDA growth rate

Budgeted EBITDA is expressed as the compound annual growth rates in the initial five years of the plans used for impairment testing and has been based on expectations of future outcomes, taking into account past experience adjusted for the following:

- the anticipated annual revenue growth of JEPS included in the cash flow projections for the years 2014 to 2018 is based on existing and highly potential long-term agreements with customers mainly from aerospace and oil and gas business units;
- the anticipated annual revenue growth of DEPL included in the cash flow projections for the years 2014 to 2018 is based on existing regular customers with reference to growth levels experienced with these customers;
- operating costs are assumed to increase in line with inflation for the next five years.

6 Intangible assets (cont'd)

(a) Goodwill (cont'd)

Impairment test for goodwill (cont'd)

Budgeted EBITDA growth rate (cont'd)

In respect to DEPL and JEPT in 2012, the first two years of the businesses plan revenue was projected based on anticipated annual revenue growth and assumed constant sales growth for the next three years 2015 to 2017.

The values assigned to the key assumptions represent management's assessment of future trends in the industries which the entities operate in and are based on external sources and internal sources.

Sensitivity to changes in assumptions

JEPS

The estimated recoverable amount of goodwill allocated to JEPS exceeds its carrying amount by approximately $10.6 million (2012 - Nil). Management has identified a key assumption for which a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The table below shows the amount that this assumption is required to change in order for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	2013	2012
	%	%
Pre-tax discount rate	**4.5**	NA

In 2012, the carrying amount of the goodwill allocated to JEPS was determined to be higher than its recoverable amount and an impairment loss of $500,000 was recognised. An increase of two percentage points in the discount rate would have increased the impairment loss by $5,147,000 and a 5% decrease in budgeted gross margin would have increased the impairment loss by $4,063,000.

DEPL

The estimated recoverable amount of goodwill allocated to DEPL exceeds its carrying amount by approximately $15.4 million (2012 - $54,000). With regards to the assessment of value-in-use in 2013, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

In 2012, as the carrying amount approximates the recoverable amount, any adverse movement in a key assumption would lead to an impairment. An increase of two percentage points in the discount rate would have increased the impairment loss by $2,712,000 and a 5% decrease in budgeted gross margin would have increased the impairment loss by $719,000.

JEPT

Following the cessation of operations of JEPT in July 2013, an impairment loss on goodwill on consolidation of $770,000 has been included in the consolidated income statement and has been recognised under the line item "Loss from discontinued operation, net of tax" for the financial year ended 31 December 2013 (Note 23).

In 2012, the estimated recoverable amount of goodwill allocated to JEPT exceeds its carrying amount by approximately $4.6 million. Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

(b) Customer relationship

This relates to customers relationship arising from the acquisition of JEP Precision Engineering Pte Ltd and its subsidiary. The remaining amortisation period of the customer relationship is 4 years (2012 - 5 years). The amortisation of customer relationship is included in the "Administrative expenses" line item 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	**2013** **$'000**	2012 $'000
At cost,		
Raw materials	**782**	660
Work-in-progress	**2,120**	1,360
Finished goods	**483**	627
Consumables	**1,331**	1,341
Goods-in-transit	**312**	-
	5,028	3,988
Allowance for stock obsolescence		
Balance at beginning of year	**43**	58
Allowance for the year	**-**	19
Allowance no longer required	**(43)**	(34)
Balance at end of year	**-**	43

The Group	**2013** **$'000**	2012 $'000
Cost of inventories included in cost of sales	**11,013**	8,653

During the financial year ended 31 December 2013, a sum of $43,000 (2012 - $34,000) of the write-down of inventories has been reversed to the consolidated income statement due to the recovery of selling price upon subsequent sales of these inventories.

8 Trade and other receivables

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Corporate shareholder of a subsidiary	**1,128**	1,418	**-**	-
- Third parties	**6,701**	5,157	**-**	-
	7,829	6,575	**-**	-
Allowance for impairment of trade receivables				
Balance at beginning of year	**(65)**	(28)	**-**	-
Allowance for the year	**(2)**	(64)	**-**	-
Allowance no longer required	**5**	27	**-**	-
Balance at end of year	**(62)**	(65)	**-**	-
Net trade receivables	**7,767**	6,510	**-**	-
<u>Other receivables</u>				
Deposits	**89**	46	-	-
Down-payment for property, plant and equipment	**142**	-	-	-
Prepayments	**331**	167	7	2
GST input tax	**155**	3	-	1
Recoverable from customers	**75**	-	**-**	-
Other receivables	**2**	32	**-**	-
	794	248	**7**	3
	8,561	6,758	**7**	3

8 Trade and other receivables

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Singapore dollar	**3,283**	2,996	**7**	3
United States dollar	**5,276**	3,571	**-**	-
Pound Sterling	**2**	-	**-**	-
Thai Baht	**-**	191	**-**	-
	8,561	6,758	**7**	3

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.

(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	**2013** **$'000**	2012 $'000
Current	**4,799**	4,319

(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	**2013** **$'000**	2012 $'000
Trade receivables past due:		
Less than 31 days	**1,549**	1,268
31 to 60 days	**717**	458
61-90 days	**598**	252
More than 90 days	**104**	213
	2,968	2,191

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	**2013** **$'000**	2012 $'000
Trade receivables past due:		
More than 90 days	**62**	65

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

9 Amount due from subsidiaries

The Company	**2013** **$'000**	2012 $'000
Amount due from subsidiaries (non-trade)	**6**	151

The non-trade amounts due from subsidiaries are unsecured, interest-free and are repayable on demand. The carrying amounts approximate the fair value of the amount due. The non-trade amounts due from subsidiaries are denominated in Singapore dollar.

10 Cash and cash equivalents

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Cash on hand	**7**	7	**1**	1
Bank balances	**6,102**	3,406	**1,231**	867
Fixed deposits	**-**	965	**-**	-
	6,109	4,378	**1,232**	868
Less: Fixed deposits pledged	**-**	(965)	**-**	-
	6,109	3,413	**1,232**	868

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

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

The Group	**2013** **$'000**	2012 $'000
Cash on hand and bank balances		
- continuing operations	**6,109**	4,363
- discontinued operation (Note 23)	**16**	15
Bank balances	**6,125**	4,378
Less:		
Fixed deposits pledged	***(15)**	(965)
Bank overdraft	**-**	(6)
Cash and cash equivalents	**6,110**	3,407

* included in discontinued operation

The Group	**2013** **$'000**	2012 $'000
Fixed deposit that matures within 3 months		
- 6 January 2013	**-**	950
Fixed deposit that matures after 3 months		
- 30 September 2014	**15**	15
	15	965

The interest rate of pledged fixed deposits is 0.5% (2012 - ranged between 0.250% to 0.625%) per annum.

Fixed deposits were denominated in the following currencies:

The Group	**2013** **$'000**	2012 $'000
Singapore dollars	**-**	950
Thai Baht	**15**	15
	15	965

10 Cash and cash equivalents (cont'd)

Bank overdraft was 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 $200,000 (Baht5,000,000) was secured by a mortgage on a subsidiary's freehold land, freehold factory building, and machinery and equipment [(Note 4(c)], guaranteed by the subsidiary's directors, and bore interest of 7.38% (2012 - 9.75% to 10.00%) per annum. Interest rate of bank overdraft was re-priced monthly. The bank overdraft has been fully repaid during the financial year ended 31 December 2013. Bank overdraft was denominated in Thai Baht.

Cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Singapore dollar	**5,674**	1,642	**1,225**	862
United States dollar	**414**	1,766	**7**	6
Japanese Yen	**20**	5	**-**	-
Thai Baht	**1**	-	**-**	-
	6,109	3,413	**1,232**	868

11 Share capital

	No. of shares		**Amount**	
	2013	2012	**2013**	2012
The Company			**$'000**	$'000
Issued and fully paid, with no par value				
Balance at beginning of year	**928,973,266**	911,474,266	**34,163**	33,473
Issued for acquisition of a subsidiary (Note 5)	**-**	17,499,000	**-**	700
Share issuance expense	**-**	-	**-**	(10)
Balance at end of year	**928,973,266**	928,973,266	**34,163**	34,163

In respect of financial year 2012, in order to fulfil part of the share consideration of 62,500,000 shares as part of the purchase consideration for the acquisition of the 100% equity share interest in Dolphin Engineering Pte Ltd ("DEPL"), on 9 January 2012, the Company issued 17,499,000 new ordinary shares to the vendors of DEPL at issue price of $0.04 per share which is the market price at the acquisition date.

The holders of ordinary shares (except treasury 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

	No. of shares		**Amount**	
	2013	2012	**2013**	2012
The Group and The Company			**$'000**	$'000
Balance at beginning of year	**-**	45,001,000	**-**	1,553
Reissued during the year	**-**	(45,001,000)	**-**	(1,553)
Balance at end of year	**-**	-	**-**	-

Treasury shares related to ordinary shares of the Company that were held by the Company.

In financial year 2011, the Company had acquired 45,001,000 of its own shares through purchase on the Singapore Exchange by way of open market purchase. The total amount paid to acquire the shares was $1,553,000 and had been deducted from the shareholders' equity. The shares were held as "treasury shares". The purpose of these treasury shares was for the issue and allotment of shares to acquire a target company as consideration shares.

12 Treasury shares (cont'd)

On 9 January 2012, the Company reissued the 45,001,000 treasury shares as part of the purchase consideration shares of 62,500,000 shares for the acquisition of the 100% equity interest in Dolphin Engineering Pte Ltd ("DEPL") at issue price of $0.04 each. The cost of treasury shares reissued amounted to $1,553,000. The total consideration for the treasury shares issued was as follows:

The Group and The Company	**2013 $'000**	2012 $'000
Exercise price issued to DEPL	**-**	1,800
Total consideration	**-**	1,800
Less: Cost of treasury shares	**-**	(1,553)
Gain on reissuance of treasury shares	**-**	247

Accordingly, a gain on reissuance of treasury shares of $247,000 was recognised in the capital reserve for the year ended 31 December 2012 (Note 13).

13 Capital reserve

The Group and The Company	**2013 $'000**	2012 $'000
Balance at beginning of year	**247**	-
Gain on reissuance of treasury shares	**-**	247
Balance at end of year	**247**	247

14 Obligations under finance lease

The Group	**2013 $'000**	2012 $'000
Minimum lease payments payable:		
Due not later than one year	**2,150**	1,607
Due later than one year and not later than five years	**3,208**	2,851
	5,358	4,458
Less: Finance charges allocated to future periods	**(250)**	(242)
Present value of minimum lease payments	**5,108**	4,216
Present value of minimum lease payments:		
Due not later than one year	**2,000**	1,474
Due later than one year and not later than five years	**3,108**	2,742
	5,108	4,216

The obligations under finance lease are denominated in the following currencies:

The Group	**2013 $'000**	2012 $'000
Singapore dollar	**5,108**	4,195
Thai Baht	**-**	21
	5,108	4,216

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 2.2% to 5.5% (2012 - 2.2% to 9.8%) per annum. The finance lease obligations are secured by the underlying assets [Note 4(b)].

15 Borrowings

		The Group		The Company	
		2013	2012	**2013**	2012
	Maturity	**$'000**	$'000	**$'000**	$'000
Current:					
Current portion of long term convertible term loan[1]	2012	**-**	-	**-**	-
Short term					
- SGD bank loan [2]	2013	**-**	1,000	**-**	1,000
- SGD bank loan [3]	2014	**3,100**	-	**3,100**	-
- SGD bank loan [4]	2014	**5,000**	-	**-**	-
Current portion of long term Thai Baht bank loan [5]	2013	**-**	225	**-**	-
	(i)	**8,100**	1,225	**3,100**	1,000
Non-current:					
Long term portion of Thai Baht bank loan [5]	2014	**-**	170	**-**	-
	(ii)	**-**	170	**-**	-
Total borrowings	(i)+(ii)	**8,100**	1,395	**3,100**	1,000

Borrowings are denominated in the following currencies:

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Singapore dollar	**8,100**	1,000	**3,100**	1,000
Thai Baht	**-**	395	**-**	-
	8,100	1,395	**3,100**	1,000

(1) The unsecured convertible term loan was denominated in SGD. The effective interest rate was 3.00% per annum. This loan was fully repaid during the financial year ended 31 December 2012. Please refer to Note A below for further details on the convertible term loan.

(2) The unsecured Multi-currency Money Market Loan was denominated in SGD. The effective interest rate was 2.88% per annum. The Group had financial covenants attached to the said bank loan for which the Group had duly observed. This loan was fully repaid during the financial year ended 31 December 2013.

(3) The unsecured Multi-currency Money Market Loan is denominated in SGD. The effective interest rate is 2.92% per annum. The Group has financial covenants attached to the said bank loan for which the Group has duly observed.

(4) The secured Money Market Loan is denominated in SGD. The effective interest rate is 1.90% per annum. The loan is secured by a mortgage of a subsidiary's leasehold factory building located at No. 2 Loyang Way 4 [Note 4(c)]. The Group has financial covenants attached to the said bank loan for which the Group has duly observed.

(5) The secured loan was repayable in monthly instalments over a period of 5 years from 30 April 2009. Interest rates ranged from 8.75% to 9.00% (2012 - 8.75% to 9.00%) per annum. The loan was secured by a mortgage of a subsidiary's freehold land, freehold factory building, and machinery and equipment [Note 4(c)] and a corporate guarantee provided by the Company. The loan was denominated in Thai Baht. This loan was fully repaid during the financial year ended 31 December 2013.

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.

15 Borrowings (cont'd)

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

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 made 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 was only 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. As at 31 December 2011, the maximum number of shares that may be issued on conversion at a minimum floor price of $0.04 per Conversion Share is 25,000,000 Shares.

The effective interest rate was 3.00% per annum.

The Company had previously repaid $1,000,000 of the convertible term loan. During the financial year ended 31 December 2012, the Company repaid the balance of $1,000,000 of the convertible term loan through a Multi-currency Money Market Loan of $1,000,000 from UOB on 30 April 2012. As at 31 December 2012, the Company does not have any outstanding convertible term loan.

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

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

The Group and The Company	**2013** **$'000**	2012 $'000
Convertible term loan		
Face value of convertible term loan drawdown on 7 April 2010	**-**	2,000
Derivative	**-**	(212)
Liability component as at initial recognition, 7 April 2010	**-**	1,788
Less: Repayment made in - FY2011	**-**	(894)
- FY2012	**-**	(894)
Liability component at end of year	**-**	-
Derivative		
Derivative as at beginning of the year/initial recognition, 7 April 2010	**-**	106
Less: Repayment made	**-**	(106)
	-	-
Add: Fair value loss/(gain)		
- Balance at beginning of year	**-**	(101)
- Fair value loss recognised during the year	**-**	101
- Balance at end of year	**-**	-
Derivative at end of year	**-**	-

The Group and the Company have unutilised banking facilities of $23,330,000 (2012 - $32,249,000) and $5,900,000 (2012 - $9,000,000) respectively.

15 Borrowings (cont'd)

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

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**
2013	**$'000**	**$'000**	**$'000**	**$'000**
Variable interest rate loans				
Current	**8,100**	**8,116**	**3,100**	**3,108**

	The Group		The Company	
	Carrying amounts	Contractual cash flows	Carrying amounts	Contractual cash flows
2012	$'000	$'000	$'000	$'000
Variable interest rate loans				
Current	1,225	1,254	1,000	1,002
Non-current	170	175	-	-
	1,395	1,429	1,000	1,002

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.

16 Deferred taxation

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

The Group	**2013** **$'000**	2012 $'000
Deferred tax assets		
- To be recovered within one year	**(77)**	(100)
- To be recovered after one year	**(2,128)**	(821)
	(2,205)	(921)
Deferred tax liabilities		
- To be settled within one year	**153**	252
- To be settled after one year	**2,777**	1,783
	2,930	2,035

The Group	**2013** **$'000**	2012 $'000
Deferred tax assets		
Balance at beginning of year	**(921)**	(601)
Acquisition of a subsidiary	**-**	(9)
Transfer (to)/from consolidated income statement (Note 22)		
- current	**(1,312)**	(664)
- over provision in respect of prior years	**28**	353
	(1,284)	(311)
Balance at end of year	**(2,205)**	(921)
Deferred tax liabilities		
Balance at beginning of year	**2,035**	1,868
Acquisition of a subsidiary	**-**	33
Transfer (to)/from consolidated income statement (Note 22)		
- current	**879**	88
- under provision in respect of prior years	**16**	46
	895	134
Balance at end of year	**2,930**	2,035

The balance comprises tax on the following temporary differences:

	Excess of net book value over tax written down value of property, plant and equipment $'000	Fair value adjustment on acquisitions of subsidiaries $'000	Tax losses $'000	Provisions and others $'000	Total $'000
Balance as at 1 January 2012	934	934	(586)	(15)	1,267
Acquisition of a subsidiary	33	-	-	(9)	24
Transfer from/(to) income statement (Note 22)	387	(253)	(235)	(76)	(177)
Balance as at 31 December 2012	**1,354**	**681**	**(821)**	**(100)**	**1,114**
Transfer from/(to) income statement (Note 22)	**1,048**	**(153)**	**(1,307)**	**23**	**(389)**
Balance as at 31 December 2013	**2,402**	**528**	**(2,128)**	**(77)**	**725**

17 Trade and other payables

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Trade payables				
- Corporate shareholder of a subsidiary	**90**	-	**-**	-
- Third parties	**3,670**	2,978	**-**	-
	3,760	2,978	**-**	-
Other payables	**193**	129	**1**	-
Liability owing to suppliers of property, plant and equipment	**2,300**	3,415	**-**	-
Accrued personnel costs	**857**	714	**122**	89
Other accrued operating expenses	**586**	849	**50**	61
Accruals for purchases	**524**	16	**-**	-
GST and other tax expenses	**56**	244	**9**	22
Deferred income (Note A)	**1,846**	2,318	**-**	-
Deferred additional cash consideration (Note B)	**-**	3,105	**-**	3,105
Provision for directors' fees	**75**	185	**-**	110
	6,437	10,975	**182**	3,387
	10,197	13,953	**182**	3,387
Less: Non-current				
Deferred income (Note A)	**(1,375)**	(1,847)	**-**	-
Deferred additional cash consideration (Note B)	**-**	(2,150)	**-**	(2,150)
	(1,375)	(3,997)	**-**	(2,150)
	8,822	9,956	**182**	1,237

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 of financial position to be reasonable approximation of their fair value.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Singapore dollar	**5,544**	9,177	**182**	3,387
United States dollar	**2,218**	1,256	**-**	-
Japanese Yen	**2,300**	3,423	**-**	-
Pound Sterling	**135**	-	**-**	-
Thai Baht	**-**	97	**-**	-
	10,197	13,953	**182**	3,387

17 Trade and other payables (cont'd)

Note A: Deferred income

The Group	**2013** **$'000**	2012 $'000
Cost		
Balance at beginning and at end of year	**3,300**	3,300
Accumulated amortisation		
Balance at beginning of year	**982**	511
Amortisation for the year	**472**	471
Balance at end of year	**1,454**	982
Net carrying amount		
Current	**471**	471
Non-current	**1,375**	1,847
	1,846	2,318

Deferred income relates to the sale and leaseback transaction for leasehold factory building located at 44 and 46 Changi South Street 1 carried out in the 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.

Note B: Deferred additional cash consideration

The Group	**2013** **$'000**	2012 $'000
Cost		
Balance at beginning of year	**3,500**	-
Carrying amounts at fair value on 9 January 2012	**-**	3,500
Balance at end of year	**3,500**	3,500
Accumulated fair value adjustment		
Balance at beginning of year	**395**	-
Payment made for FY2012	**1,149**	-
Fair value gain recognised during the year	**1,956**	395
Balance at end of year	**3,500**	395
Net carrying amount		
Current	**-**	955
Non-current	**-**	2,150
	-	3,105

Deferred additional cash consideration relates to the acquisition of Dolphin Engineering Pte Ltd ("DEPL") carried out in the financial year ("FY") 2012 by the Company effectively on 9 January 2012, where additional cash consideration of up to a cumulative maximum amount of $3,500,000 based on the actual Net Profit after Tax ("NPAT") of DEPL in respect of each FY2012 and FY2013 shall be due to the previous owners of DEPL, not later than one month after the relevant audited financial statements of DEPL for the relevant FY have been issued (Note 5).

As at 31 December 2012, the fair value gain of $395,000 was calculated by applying the income approach using the probability-weighted payout method at a discount rate of 9.22%.

During the financial year ended 31 December 2013, an additional cash consideration of $1,149,000 was paid to the previous owners of DEPL based on the NPAT in respect of FY2012. As a result of waiver of rights to the additional cash consideration by the previous owners of DEPL in respect of FY2013, the residual fair value gain of additional cash consideration of $1,956,000 is recognised in the "Other operating income" line item in the consolidated income statement for the financial year ended 31 December 2013.

18 Other operating income

	The Group 2013 $'000	The Group 2012 $'000	The Company 2013 $'000	The Company 2012 $'000
Bad debts recovered	**6**	16	**-**	-
Gain on disposal of property, plant and equipment	**35**	16	**-**	-
Gain on sales & leaseback, and amortisation	**529**	529	**-**	-
Fair value gain on additional cash consideration	**1,956**	395	**1,956**	395
Interest income	**3**	6	**-**	-
Government grant	**77**	29	**8**	10
Sales of scrap waste metal	**143**	279	**-**	-
Adjustment received from customers	**-**	261	**-**	-
Exchange gain	**591**	526	*****	-
Service fee income	**-**	17	**38**	17
Others	**2**	4	**-**	2
	3,342	2,078	**2,002**	424

* Represents amount less than $1,000

19 Finance costs

	The Group 2013 $'000	The Group 2012 $'000	The Company 2013 $'000	The Company 2012 $'000
Interest expense				
- bank term loans	**53**	29	**51**	29
- bank overdraft	**-**	2	**-**	1
- finance lease	**211**	164	**-**	-
	264	195	**51**	30

20 Employee benefit expenses

	The Group 2013 $'000	The Group 2012 $'000	The Company 2013 $'000	The Company 2012 $'000
Directors				
Directors' remuneration other than fee				
- directors of the Company	**727**	598	**727**	598
- director of a subsidiary	**54**	232	**-**	-
- CPF contributions	**26**	28	**24**	17
Key management personnel (other than directors)				
- Salaries and related costs	**550**	427	**100**	95
- CPF contributions	**30**	19	**11**	11
Other than directors and key management personnel				
- Salaries and related costs	**10,553**	9,625	**143**	103
- CPF contributions	**714**	584	**15**	8
	12,654	11,513	**1,020**	832
Employee benefit costs charged to:				
Cost of sales	**9,947**	9,156	**-**	-
Selling and distribution expenses	**1,000**	711	**-**	-
Administrative expenses	**1,707**	1,646	**1,020**	832
	12,654	11,513	**1,020**	832

Details on directors' remuneration are disclosed in the Corporate Governance Report.

21 Profit before tax from continuing operations

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Profit before tax from continuing operations has been arrived at after charging/(crediting):				
Allowance for impairment of trade receivables	**2**	54	**-**	-
Allowance for impairment of trade receivables no longer required	**5**	(27)	**-**	-
Amortisation of intangible assets	**850**	1,401	**-**	-
Depreciation of property, plant and equipment	**3,098**	2,919	**23**	63
Directors' fees	**185**	185	**110**	110
Exchange gain	**(591)**	(526)	**-**	-
Gain on disposal of property, plant and equipment	**(35)**	(16)	**-**	-
Impairment loss on goodwill on consolidation	**-**	500	**-**	-
Operating lease expenses	**2,063**	1,967	**7**	34
Non-audit fees paid/payable to auditor of the Company	**32**	25	**12**	25
Audit fees paid/payable to				
- auditor of the Company	**135**	144	**20**	29
- other auditor	**5**	7	**-**	-
Fair value loss in derivative	**-**	101	**-**	101

22 Taxation

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Continuing operations				
Deferred taxation (Note 16)	**(433)**	(576)	**-**	-
Under provision in respect of prior years				
- Current taxation	**28**	-	**-**	-
- Deferred taxation (Note 16)	**44**	399	**-**	-
	72	399	**-**	-
Taxation attributable to continuing operations	**(361)**	(177)	**-**	-
Taxation attributable to discontinued operation	**-**	-	**-**	-
Net tax credit	**(361)**	(177)	**-**	-

The tax credit 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	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Profit from continuing operations	**2,084**	822	**3,150**	457
Loss from discontinued operation	**(890)**	(14)	**-**	-
Profit before tax, total	**1,194**	808	**3,150**	457
Tax at the domestic rate applicable to profits in the countries concerned [(1)]	**142**	134	**536**	78
Tax effect on non-deductible expenses	**1,054**	432	**243**	22
Tax effect on non-taxable income	**(948)**	(1,317)	**(680)**	(212)
Tax incentives	**(571)**	-	**-**	-
Under provision in respect of prior years				
- Current taxation	**28**	-	**-**	-
- Deferred taxation	**44**	399	**-**	-
Deferred tax assets on temporary differences not recognised	**-**	175	**-**	112
Utilisation of deferred tax assets on temporary differences not recognised	**(101)**	-	**(99)**	-
Singapore statutory stepped income exemption	**(7)**	-	**-**	-
Other	**(2)**	-	**-**	-
Net tax credit	**(361)**	(177)	**-**	-

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

22 Taxation (cont'd)

The corporate tax rate applicable to the Company, JEP Precision Engineering Pte Ltd and Dolphin Engineering Pte Ltd has been 17% for the year of assessment 2011 onwards. JEP Precision Engineering Co., Ltd is subject to tax at 30% (2012 - 30%).

Unrecognised tax losses and capital allowances

At the end of reporting period, the Group has tax losses and unutilised capital allowances of approximately $5,526,000 (2012 - $6,138,000) and $7,714,000 (2012 - $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 and unabsorbed capital allowances is subject to agreement with the relevant tax authorities.

The related tax benefits of $2,251,000 (2012 - $1,047,000) have not been recognised in the financial statements.

Deferred income tax related to other comprehensive income

There is no deferred income tax related to other comprehensive income for the financial years 2012 and 2013.

23 Discontinued operation and disposal group classified as held for sale

On 5 August 2013, the Company publicly announced the decision of its board of directors to dissolve and liquidate the subsidiary, JEP Precision Engineering Co., Ltd ("JEPT"), which is 99.99% owned by JEP Precision Engineering Pte Ltd ("JEPS"). JEPS is 85% owned by the Company. The dissolution and liquidation of JEPT will not be commencing in the immediate future. JEPT will be dormant for a period of 3 years before dissolution and liquidation process commences. Pending completion of the dissolution and liquidation process, JEPT will remain as a subsidiary company within the Group.

As at 31 December 2013, the assets and liabilities related to JEPT have been presented in the statements of financial position as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group held for sale", and its results are presented separately on the statements of comprehensive income as "Loss from discontinued operation, net of tax". The dissolution and liquidation process is expected to be completed by the end of financial year 2016. Upon completion of the dissolution and liquidation, JEPT will then cease to be a subsidiary of the Company.

Statements of financial position disclosures

The major classes of assets and liabilities of JEPT classified as held for sale as at 31 December are as follows:

The Group	**2013 $'000**	2012 $'000
Assets:		
Property, plant and equipment	**761**	-
Trade and other receivables	**32**	-
Bank balance and short-term fixed deposits	**16**	-
Assets of disposal group classified as held for sale	**809**	-
Liabilities:		
Trade and other payables	**(241)**	-
Liabilities directly associated with disposal group classified as held for sale	**(241)**	-
Net assets directly associated with disposal group classified as held for sale	**568**	-

Details of assets in non-current asset classified as held-for-sale are as follows:

The Group	**2013 $'000**	2012 $'000
Property, plant and equipment	**761**	-

23 Discontinued operation and disposal group classified as held for sale (cont'd)

Statement of comprehensive income disclosures

The results of JEPT for the years ended 31 December are as follows:

The Group	**2013** **$'000**	2012 $'000
Revenue	**453**	1,238
Cost of sales	**(592)**	(1,074)
Gross (loss)/profit	**(139)**	164
Other items of income		
Other operating income	**336**	40
Other items of expense		
Selling and distribution expenses	**(2)**	(34)
Administrative expenses	**(284)**	(134)
Finance costs	**(31)**	(50)
Impairment loss on goodwill on consolidation	**(770)**	-
Loss before tax	**(890)**	(14)
Tax expenses	**-**	-
Loss from discontinued operation, net of tax	**(890)**	(14)

Immediately before the classification of JEPT as a discontinued operation, the recoverable amount was estimated for certain items of property, plant and equipment and no impairment loss was identified. Following the reclassification, an impairment loss on goodwill on consolidation of $770,000 [Note 6(a)] was recognised to reduce the carrying amount of the assets in the disposal group classified as held for sale. This amount was included as part of the "Loss from discontinued operation, net of tax" for the financial year ended 31 December 2013.

Consolidated statement of cash flows

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

The Group	**2013** **$'000**	2012 $'000
Operating cash (outflows)/inflows	**(660)**	196
Investing cash inflows/(outflows)	**560**	(31)
Financing cash outflows	**(416)**	(170)
Total cash outflows	**(516)**	(5)

24 Other comprehensive expense after tax

		2013	
The Group	Before tax $'000	Tax expense $'000	Net of tax $'000
Exchange translation difference	**35**	**-**	**35**

		2012	
The Group	Before tax $'000	Tax expense $'000	Net of tax $'000
Exchange translation difference	(5)	-	(5)

25 Earnings/(loss) per share

Basic earnings/(loss) per share from continuing/discontinued operations are calculated by dividing the net profit from continuing/discontinued operations, net of tax, attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings/(loss) per share from continuing/discontinued operations are calculated by dividing net profit from continuing/discontinued operations, net of tax, attributable to ordinary equity owners 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 earnings/(loss) per share from continuing/discontinued operations for the financial years ended 31 December:

The Group	**2013** **$'000**	2012 $'000
Net profit attributable to equity owners of the Company	**1,393**	850
Add back: Loss from discontinued operation, net of tax, attributable to owners of the Company	**757**	12
Profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic earnings per share from continuing operations	**2,150**	862

The Group	No. of shares **2013**	2012
Weighted average number of ordinary shares for the purpose of basic earnings per share	**928,973,266**	927,603,403
	928,973,266	927,603,403
Basic and diluted earnings/(loss) per share (cents)		
From continuing operations attributable to equity owners of the Company	**0.231**	0.092
From discontinued operation attributable to equity owners of the Company	**(0.081)**	(0.001)

26 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 party at agreed rates:

The Group	**2013** **$'000**	2012 $'000
Sales to corporate shareholder of a subsidiary	**11,967**	10,827
Purchases from corporate shareholder of a subsidiary	**384**	-

27 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 **2013** **$'000**	2012 $'000	The Company **2013** **$'000**	2012 $'000
Not later than one year	**2,102**	2,032	**-**	7
Later than one year and not later than five years	**6,640**	8,280	**-**	20
Later than five years	**2,817**	2,082	**-**	-

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 3 to 23 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 expenses of the Group and the Company charged to the income statements during the financial year ended 31 December 2013 amounted to $2,063,000 (2012 - $1,967,000) and $7,000 (2012 - $34,000) respectively.

28 Capital commitment

The Group	2013 $'000	2012 $'000
Capital expenditure contracted but not provided for in the financial statements	**3,131**	-

29 Contingent liabilities

Corporate guarantees

The Company

The Company has issued corporate guarantees to banks for banking and hire purchase facilities totalling $27,215,000 (2012 - $30,914,000) granted to the subsidiary, JEP Precision Engineering Pte Ltd for which the Company is exposed to liability which is capped at $27,215,000 (2012 - $29,314,000). As at the reporting date, the banking and hire purchase facilities utilised stood at $2,929,000 (2012 - $4,614,000) and $8,756,000 (2012 - $3,885,000) respectively.

The Company had issued a corporate guarantee to a bank for banking and hire purchase facilities of $1,239,000 (Baht31,000,000)] granted to the subsidiary, JEP Precision Engineering Co., Ltd for which the Company was exposed to liability which was capped at $1,239,000 (Baht31,000,000)] for the financial year ended 31 December 2012. This guarantee has been fully discharged upon the full repayment of the bank term loan and hire purchase was fully repaid during the financial year ended 31 December 2013.

The Company has issued a corporate guarantee to a bank for banking and hire purchase facilities of $6,900,000 (2012 - $1,509,000) granted to the subsidiary, Dolphin Engineering Pte Ltd for which the Company is exposed to liability which is capped at $6,900,000 (2012 - $836,000). As at the reporting date, the banking and hire purchase facilities utilised stood at $5,000,000 (2012 - $Nil) and $Nil (2012 - $1,009,000) respectively.

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.

30 Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, 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.

30.1 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.

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

30.1 Interest rate risk (cont'd)

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

	Within 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 - 5 years $'000	Total $'000
The Group						
2013						
Fixed rate						
Obligations under finance lease	**(2,000)**	**(1,827)**	**(1,082)**	**(199)**	**-**	**(5,108)**
Borrowings	**(8,100)**	**-**	**-**	**-**	**-**	**(8,100)**
Floating rate						
Cash assets	**6,102**	**-**	**-**	**-**	**-**	**6,102**
2012						
Fixed rate						
Fixed deposits	965	-	-	-	-	965
Obligations under finance lease	(1,474)	(1,283)	(1,083)	(312)	(64)	(4,216)
Borrowings	(1,000)	-	-	-	-	(1,000)
Floating rate						
Bank overdraft	(6)	-	-	-	-	(6)
Borrowings	(225)	(170)	-	-	-	(395)
Cash assets	3,406	-	-	-	-	3,406
The Company						
2013						
Fixed rate						
Borrowings	**(3,100)**	**-**	**-**	**-**	**-**	**(3,100)**
Floating rate						
Cash assets	**1,231**	**-**	**-**	**-**	**-**	**1,231**
2012						
Fixed rate						
Borrowings	(1,000)	-	-	-	-	(1,000)
Floating rate						
Cash assets	867	-	-	-	-	867

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 (2012 - 20) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $26,000 (2012 - $9,000) 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.

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

30.2 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% (2012 - 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 76% (2012 - 49%) 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	Total $'000
31 December 2013			
Trade and other payables	**8,351**	**-**	**8,351**
Obligations under finance lease	**2,150**	**3,208**	**5,358**
Borrowings	**8,116**	**-**	**8,116**
	18,617	**3,208**	**21,825**
31 December 2012			
Trade and other payables	8,530	-	8,530
Obligations under finance lease	1,607	2,851	4,458
Borrowings	1,254	175	1,429
Bank overdraft	6	-	6
	11,397	3,026	14,423

The Company	1 year or less $'000	1 to 5 years $'000	Total $'000
31 December 2013			
Trade and other payables	**182**	**-**	**182**
Borrowings	**3,108**	**-**	**3,108**
	3,290	**-**	**3,290**
31 December 2012			
Trade and other payables	282	-	282
Borrowings	1,002	-	1,002
	1,284	-	1,284

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

30.3 Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the respective functional currencies of Group entities, primarily United States dollar ("USD") and Japanese Yen ("YEN"). Approximately 64% (2012 - 49%) of the Group's sales and 14% (2012 - 37%) 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 17.

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 $0.4 million (2012 - $1.8 million).

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

30.3 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

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

The Group			**2013** **$'000**	2012 $'000
USD	-	strengthened 5% (2012 - 5%)	**144**	169
	-	weakened 5% (2012 - 5%)	**(144)**	(169)
YEN	-	strengthened 5% (2012 - 5%)	**(95)**	(142)
	-	weakened 5% (2012 - 5%)	**95**	142

30.4 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.

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:

	2013		2012	
The Group	**$'000**	**% of total**	$'000	% of total
By country:				
Singapore	**7,767**	**100%**	6,358	98%
Thailand	**-**	**-**	152	2%
	7,767	**100%**	6,510	100%
By industry sectors:				
Aerospace	**3,313**	**43%**	2,129	33%
Oil and gas	**1,406**	**18%**	1,845	28%
Electronics	**154**	**2%**	198	3%
Precision machining	**59**	**1%**	253	4%
Equipment manufacturing	**2,835**	**36%**	2,085	32%
	7,767	**100%**	6,510	100%

At the end of reporting period, approximately 61% (2012 - 61%) of the Group's trade receivables are due from customers in the Aerospace and Oil and Gas industries. The Group's single customer reported 33% (2012 - 30%) of the Group's revenue.

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).

31 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.

Financial instruments whose carrying amount approximate fair value

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.

Methods and assumptions used to determine fair values

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.

32 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 2013 and 31 December 2012.

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 excluding discontinued operation.

The Group	**2013** **$'000**	2012 $'000
Obligations under finance lease (Note 14)	**5,108**	4,216
Borrowings (Note 15)	**8,100**	1,395
Bank overdraft (Note 10)	**-**	6
Less: Cash and cash equivalents (Note 10)	**(6,109)**	(3,413)
Net debts	**7,099**	2,204
Equity attributable to the equity holders of the Company	**37,187**	37,711
Total capital	**37,187**	37,711
Capital and net debt	**44,286**	39,915
Gearing ratio	**16%**	6%

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

33 Segment information

For management purposes, the Group which has one operating business segment based on their products and services, and is further organised into six reportable operating units as follows:

1. The aerospace unit is a provider of the manufacturing service for engine casings.
2. The oil and gas unit is a provider of manufacturing services to oil drilling equipment, in particular, body connectors for clip risers and related rigs.
3. The electronics unit is a provider of manufacturing and assembly services for parts used by the semiconductor, telecommunication and medical industries.

33 Segment information (cont'd)

4. The precision engineering unit is a provider of precision machining services for automotive parts.
5. The trading and other unit is a provider of machine sales and customised cutting tools for our customers.
6. The equipment manufacturing unit is a provider of large format precision engineering and equipment fabrication service.

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

Management monitors the operating results of its operating 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 costs) and income taxes are managed on a group basis and are not allocated to operating units.

Allocation basis and transfer pricing

Segment results include items directly attributable to operating units 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 operating units items thereon attributable to individual operating units is not presented as the information is not provided to the chief operating decision maker.

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

33 Segment information (cont'd)

(a) By business

	Aerospace		Oil and gas		Electronics		Precision machining		Trading and others		Equipment manufacturing		Adjustments and eliminations		The Group	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Continuing operations																
REVENUE:																
External customers	**21,141**	16,704	**5,593**	6,271	**1,409**	1,055	**139**	781	**355**	122	**8,202**	9,810	**-**	-	**36,839**	34,743
Inter-operating unit sales	**-**	-	**-**	-	**238**	-	**219**	48	**2,816**	1,565	**136**	-	**(3,409)**	(1,613)	**-**	-
Total revenue	**21,141**	16,704	**5,593**	6,271	**1,647**	1,055	**358**	829	**3,171**	1,687	**8,338**	9,810	**(3,409)**	(1,613)	**36,839**	34,743
Results																
Segment results	**613**	894	**265**	243	**147**	111	**(36)**	46	**1,179**	(832)	**315**	1,162	**-**	-	**2,483**	1,624
Unallocated expenses:																
Unallocated corporate expenses															**(138)**	(113)
Profit from continuing operations															**2,345**	1,511
Finance income															**3**	6
Finance costs															**(264)**	(195)
Impairment loss on goodwill on consolidation															**-**	(500)
Profit before tax from continuing operations															**2,084**	822
Tax credit															**361**	177
Net profit for the year after tax from continuing operations															**2,445**	999
Discontinued operation																
Loss from discontinued operation, net of tax															**(890)**	(14)
Net profit for the year, net of tax															**1,555**	985

* **Note**: Included a fair value gain on additional cash consideration for acquisition of a subsidiary of $1.956 million.

33 Segment information (cont'd)

(a) By business (cont'd)

	Aerospace		Oil and gas		Electronics		Precision machining		Trading and others		Equipment manufacturing		The Group	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
OTHER INFORMATION:														
Continuing operations														
Capital expenditure	**240**	7,433	**3,163**	767	**38**	251	**38**	204	**40**	30	**424**	52	**3,943**	8,737
Depreciation of property, plant and equipment	**1,549**	1,228	**439**	474	**155**	99	**60**	109	**59**	108	**836**	901	**3,098**	2,919
Amortisation of intangible assets	**850**	850	**-**	551	**-**	-	**-**	-	**-**	-	**-**	-	**850**	1,401
Discontinued operation														
Capital expenditure	**-**	-	**-**	-	**-**	-	**4**	35	**-**	-	**-**	-	**4**	35
Depreciation of property, plant and equipment	**-**	-	**-**	-	**-**	-	**100**	266	**-**	-	**-**	-	**100**	266

33 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		Non-current assets	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Continuing operations				
Singapore	**29,332**	30,228	**43,922**	44,210
USA	**4,012**	2,144	**-**	-
Others*	**3,495**	2,371	**-**	-
	36,839	34,743	**43,922**	44,210
Discontinued operation				
Singapore	**216**	609	**-**	-
Others*	**237**	629	**-**	1,647
	453	1,238	**-**	1,647
	37,292	35,981	**43,922**	45,857

* Others include countries in the Southeast Asia.

The reportable segment's non-current assets are reconciled to total non-current assets as follows:

	2013	2012
	$'000	$'000
Segment assets	**43,922**	45,857
Continuing operations - Deferred tax assets	**2,205**	921
	46,127	46,778

Information about major customers

Revenue from two major customers amounted to $11,979,000 and $3,337,000 (2012 - $10,827,000 and $3,676,000), arising from sales by the aerospace and oil and gas segments respectively.

34 Dividends

	2013	2012
	$'000	$'000
Interim tax-exempt (one-tier) dividend in respect of current financial year of $0.001 (2012 - $Nil) per share	**929**	-
Final tax-exempt (one-tier) dividend in respect of the previous financial year of $0.001 (2012 - $Nil) per share	**929**	-
	1,858	-

At the Annual General Meeting on 22 April 2014, a final tax-exempt (one-tier) dividend of $0.001 per ordinary share amounting to $928,973 will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 31 December 2014.

35 Event occurring after the end of reporting period

The Group

Completion of the sale of the freehold land and factory building

A subsidiary of the Company, JEP Precision Engineering Co., Ltd has entered into a sale and purchase agreement with a third party, Thai Felt Consultant and Service Co., Ltd. to sell the freehold land and factory building located at 700/190 Moon 1, Amada Nakom Industrial Estate, Tambon Bankao, Amphur Panthong, Chonburi 20160, Thailand on 26 November 2013 for an aggregate consideration of approximately $1,160,000 (Baht 29,000,000).

The Group has received the said consideration in full by 28 January 2014 and completed the sale and purchase transaction upon completion of the registration of the transfer of ownership.

36 Comparative figures

The following comparative figures have been reclassified to conform with current year's presentation:

The Group	Restated 31 December 2012 S$'000	Reported 31 December 2012 S$'000
Statements of financial position		
Non-current assets		
Deferred tax assets	(921)	-
Non-current liabilities		
Deferred tax liabilities	2,035	1,114

The above reclassification has no significant impact on the consolidated statement of financial position as at 1 January 2012. Accordingly, the consolidated statement of financial position as at 1 January 2012 is not presented.

37 Authorisation of financial statements

The financial statements for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 12 March 2014.

Distribution of Shareholdings

as at 14 March 2014

SHARE CAPITAL

Issued and fully paid-up capital	:	$34,162,962
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	29	1.13	13,309	0.00
1,000 - 10,000	467	18.17	3,194,058	0.34
10,001 - 1,000,000	1,988	77.32	262,890,783	28.30
1,000,001 AND ABOVE	87	3.38	662,875,116	71.36
TOTAL	**2,571**	**100.00**	**928,973,266**	**100.00**

SUBTANTIAL SHAREHOLDERS

	Direct Interest	%	Deemed Interest	%
Ellipsiz Ltd	175,364,808	18.88	-	-
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 14 March 2014

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO OF SHARES	%
1	ELLIPSIZ LTD	175,364,808	18.88
2	JOE LAU	135,240,950	14.56
3	BANK OF SINGAPORE NOMINEES PTE. LTD.	30,000,000	3.23
4	LEE MUI GEK PAULINE	24,633,000	2.65
5	OCBC SECURITIES PRIVATE LIMITED	24,619,250	2.65
6	DBS NOMINEES (PRIVATE) LIMITED	16,666,250	1.79
7	PHILLIP SECURITIES PTE LTD	13,530,370	1.46
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	13,058,108	1.41
9	STEPHEN YEO MAH AI	12,433,000	1.34
10	HL BANK NOMINEES (SINGAPORE) PTE LTD	12,310,000	1.33
11	ANG AI KENG	9,600,000	1.03
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,835,245	0.95
13	NG LIAN SANG	8,048,000	0.87
14	RAFFLES NOMINEES (PTE) LIMITED	7,653,500	0.82
15	WONG POH HWA @ KWAI SENG	6,500,000	0.70
16	LOW KOON POO EDMUND	5,784,750	0.62
17	TAN ENG CHUA EDWIN	5,660,000	0.61
18	KHOO YEE HOCK	5,350,000	0.58
19	LOH WING WAH	5,310,000	0.57
20	LING KIM CHYE	5,213,000	0.56
	TOTAL	**525,810,231**	**56.61**

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 Tuesday, 22 April 2014 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 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a second and final 1-tier tax exempt dividend of 0.001 Singapore Cent per ordinary share in the capital of the Company for the financial year ended 31 December 2013. **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 91 and 97 of the Articles of Association of the Company:

Mr Joe Lau	(retiring under Article 91)	**(Resolution 3)**
Mr Wong Gang	(retiring under Article 91)	**(Resolution 4)**
Mr Soh Chee Siong	(retiring under Article 97)	**(Resolution 5)**

Mr Joe Lau will, upon re-election as Director, remain as a member of the Nominating Committee and will be considered non-independent.

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.

5. To approve the payment of Directors' fees of up to S$200,000 for the financial year ending 31 December 2014, to be paid half yearly in arrears. (2013: S$150,000) **(Resolution 6)**

6. 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 7)**

7. 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:

8. **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 8)

9. **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 Catalist Rules,

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 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 9)

By Order of the Board

Lee Tiong Hock
Company Secretary
Singapore, 28 March 2014

Explanatory Notes:

(i) The Ordinary Resolution 8 in item 8 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 9 in item 9 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 2013 is set out in Section 6 of the Appendix dated 28 March 2014, which is enclosed together with the Company's Annual Report.

Notice of Annual General Meeting

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 Sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (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)

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.

PROXY FORM

(Please see notes overleaf before completing this Form)

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 Tuesday, 22 April 2014 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 2013		
2	Payment of proposed second and final 1-tier tax exempt dividend of 0.001 Singapore Cent per ordinary share in the capital of the Company.		
3	Re-election of Mr Joe Lau as a Director		
4	Re-election of Mr Wong Gang as a Director		
5	Re-election of Mr Soh Chee Siong as a Director		
6	Approval of Directors' fees of up to S$200,000 for the financial year ending 31 December 2014, to be paid half yearly in arrears		
7	Re-appointment of Foo Kon Tan Grant Thornton LLP as Auditors		
8	Authority to issue shares		
9	Proposed Renewal of Share Buy-Back Mandate		

Dated this __________ day of ________________ 2014

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.

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

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www.wpc.com.sg