



Lindeteves - Jacoberg Limited

annual al
report
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Corporate Information

Board of Directors

Peter Sichrovsky
Non-Executive, Non-Independent Chairman

Wolfgang Kloser
Chief Executive Officer
(appointed on 17 January 2011)

Knut Unger
Independent Director

Volker Felix Zuleck
Independent Director

Christian Schmidt
Non-Executive & Non-Independent Director

Audit Committee

Volker Felix Zuleck
Chairman/Independent Director

Knut Unger
Member/Independent Director

Wolfgang Kloser
Member, (appointed on 17 January 2011)

Nominating Committee

Volker Felix Zuleck
Chairman/Independent Director

Knut Unger
Member/Independent Director

Peter Sichrovsky
Member/Non-Executive, Non-Independent
(appointed on 17 January 2011)

Remuneration Committee

Volker Felix Zuleck
Chairman/Independent Director

Knut Unger
Member/Independent Director

Christian Schmidt
Member/Non-Executive & Non-Independent
Director (appointed on 17 January 2011)

Company Secretary

Chan Wan Mei, ACIS
Low Siew Tian, ACIS
(appointed on 20 May 2010)

Registered Office

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

Registrar, Agent and Transfer Officer

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte Ltd)
8 Cross Street #11-00
PWC Building
Singapore 048424

Auditors

BDO LLP
Public Accountants and
Certified Public Accountants
19 Keppel Road
#02-01
Jit Poh Building
Singapore 089058
Audit Partner: William Ng Wee Liang
(appointed since financial year
ended 31 December 2010)

Financial Highlights

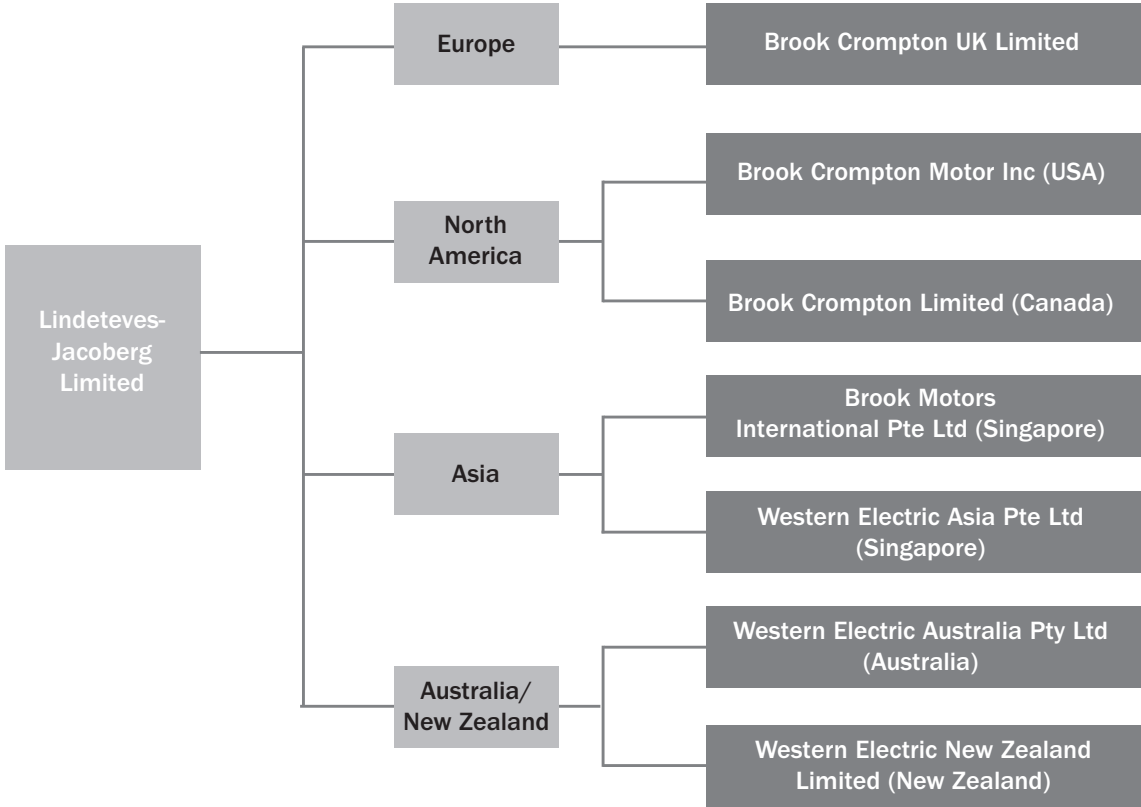
S\$'000	2006	2007	2008	2009*	2010*
INCOME STATEMENT					
Turnover	249,557	297,628	321,180	37,294	42,144
Profit/(Loss) from continuing operations	14,566	(8,451)	(12,347)	60	9,878
Profit/(Loss) from discontinued operations	(47,662)	(24,170)	(21,815)	(6,588)	118,390
Total profit/(loss) after tax	(33,096)	(32,621)	(34,162)	(6,528)	128,268
BALANCE SHEETS					
Property, plant and equipment	157,533	152,862	109,731	103,713	2,595
Other non-current assets	4,509	2,824	739	647	406
Non-current assets	162,042	155,686	110,470	104,360	3,001
Current assets	122,568	130,412	119,596	108,691	19,013
Current liabilities	(134,031)	(202,358)	(96,386)	(79,635)	(29,884)
Net current liabilities	(11,463)	(71,946)	23,210	29,056	(10,871)
Non-current liabilities	(221,813)	(180,060)	(247,693)	(254,975)	(807)
Net assets/(liabilities)	(71,234)	(96,320)	(114,013)	(121,559)	(8,677)
Share Capital	149,642	149,642	149,642	149,642	149,642
Other Reserves	(13,083)	(5,548)	10,921	9,903	(5,483)
Accumulated losses	(207,793)	(240,414)	(274,576)	(281,104)	(152,836)
Shareholders' funds	(71,234)	(96,320)	(114,013)	(121,559)	(8,677)
Net tangible assets/(liabilities) per share (cents)	(10.2)	(13.66)	(16.13)	(17.17)	(1.22)
Return on equity (%)	NM	NM	NM	NM	NM

NM: Not Meaningful

* Notes for 2009 & 2010

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

Corporate Structure



Note: 1. All are wholly owned subsidiaries of the Company
2. Schorch (Germany), Tamel (Poland) and Brook Motors Limited (UK) were disposed of in September 2010

Board of Directors

Mr Peter Sichrovsky

Mr Sichrovsky stepped down as Chief Executive Officer (“CEO”) in January 2011, but stayed on as Non-Executive and Non-Independent Chairman, continuing his role on a consultative and advisory bases as well as providing guidance to the Board. Mr Sichrovsky was a former foreign correspondent and director for the South and South-East Asian offices of several major German newspapers, and had worked in New Delhi and Hong Kong. Between 1996 and 2004, he was a Member of the European Parliament for Austria. Mr Sichrovsky graduated from the University of Vienna, Austria with a Master of Science degree majoring in Chemistry and Pharmacy.

Mr Wolfgang Kloser

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

Dr Knut Unger

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

Mr Volker Felix Zuleck

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

Mr Christian Schmidt

Non-Executive and Non-Independent director. Being one of the co-founders and co-owners of the Austrian industrial group A-TEC Industries (founded in 2001), Mr Schmidt has been holding the position of Chief Operating Officer in A-TEC since 2006. Concurrently he is serving as the CEO of ATB Antriebstechnik and is also a member of the board of Austrian Energy & Environment and other subdivisions of the group. Prior to his current activities, he held several management and consultant positions in the industry. Mr Schmidt holds a degree in Industrial Engineering from ETH Zurich in Switzerland.

Management Team

Mr Wolfgang Kloser

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

Mr Richard Eason

Mr Eason was appointed as CEO of *Brook Motors Ltd* in April 2009, in charge of developing the distribution market in the UK and Europe region. Prior to this he has spent 20 years in the electric motor and drives industry, with focus on OEM and EPC business for large motors and drives, predominantly serving the oil & gas industries. Mr Eason holds a degree in Environmental Sciences from the University of Lancaster in the UK.

Mr George Tay

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

Ms Elaine Tan Bee Lin

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

Chairman's Statement

2010 presented a challenging and an eventful year in the history of the Lindeteves-Jacoberg Group ('LJ Group'). Facing an approaching deadline to meet the Singapore Exchange Securities Trading Limited ("SGX-ST") criteria for removal from the watch list coupled with financial difficulties at the time, the LJ Group has undergone a major revamp to find a solution as a going concern. This has been achieved with the joint effort of our immediate holding company, ATB Austria Antriebstechnik AG ("ATB") in Austria, and the LJ group. As a major step, approval to sell LJ's manufacturing branch to the ATB Group in exchange for the waiver of intercompany loans was obtained from our shareholders during an Extraordinary General Meeting ("EGM") in August 2010. In June 2010, the SGX-ST, granted the Company an extension until 01 March 2012 to meet the criteria for removal from the watch list. This extension is subject to the Company demonstrating that the remaining distribution business is a standalone business and able to continue as a going concern after the restructuring.

The Group operating results for the financial year 2010 show that the continuing trading business is profitable and is sustainable as a standalone business. This demonstrates the success of the restructuring efforts. With a well established team and a long history in the distribution market, the business is expected to remain stable despite the competitiveness of the industry and the uncertainty of the global economy.

At the same time, two lawsuits have been filed against the Company, the outcome of which remains uncertain at this point. One lawsuit concerns a claim regarding an allegedly outstanding contribution by the Company to the registered capital of BCW Electric Motor (Dalian) Co Ltd ('BCW Dalian') amounting to RMB131.6 million. The Company is currently seeking legal advice regarding the claim. The other claim, filed by HSBC (China) Co Ltd Dalian Branch, concerns an outstanding loan extended to BCW Dalian under the guarantee of the Company, amounting to USD2.4 million and RMB0.34 million. The Company is currently in negotiations with HSBC to resolve the claim. At this point, the Company has a certain reliance on its immediate holding company for financial support with regard to the legal cases. At the same time, I would like to highlight that the Company's ultimate holding company, A-TEC Industries AG, is currently under restructuring proceedings in order for it to fulfill its financial obligations towards creditors' claims. This process is self-administered and supervised independently. In view of the uncertainty of this process, both ATB and the Company are actively exploring other avenues to resolve the above-mentioned claims.

In January 2011, there were some changes to the board composition. Mr Bernhard Rippel stepped down as director of the Company, and Mr Wolfgang Kloser has joined the board and assumed the position of CEO. Ms Elaine Tan has taken over the position as the Chief Financial Officer. I continue my role as non-executive and non-independent Chairman of the Board, assuming a consultative and advisory role.

I would like to thank Mr Rippel for his valuable contributions to the Board of Directors as well as the various sub-committees he had previously been part of. I would also like to thank our immediate holding company and the independent shareholders for their support and cooperation during our restructuring exercise. Finally, I cordially thank our team at LJ Singapore as well as all over the LJ Group for their contributions and commitment in turning the year 2010 into a successful one for the Company and the Group.

Peter Sichrovsky
Chairman
28 March 2011

Review of Operations

PERFORMANCE REVIEW

Turnover for the distribution of motor has improved, leading to a 13% increase in sales at S\$42.14 million compared with the preceding year. This has generated a gross profit of \$13.81 million (FY2009: \$10.97 million). After taking into account Other Gains which comprised mostly forex gain of \$8.70 million (FY2009: \$4.32 million), the Group generated a net profit from continuing operations of S\$9.88 million (FY 2009: profit of \$51,000). The positive results were also attributed by the overall reduction in operating costs despite higher turnover.

The disposal of the manufacturing segment to the immediate holding company group and the liquidation of one dormant company had generated a one-time gain of S\$133.93 million. After offsetting against the 9 months operating loss of the manufacturing segment prior to disposal, the net gain classified under 'discontinued operations' was S\$118.39 million.

Adding the positive operating gain and the disposal of manufacturing arm, profit after tax was S\$128.27 million (FY 2009: loss of \$6.53 million). This has contributed towards narrowing the Net Liability of the Group from the previous S\$121.56 million to the current S\$8.68 million.

OPERATIONS OVERVIEW

Following the disposal of the manufacturing arm in September 2010, distribution of electric motors under the trademarks of Brook Motors, Brook Crompton, Western Electric and Fumex has become the focused business for the Group, with its operations covering the regions of UK, North America and South East Asia. Our licensing partner also sell into the markets in Australia and New Zealand. The operations are covered by the following units:

Brook Crompton UK – UK and Europe

UK contributed 61% of the Group revenue, with 87 % derived from the UK market and most of the remaining came from mainland Europe (12 %) and Middle East (1%). BCUK's strategic growth plan includes:

- (a) focusing on increasing market share within its core UK market by introduction of a wider range of products sourced from our new suppliers,
- (b) expansion of its Mainland European sector by increasing the appointment of regional distribution partners and direct sales to OEM customers, and
- (c) for the Middle East market, to re-establish ties with our former Brook distribution partners so as to service the end-user market where our brand name Brook has been in use in the past.

The company now has an added source of income in the form of licence fee derived from the users of its trade mark Brook Crompton.

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

Review of Operations

BC Canada and BC USA – North America

BC Canada and BC USA both contributed 17% and 15% respectively towards the Group revenue. 2010 was a year of operational restructuring. Some initiatives have since been started to strengthen our product image and to improve our distribution network. We have also intensified our efforts in building up a pool of reliable sales representatives to reach out to a wider regional markets especially in the US, with improved customers service. On the supply side, cooperation with some reliable Chinese suppliers was ongoing.

Western Electric Asia – Asia

The company contributed the remaining 7% towards the Group revenue. The operation is profitable despite operating within a very competitive environment, There remains much potential for improvement of sales due to the growth of the Asian market, in which the company has continued to explore.

OUTLOOK

In general the outlook for low voltage motors is promising as market researchers have predicted a high annual growth rate for the regions in which we operate. Following our restructuring exercise in September last year, we have been pooling our resources to consolidate our position, and it is our target to achieve higher profit growth and to increase value for our shareholders.

However the market is likely to remain tough due to uncertainties in global economy and inflation is already on the rise. Any increase in raw materials such as copper prices would result in a squeeze in profit margin for our product range. To overcome such risks we will continue to look for ways to improve efficiency and effectiveness in our operations such as improve lead times and strengthening our supply chain management.

Wolfgang Kloser
Chief Executive Officer

Corporate Governance

OUR COMMITMENT TO CORPORATE GOVERNANCE

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

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

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board's role is to:

- (a) Provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- (b) Establish a framework of prudent and effective controls which enables risk to be assessed and managed;
- (c) Review management performance; and
- (d) Set the company's values and standards, and ensure that obligations to shareholders and others are understood and met.

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

Principle 2: Board Composition and Guidance

The composition of the Board as at 31 December 2010 is as follows:

Peter Sichrovsky	Executive Chairman
Dr Knut Unger	Independent, non-executive
Volker Felik Zuleck	Independent, non-executive
Bernhard Rippel	Non-independent, non-executive
Christian Schmidt	Non-independent, non-executive

Note: there were changes to the board composition and the Nomination and Remuneration Committees in January 2011, the update is shown under Corporate Information of the Annual Report.

The Board meets at least four times a year in order to review the performance of the preceding quarter, projections and to review and approve announcements. Members of the Board will meet and hold discussion regularly to deliberate on operational issues and provide continuing advice to management as the need arises. In the financial year ended 31 December 2010, four Board Meetings were held.

The Board comprises five (5) members, four (4) of whom are non-executive directors, where two (2) are independent directors. The Board has strong industry knowledge, expertise and experience in areas of engineering, law, finance and business management. A short description of each director background is presented under the section on Board of Directors of the Annual Report.

Corporate Governance

The attendances of the Directors at the meetings of the Board and Board Committees during the financial year ended 31 December 2010 are as follows:

Director	Appointment	Resignation	Board of Directors				Audit Committee				Nominating Committee	Remuneration Committee	
			1-Mar-10	30-Apr-10	13-Aug-10	12-Nov-10	1-Mar-10	30-Apr-10	13-Aug-10	12-Nov-10			
1	Peter Sichrovsky (a) (Appointed as Non-Executive Director & Chairman on 27 Feb 2007; Appointed as CEO on 8 Aug 2007 & continue as Chairman) (Appointed as Member of AC, RC and NC on 28 March 2007 and ceased on 8 Aug 2007)	-	1	1	1	1	NA	NA	NA	NA	NA	11-Feb-10	NA
2	Dr Knut Unger (Appointed as Member of AC on 1 August 2007) (Appointed as Chairman of NC and RC on 1 Aug 2007 and redesignated to NC and RC member on 19 January 2009)	-	1	1	1	1	1	1	1	1	1	1	1
3	Volker Felix Zuleck (Appointed as AC, NC and RC Chairman on 19 Jan 2009)	-	1	1	1	1	1	1	1	1	1	1	1
4	Bernhard Rippel (b) (Appointed as AC, NC and RC member on 19 Jan 2009)	-	1	0	1	1	1	0	1	1	0	0	0
5	Christian Schmidt (c) (Appointed as Non-Independent and Non-Executive Director on 1 Jan 2010)	-	0	0	0	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note

- (a) Resigned as CEO and reassigned as non-executive Chairman, and appointed as Member of NC on 17 January 2011
 (b) Resigned as director on 17 January 2011
 (c) Appointed as Member of RC on 17 January 2011

Corporate Governance

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

Principle 3: Role of Chairman and CEO

The Chairman and CEO of the Company during the financial year 2010 was Mr Peter Sichrovsky. Although the roles and responsibilities for the Chairman and CEO were vested in Mr Sichrovsky, major decisions are made in consultation with the Board. The Board believes that there were adequate measures in place against the concentration of power and authority in one individual.

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

Principle 4 and 5: Board Membership and Performance

The composition of NC as at 31 December 2010 is outlined below. The NC shall comprise at least three directors, a majority of whom, including the Chairman shall be Independent.

Mr Volker Felix Zuleck	Chairman of the Committee
Dr Knut Unger	Member
Mr Bernhard Rippel	Member

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

The Articles of Association of the Company provides that at least one-third of the directors, except Managing Director or Joint Managing Director (or an equivalent office), shall retire and subject themselves to re-election by shareholders at every Annual General Meeting and for all directors to do so at least once in every three years.

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

Principle 6: Access to Information

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

Corporate Governance

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure of Remuneration

The composition of RC members as at 31 December 2010 is outlined below. The RC shall have a minimum of three members who shall entirely comprise non-executive directors, the majority of whom, including the Chairman, should be independent.

Mr Volker Felix Zuleck	Chairman of the Committee
Dr Knut Unger	Member
Mr Bernhard Rippel	Member

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

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

In addition, the RC also reviews the appropriateness of compensation for non-executive directors including but not limited to director's fees, allowances and share options (where applicable). The level of each director's remuneration for the financial year 2010 is shown below:

	Fee	Salary	Allowances	Bonus
	%	%	%	%
S\$250,000 – S\$500,000				
Mr Peter Sichrovsky	Nil	78	12	10
Below S\$250,000				
Dr Knut Unger	100	Nil	Nil	Nil
Mr Volker Felix Zuleck	Nil	Nil	Nil	Nil
Mr Bernhard Rippel	Nil	Nil	Nil	Nil

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

None of the five top executives and key employees within the Group received remuneration within the range of S\$250,000 to S\$500,000.

Corporate Governance

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

Principle 11: Audit Committee

The composition of AC as at 31 December 2010 is outlined below. The AC should comprise at least three directors, all non-executive, the majority of whom, including the Chairman, should be Independent.

Mr Volker Felix Zuleck	Chairman of the Committee
Dr Knut Unger	Member
Mr Bernhard Rippel	Member

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

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

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

- (a) Review the external auditors' proposed audit scope and approach and ensure no restrictions or limitations have been placed on the scope. The AC also reviews all reports and recommendations from the external auditors.
- (b) Review the quarterly and full year financial statements of the Company and the respective announcements before recommending to the Board for approval for release to the SGX-ST.
- (c) Make recommendations to the Board regarding the appointment of the external auditors.
- (d) Consider the independence of the external auditors annually, including reviewing the range of services provided in the context of all non-audit services bought by the Company, seeking to balance maintenance of objectivity and value for money. The audits of the Company and its Singapore incorporated subsidiaries are undertaken by BDO LLP. Rule 716 of the Listing Manual is complied with.
- (e) Meet with the external auditors, without the presence of the Management, to discuss any matters that the AC or auditors believe should be discussed privately.
- (f) Review interested persons transactions.

Corporate Governance

Principle 12: Internal Controls

Principle 13: Internal Audit

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

The Group relied on the internal auditors of its holding company to cover its internal audit function. Following the restructuring exercise in September 2010, the Group is in the process of outsourcing the function to a professional firm. The Internal Auditors report directly to the Chairman of the AC on internal audit matters. To ensure adequacy of internal audit functions, the AC receives and approves the internal audit plan on an annual basis.

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

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

- (a) Providing the shareholders in a timely manner, with balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to quarterly announcements of financial results, other price sensitive public reports and reports to regulators.
- (b) Ensuring the Company regularly and in a timely manner conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. Such disclosures will be in a manner as required by applicable laws and requirements.
- (c) Disclosing in the Company's annual report the number of board meetings held in the year, and meetings of specialised committees established by the Board. Board and committee meeting attendance represent a part and not the full reflection of the contributions of Board members to the Company.
- (d) Enabling shareholders full opportunity to participate effectively and to vote and to communicate their views at Annual General Meetings.

DEALING IN SECURITIES

The Group has adopted its own internal codes in line with Rule 1207(18) applicable to all its directors and officers in relation to dealings in the Company's securities. The directors and its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

The directors and officers of the Group are also prohibited from dealing in the Company's securities on short-term considerations.

Corporate Governance

INTERESTED PERSON TRANSACTIONS

At the Annual General Meeting held on 30 April 2010, shareholders of the Company approved a General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions with ATB, A-TEC and any of its associates and its group of subsidiaries.

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
General Transactions				
ATB Antrieb Nordenham	–	–	1,916	3,275
ATB Austria Antriebstechnik AG	–	–	2,305	4,832
ATB Welzheim	–	–	1,378	1,352
ATB Motorenwerke GmbH	–	–	1,232	532
ATB Benelux	–	–	2,705	541
ATB Server A.D.	–	–	–	508
Tamel S.A.	–	–	3,283	N.A
Treasury Transactions				
ATB Austria Antriebstechnik AG	–	–	690	1,160
ATB GmbH, Wein	–	–	–	7,040
Purchase consideration for disposal of Manufacturing Arm *				
ATB Group			206,659	–
			220,168	19,240

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

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

Corporate Governance

RISK MANAGEMENT

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

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

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

Financial Contents

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Report of the Directors

The Directors of the Company present their report to the shareholders together with the audited statement of financial position of Lindeteves-Jacoberg Limited (the “Company”) as at 31 December 2010, statement of changes in equity of the Company and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2010.

1. Directors

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

Mr Peter Sichrovsky
 Mr Wolfgang Kloser (Appointed on 17 January 2011)
 Dr Knut Unger
 Mr Volker Felix Zuleck
 Mr Christian Schimdt

2. Arrangements to enable Directors to acquire shares and debentures

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

3. Directors’ interests in shares and debentures

(a) According to the Register of Directors’ Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50 (the “Act”), none of the Directors of the Company holding office at the end of the financial year had any interests in the shares and debentures of the Company and its related corporations except as detailed below:

	Shareholdings registered in the name of Director or nominee (No. of ordinary share)	
	At beginning of the year	At end of the year
Mr Peter Sichrovsky	1,235,000	–
Mr Volker Felix Zuleck	–	500,000

(b) The Directors’ interests in the ordinary shares of the Company as at 21 January 2011 were the same as those as at 31 December 2010.

4. Directors’ contractual benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain Directors received remuneration from related corporations in their capacity as executives of those related corporations.

Report of the Directors

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

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

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

6. Audit committee

The Audit Committee ("AC") comprises the following Directors, two of whom are independent:

Mr Volker Felix Zuleck	Chairman of the Committee
Dr Knut Unger	Member
Mr Wolfgang Kloser	Member (Appointed on 17 January 2011)

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

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

- (a) Review of the external auditors' proposed audit scope and approach and ensure no restrictions or limitations have been placed on the scope. The AC also considers the independence of the external auditors, including reviewing the range of services provided in the context of all non-audit services bought by the Company, seeking to balance maintenance of objectivity and value for money;
- (b) Review of the Group's financial, operating results and accounting policies;
- (c) Review of the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors of the Company and external auditors' report on those financial statements; and
- (d) Makes recommendations to the Board of Directors on the nomination of BDO LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

7. Auditors

The auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

WOLFGANG KLOSER
Chief Executive Officer, Director

VOLKER FELIX ZULECK
Director

Singapore
11 April 2011

Statement by Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 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 2010 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (b) as set out in Note 3 to the financial statements, there are reasonable grounds to believe that the Company will be able to meet its obligations as and when they fall due.

On behalf of the Board of Directors

WOLFGANG KLOSER

Chief Executive Officer, Director

VOLKER FELIX ZULECK

Director

Singapore

11 April 2011

Independent Auditors' Report to the Members of Lindeteves-Jacoberg Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Lindeteves-Jacoberg Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 23 to 98, which comprise the statements of financial position of the Group and of the Company as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company 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 provision of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 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 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Independent Auditors' Report to the Members of Lindeteves-Jacoberg Limited

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following matters:

- (a) Provision for alleged unpaid capital contribution and default payment by BCW Electric Motor (Dalian) Corporation Ltd ("BCW Dalian").

As set forth in Notes 4.5 and 33.4 to the financial statements, there exists an uncertainty relating to the outcomes of the lawsuits filed against the Company.

- (b) Going concern assumption

As set forth in Note 3 to the financial statements, the Group's and the Company's current liabilities exceeded current assets by \$10,871,000 and \$17,245,000 respectively as at 31 December 2010. The Group and the Company were also in a net liabilities position of \$8,677,000 and \$42,331,000 respectively. Out of the current liabilities, \$17,034,000 pertained to the provision for claims as mentioned in (a) above.

These conditions, along with other matters as set forth in the note to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concern.

Report on Other Legal Regulatory Requirements

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

BDO LLP

Public Accountants and
Certified Public Accountants

Singapore
11 April 2011

Consolidated Statement of Comprehensive Income

For the Financial year ended 31 December 2010

	Note	2010 \$'000	2009 \$'000 (Restated)
Continuing operations			
Revenue	5	42,144	37,294
Cost of sales	6	(28,337)	(26,321)
Gross profit		13,807	10,973
Other gains	5	8,702	4,316
Expenses			
– Distribution and marketing	6	(5,097)	(5,933)
– Administrative	6	(6,354)	(7,335)
– Finance	8	(120)	(1,461)
– Others	6	(464)	(155)
Profit before income tax		10,474	405
Income tax expense	9.1	(596)	(354)
Profit from continuing operations		9,878	51
Discontinued operations			
Profit/(Loss) from discontinued operations	10	118,390	(6,579)
Profit/(Loss) for the year, representing profit/(loss) attributable to owners of the Company		128,268	(6,528)
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations, representing other comprehensive loss for the year, net of tax		245	(1,018)
Realisation of currency translation reserves upon disposal of subsidiaries		(15,631)	–
		(15,386)	(1,018)
Total comprehensive income/(loss) for the year, representing total comprehensive income/(loss) attributable to owners of the Company		112,882	(7,546)
Earnings/(Loss) per ordinary share for profit/(loss) from operations attributable to owners of the Company			
Basic and diluted	11		
– continuing operations		1.4 cents	–
– discontinued operations		16.7 cents	(0.9) cents
		18.1 cents	(0.9) cents

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

Statements of Financial Position

As at 31 December 2010

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	1,972	12,032	197	548
Trade and other receivables	13	9,342	71,282	410	307
Inventories	14	7,699	25,377	-	-
		19,013	108,691	607	855
Non-current assets					
Available-for-sale financial assets	15	-	-	-	-
Other receivables	16	-	-	10,498	61,944
Investments in subsidiaries	17	-	-	13,742	82,781
Property, plant and equipment	18	2,595	103,713	23	56
Investment property	19	147	165	147	165
Intangible assets	20	9	223	9	18
Deferred income tax assets	21	250	259	-	-
		3,001	104,360	24,419	144,964
Total assets		22,014	213,051	25,026	145,819
LIABILITIES					
Current liabilities					
Trade and other payables	22	11,622	45,806	769	1,109
Current income tax liabilities	9.2	357	1,300	49	123
Provision for employee benefits	23	50	761	-	-
Provision for warranty	24	68	1,922	-	-
Provision for alleged unpaid capital contribution	25	17,034	17,034	17,034	17,034
Borrowings	26	753	12,812	-	-
		29,884	79,635	17,852	18,266
Non-current liabilities					
Borrowings	26	-	114,439	-	88,071
Other payables	28	-	93,014	49,505	168,621
Retirement benefit obligations	29	139	40,973	-	-
Provision for employee benefits	23	-	451	-	-
Deferred income tax liabilities	21	668	6,098	-	-
		807	254,975	49,505	256,692
Total liabilities		30,691	334,610	67,357	274,958
NET LIABILITIES		(8,677)	(121,559)	(42,331)	(129,139)
EQUITY					
Capital and reserves attributable to owners of the Company					
Share capital	30	149,642	149,642	149,642	149,642
Other reserves	31	(5,483)	9,903	16,852	16,852
Accumulated losses		(152,836)	(281,104)	(208,825)	(295,633)
TOTAL EQUITY		(8,677)	(121,559)	(42,331)	(129,139)

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

Statements of Changes in Equity

For the Financial year ended 31 December 2010

Group	Share capital \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance at 01 January 2010	149,642	16,852	(6,949)	(281,104)	(121,559)
Total comprehensive income for the financial year	-	-	(15,386)	128,268	112,882
Balance at 31 December 2010	149,642	16,852	(22,335)	(152,836)	(8,677)
Balance at 01 January 2009	149,642	16,852	(5,931)	(274,576)	(114,013)
Total comprehensive loss for the financial year	-	-	(1,018)	(6,528)	(7,546)
Balance at 31 December 2009	149,642	16,852	(6,949)	(281,104)	(121,559)

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

Statements of Changes in Equity

For the Financial year ended 31 December 2010

Company	Share capital \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance at 01 January 2010	149,642	16,852	(295,633)	(129,139)
Total comprehensive income for the financial year	-	-	86,808	86,808
Balance at 31 December 2010	<u>149,642</u>	<u>16,852</u>	<u>(208,825)</u>	<u>(42,331)</u>
Balance at 01 January 2009	149,642	16,852	(230,708)	(64,214)
Total comprehensive loss for the financial year	-	-	(64,925)	(64,925)
Balance at 31 December 2009	<u>149,642</u>	<u>16,852</u>	<u>(295,633)</u>	<u>(129,139)</u>

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

Consolidated Statement of Cash Flows

For the Financial year ended 31 December 2010

	Note	2010 \$'000	2009 \$'000
Profit from continuing operations		9,878	51
Profit/(loss) from discontinued operations	10	118,390	(6,579)
		128,268	(6,528)
Adjustments for:			
Income tax expense		1,897	684
Amortisation and depreciation		6,470	9,742
Retirement benefit plan expense	29.3	1,655	2,202
Interest expense		1,379	4,960
Interest income		(9)	(109)
Inventories			
– write off		2,146	–
– write back		(2,120)	(2,393)
Impairment loss on trade and other receivables			
– charged		2,050	345
– write back		(156)	(55)
Waiver of amount due to immediate holding company		657	–
Gain on disposal of property, plant and equipment		(142)	(61)
Gain on disposal of available-for-sale financial assets		–	(1,046)
Impairment loss on property, plant and equipment		634	1,541
Impairment loss on intangible assets		–	42
Loss on disposal of property, plant and equipment		36	6
Gain on disposal of subsidiaries	10	(133,932)	–
Provision for warranty expenses		129	(15)
Provision for employee benefits	23	167	(377)
Operating cash flows before working capital changes		9,129	8,938
Change in operating assets and liabilities			
Inventories		(827)	9,478
Trade and other receivables		(12,481)	7,342
Trade and other payables		6,099	(7,743)
Effect of currency translation		316	(1,243)
Cash generated from operations		2,236	16,772
Interest received		9	109
Income tax paid	9	(784)	(2,183)
Retirement benefit contribution paid	29.3	(983)	(1,294)
Net cash from operating activities		478	13,404

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

Consolidated Statement of Cash Flows

For the Financial year ended 31 December 2010

	Note	2010 \$'000	2009 \$'000
Cash flows from investing activities			
Proceeds on disposal of available-for-sale financial assets		-	1,046
Purchases of property, plant and equipment		(2,076)	(3,762)
Proceeds from disposals of property, plant and equipment		548	176
Purchases of intangible assets		(159)	(51)
Proceeds from disposals of subsidiary		7,979	-
Effect of currency translation		99	(1,428)
Net cash from/(used in) investing activities		6,391	(4,019)
Cash flows from financing activities			
Repayment of lease liabilities		(217)	(277)
Interest paid		(1,358)	(2,717)
Advances from immediate holding company		1,563	121
Advances from related company		-	7,106
Proceeds from borrowings from a financial institution		2,822	3,453
Repayment of bank borrowings		(4,855)	(17,296)
Cash not available for use		(262)	(369)
Effect of currency translation		(107)	2,214
Net cash used in financing activities		(2,414)	(7,765)
Net increase in cash and cash equivalents		4,455	1,620
Cash and cash equivalents at beginning of the financial year		(3,716)	(5,283)
Effects of exchange rate changes on cash and cash equivalents		480	(53)
Cash and cash equivalents at end of the financial year	12	1,219	(3,716)

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

1. General corporate information

The statement of financial position and statement of changes in equity of Lindeteves-Jacoberg Limited (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2010 were authorised for issue by the Board of Directors on 11 April 2011.

The Company is a public limited company, incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office is 141 Market Street, #07-01 International Factors Building, Singapore 048944. The Company's registration number is 194700172G.

The immediate holding company is ATB Austria Antriebstechnik AG ("ATB") and the ultimate holding company is A-TEC Industries AG ("A-TEC"), both of which are incorporated in Austria.

The principal activities of the Company consist of investments holding and provision of management services to its subsidiaries. The principal activities of the significant subsidiaries are set out in Note 32 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below, and on a going concern basis as disclosed in Note 3 to the financial statements.

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement, to use accounting estimates and to make assumptions in the process of applying the Group's accounting policies on the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the end of the reporting period, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 4 to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

During the current financial year, the Group adopted all the new or revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS does not result in any substantial changes to the Group's accounting policies except as disclosed below.

FRS 27 (2009) Consolidation and Separate Financial Statements

Changes in the accounting policies resulting from the adoption of FRS 27 (2009) include the following:

- Effects of all transactions with non-controlling interests are to be recorded in equity if there are no changes in control and these transactions will no longer result in goodwill or gains and losses.
- In the event where control is lost, any remaining interests in the entity are remeasured to fair value, and a gain or loss is recognised in the profit or loss.
- The Group has applied FRS 27 (2009) prospectively to transactions with non-controlling interests from 01 January 2010. There were no transactions with non-controlling interests in the current financial year. Accordingly the changes do not have any impact on the financial statements for the current financial year.

FRS 103 (2009) Business Combination

Changes in the accounting policies resulting from the adoption of FRS 103 (2009) include the following:

- All considerations given to purchase a business are to be recorded at fair value at the acquisition date, with contingent considerations classified as debt subsequently re-measured through profit or loss if the fair value changes were to take place after the measurement period.
- The Group has a choice on an acquisition-by-acquisition basis to measure the non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's net assets.
- All acquisition-related costs are expensed.
- The Group has applied FRS 103 (2009) prospectively to all business combinations taking place from 01 January 2010. Assets and liabilities that arose from business combinations whose acquisition dates are before 01 January 2010 are not adjusted.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of the financial statements, the Group has not adopted the following relevant FRS and INT FRS that have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 12	: Amendments to FRS 12 – Deferred tax: Recovery of Underlying Assets	01 January 2012
FRS 24	: Related Party Disclosures (Revised)	01 January 2011
FRS 32	: Amendments to FRS 32 – Classification of Rights Issues	01 February 2010
FRS 107	: Amendments to FRS 107 – Disclosures – Transfer of Financial Assets	01 July 2011
INT FRS 119	: Extinguishing Financial Liabilities with Equity Instruments	01 July 2010

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption, except as disclosed below.

FRS 24 (2010) Related Party Disclosures

FRS 24 (2010) changes certain requirements for related party disclosures for entities under control, joint control or significant influence of a government (“government related entities”). FRS 24 (2010) also made related party relations symmetrical between each of the related parties and new relationships were included and clarified in the definition of a related party. The Company will apply the amendments to FRS 24 retrospectively for annual periods beginning on or after 01 January 2011 and is currently determining the impact of the changes to the definition of a related party on the related disclosures. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company when implemented in 2011.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

Business combinations from 01 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 01 January 2010 (Continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations before 01 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(a) *Sale of goods*

Revenue from the sale of goods is recognised when a Group entity has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from inventory contract work-in-progress is recognised under the percentage of completion method in accordance with the basis described in Note 2.12 below.

(b) *Rental income*

Revenue arising from rental is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

(c) *Interest income*

Interest income is recognised on a time proportion basis, taking into account of the principal outstanding and the effective interest rate over the period of maturity, when it is determined such income will accrue to the Group.

(d) *Dividend income*

Dividends are recognised when the right to receive payment is established.

2.5 Employee compensation

(a) *Post-employment benefits*

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.5 Employee compensation (Continued)

(b) *Termination benefits*

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

(c) *Employee leave entitlement*

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

2.6 Leases

(a) *When a group company is the lessee*

The Group leases certain property, plant and equipment from third parties.

Finance leases

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.6 Leases (Continued)

(a) *When a group company is the lessee (Continued)*

Operating leases

Leases of property, plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

(b) *When a group company is the lessor*

The Group leases out certain property, plant and equipment and investment properties to third parties.

Operating leases

Assets leased out under operating leases are included in investment properties and property, plant and equipment.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

Contingent rents are recognised as income in profit or loss in the financial year in which they are earned.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

(a) *Current tax*

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts 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 date of the end of the reporting period.

(b) *Deferred tax*

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

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

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction affects neither the accounting profit nor taxable profit or loss;
- In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits and unused tax losses can be utilised.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.8 Income taxes (Continued)

(b) *Deferred tax (Continued)*

The carrying amount of deferred tax asset is reviewed at the date of the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at:

- the tax rates that are expected to apply when the related deferred income tax asset is recognised 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 end of the reporting period; and
- the tax consequence that would follow from the manner in which the Group expects, at the date of the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings, fair value gains and losses on available-for-sale financial assets and cash flow hedges, and the liability component of convertible debts are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

Assets/liabilities are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised in profit or loss. Subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

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

- (a) represents a separate major line of business or geographical area of operations; or
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

Results and cash flows attributable to a discontinued operation (including comparative figures) are presented or disclosed separately from the continuing operations.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.10 Impairment of non-financial assets (excluding goodwill)

At the date of the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

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

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

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of recognition or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.11 Financial assets

(a) *Classification*

The Group classifies its financial assets into the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. The management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, where allowed and appropriate.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the date of the end of the reporting period which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the statements of financial position.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

(a) *Classification (Continued)*

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in held-to-maturity investments and financial assets at fair value through profit or loss. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the date of the end of the reporting period.

(b) *Recognition and initial measurement*

Financial assets are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

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

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

(c) *Subsequent measurement*

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

Changes in the fair value of monetary assets denominated in a foreign currency and classified as available-for-sale are analysed into translation differences resulting from changes in amortised cost of the asset and other changes. The translation differences are recognised in profit or loss, and other changes are recognised in the fair value reserve within equity. Changes in fair values of other monetary and non-monetary assets that are classified as available-for-sale are recognised in the fair value reserve within equity.

Interest on available-for-sale financial assets, calculated using the effective interest method, is recognised in profit or loss. Dividends on available-for-sale equity securities are recognised in profit or loss when the Group's right to receive payment is established. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in the fair value reserve within equity are included in profit or loss as "gains and losses from investment securities".

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

(d) *Derecognition*

A financial asset is derecognised when:

- (i) the Group transfers the contractual rights to receive the cash flows of the financial asset; or
- (ii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in a “pass-through” arrangement; or
- (iii) the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option of the transferred asset, the extent of the Group’s continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(e) *Impairment*

The Group assesses at the date of the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) *Loans and receivables*

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

(e) *Impairment (Continued)*

(ii) *Available-for-sale financial assets*

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is removed from the fair value reserve within equity and recognised in profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and recognised) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Reversal of impairment loss in respect of equity security classified as available-for-sale is recognised through equity.

2.12 Inventories and inventory contracts work-in-progress

Inventories of raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined under the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Allowance for obsolete, slow-moving or defective inventories is made where necessary.

An inventory contract is a contract specifically negotiated and recognised for the construction of an inventory or combination of inventories that are closely interrelated or interdependent in terms of their design, technology and functions.

When the outcome of an inventory contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that those costs will be recoverable. Contract costs are recognised when incurred. When the outcome of a contract can be estimated reliably, contract revenue and contract costs are recognised by using the stage of completion method. The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as contracts work-in-progress. The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the financial year-end.

Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as due from customers on contracts, under trade and other receivables. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on contracts, under trade and other payables.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.13 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

(b) *Depreciation*

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

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

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate, at the date of the end of each reporting period. The effects of any revision of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

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

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

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the item can be reliably measured. Other subsequent expenditure is recognised as repairs and maintenance expense in profit or loss during the financial year in which it is incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.13 Property, plant and equipment (Continued)

(d) *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is determined as the difference between the sales proceeds and the carrying amount of the asset as of the derecognition date and is recognised in profit or loss. Any amounts in the revaluation reserve relating to that asset are transferred to retained earnings directly.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.14 Investment properties

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

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

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

2.15 Intangible assets

Computer software

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

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

The amortisation period and amortisation method of intangible assets are reviewed at least once at the date of the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.16 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Borrowings

Borrowings are recognised initially at fair value (estimated by discounting the future contractual cash flows at the market interest rate at the inception of the transaction that was available to the Group for similar financial instruments), net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Borrowings which are due to be settled within twelve months after the date of the end of the reporting period are included in current borrowings in the statements of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the date of the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the date of the end of the reporting period are included in non-current borrowings in the statements of financial position.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.17 Financial guarantees

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

Financial guarantees are initially recognised at their fair values plus transaction costs in the financial liabilities that it relates to in the statement of financial position.

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.18 Provisions

Provisions for asset dismantlement, removal or restoration, warranty, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are reviewed at the date of the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

The Group recognises the estimated liability to repair or replace products still under warranty at the date of the end of the reporting period. This provision is calculated based on past historical experience of the level of repairs and replacements.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as interest expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss for the period the changes in estimates arise except for asset dismantlement, removal and restoration costs, which are adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

2.19 Fair value estimation

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

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

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.20 Share capital

Proceeds from issuance of ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

2.21 Cash and cash equivalents

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

2.22 Foreign currency translation

(a) *Functional currency*

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

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency translation gains and losses resulting 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 date of the end of the reporting period are recognised in profit or loss, except for foreign currency translation differences on the net investment in foreign operations, borrowings in foreign currencies and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within equity in the consolidated financial statements.

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

(c) *Translation of Group entities' financial statements*

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.22 Foreign currency translation (Continued)

(c) *Translation of Group entities' financial statements (Continued)*

- (ii) Income and expenses are translated at average exchange rates (unless the average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(d) *Consolidation adjustments*

On consolidation, foreign currency translation differences arising from the net investment in foreign operations and borrowings in foreign currencies are taken to the foreign currency translation reserve. When a foreign operation is sold, such foreign currency translation differences recorded in the foreign currency translation reserve are recognised in profit or loss as part of the gain or loss on sale.

2.23 Segments

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

3. Going concern assumption

For the financial year ended 31 December 2010, the Group and the Company generated a net profit of \$128,268,000 and \$86,808,000 respectively. As at 31 December 2010, the Group's and the Company's current liabilities exceeded current assets by \$10,871,000 and \$17,245,000 respectively. In addition, the Group and the Company were in a net liabilities position of \$8,677,000 and \$42,331,000 respectively. A provision of \$17,034,000 for the alleged unpaid capital contribution and claim by HSBC Bank (China) Company Limited Dalian Branch ("HSBC Dalian"), as mentioned below, formed the major component of the current liabilities.

During the financial year, the Company has been served with two Writs of Summons, one is for the alleged unpaid capital contribution in BCW Electric Motor (Dalian) Co Ltd (In Liquidation) ("BCW Dalian") and the other is for the default in payment of a loan provided by HSBC Dalian to BCW Dalian, of which the Company was the guarantor. The claims amounted to approximately \$25,563,000 (RMB 131,632,000) and \$3,139,000 (USD 2,396,000 and RMB 341,000) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2010

3. Going concern assumption (Continued)

On 02 April 2010, the immediate holding company, ATB Austria Antriebstechnik AG, has undertaken to provide financial support up to the amount of \$28,000,000 to the Company for the period from 23 March 2010 to the earlier of 31 December 2011 and the date of the Company's cessation as its subsidiary. The financial support given by the immediate holding company is governed by the laws of the Republic of Austria. The immediate holding company, in turn, relies on the financial support from the ultimate holding company, A-TEC Industries AG, for its going concern. However, on 20 October 2010, the ultimate holding company announced that they have commenced reorganisation proceedings with self-administration by order of the Vienna Commercial Court.

In the event that the above mentioned lawsuits, the outcomes of which at the date of the financial statements are still unknown, were to take place and be decided in favour of the plaintiffs, and corresponding payments are expected to be made within the foreseeable future, the Group and the Company will not have sufficient funds to settle the obligations. In addition, the uncertainty existing over the ability of the immediate holding company to fulfil its obligation under the financial support provided may have an impact on the Group's and the Company's ability to operate as a going concern.

Apart from the possible consequential implication arising from the above mentioned lawsuits, the management is of the view that, as far as the operations of the Group are concerned, it is able to generate sufficient cash to finance its operations for the foreseeable future. In addition, the Group has unutilised banking facilities amounting to \$533,000 (Note 26.2) which can be used for any unforeseen cash outflows, if necessary.

In consideration of the above, the Directors of the Company are of the view that the preparation of the financial statements of the Group and of the Company on a going concern basis is appropriate. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise and reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to the financial statements of the Group and of the Company.

4. Critical accounting judgements and estimates

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Impairment loss on investments in subsidiaries

The Company recognised an impairment losses of \$38,125,000 (2009: \$183,835,000) in its investments in subsidiaries to their estimated recoverable amounts at the end of the reporting period. The estimated recoverable amounts have been determined based on value-in-use calculations and these calculations require the use of estimates and assumptions relating to the range of economic conditions that will exist over the period of the cash flow projections, the composition of estimates of future cash flows and discount rates. The discount rate used is 5% (2009: 7%). As at 31 December 2010, the Company's investments in subsidiaries has a carrying value of \$13,742,000 (2009: \$82,781,000) (Note 17).

Notes to the Financial Statements

For the financial year ended 31 December 2010

4. Critical accounting judgements and estimates (Continued)

4.2 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the accrual for income taxes. Significant judgement is also required in determining the recognition of deferred tax assets. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated 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 recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

As at the date of the end of the reporting period, the Group's and the Company's current and deferred taxes have the following carrying values:

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
CURRENT				
Current income tax liabilities	357	1,300	49	123
DEFERRED				
Deferred income tax assets	250	259	-	-
Deferred income tax liabilities	668	6,098	-	-

4.3 Retirement benefit obligations

At the end of each reporting period, the actuarial present value at the end of the reporting period of benefits due to past and present employees are based on actuarial assumptions, which are the Group's best estimates of the variables who will determine the ultimate cost of providing the retirement benefits. Relevant actuarial assumptions comprise:

- (a) demographic assumptions about the future characteristics of current and former employees (and their dependants) that are eligible for benefits. Demographic assumptions deal with matters such as:
 - (i) mortality, both during and after employment;
 - (ii) rates of employee turnover, disability and early retirement; and
 - (iii) proportion of employees with dependants who will be eligible for benefits.
- (b) financial assumptions, dealing with items such as:
 - (i) the rate used to discount the retirement benefit obligations; and
 - (ii) future salary and benefit levels.

Notes to the Financial Statements

For the financial year ended 31 December 2010

4. Critical accounting judgements and estimates (Continued)

4.3 Retirement benefit obligations (Continued)

The key financial assumptions used in the actuarial present value calculations are disclosed in Note 29.4. The Group considers that it is impracticable to disclose the extent with sufficient reliability the possible effects of sensitivities surrounding these actuarial assumptions at the end of the reporting period. One or more of the actuarial assumptions may differ significantly and as a result, the actuarial present value of retirement benefit obligation estimated at the date of the end of the reporting period may differ significantly from the amount reported.

As at 31 December 2010, the Group's retirement benefit obligations have carrying values of \$139,000 (2009: \$40,973,000). (Note 29.1)

4.4 Provision for warranty

Management estimates the related provision for warranty based on historical claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

The Group recognises provision for warranty to the extent that it has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and that the amount has been reliably estimated.

The carrying amount of the provision for warranty as at 31 December 2010 was \$68,000 (2009: \$1,922,000). The estimates and judgements used are however not expected to have a significant risk of causing a material adjustment to the carrying amount of the provision for warranty within the next financial year.

4.5 Provision for claims on alleged unpaid capital contribution and default payment by BCW Dalian

As set out in Note 33.4 to the financial statements and after considering the uncertainty in the outcomes of the claim for alleged unpaid capital contribution by BCW Dalian and claim on the corporate guarantee given by the Company for the loan extended by HSBC Dalian to BCW Dalian, the management of the Company has recognised a provision of \$17,034,000 (2009: \$17,034,000) (Note 25) as at 31 December 2010

The proceedings of the claims and negotiations with the relevant parties to reach a settlement of the claims against the Company are still on-going and uncertainties remain over various possible outcomes of the claims.

Significant judgement has been used by the management in assessing the facts and circumstances of the matters to arrive at their best estimate of this provision.

Notes to the Financial Statements

For the financial year ended 31 December 2010

4. Critical accounting judgements and estimates (Continued)

4.6 Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment, using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of the property, plant and equipment which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2010 were \$2,595,000 (2009: \$103,713,000) and \$23,000 (2009: \$56,000) respectively.

4.7 Allowance for impairment loss on trade and other receivables

The allowance for impairment losses of the Group's receivables is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these receivables were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2010 were \$8,898,000 (2009: \$69,390,000) and \$10,905,000 (2009: \$62,220,000) respectively.

4.8 Inventory valuation method

Inventory is valued at the lower of actual cost and net realisable value. Cost is determined primarily using the weighted average method. Market price is generally the merchandise's selling price quoted from the market of similar items. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the salability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories was \$7,699,000 (2009: \$25,377,000).

Notes to the Financial Statements

For the financial year ended 31 December 2010

5. Revenue and other gains

	Group	
	2010	2009
	\$'000	\$'000
	(Restated)	
Sales of products	42,144	37,294
Other gains:		
– Currency exchange gain	8,015	1,523
– Income from write-off of other liabilities	-	760
– Income cost compensation	307	16
– Interest income	9	-
– Gains on disposal of property, plant and equipment	-	41
– Gains on disposal of available-for-sale financial assets	-	1,046
– Rental income from		
– Investment property	-	24
– Property, plant and equipment	310	343
– Others*	61	563
	8,702	4,316
	50,846	41,610

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

6. Expenses by nature

	Group	
	2010	2009
	\$'000	\$'000
	(Restated)	
Raw materials, finished goods and consumables	27,009	27,360
Amortisation for intangible assets	148	9
Depreciation of property, plant and equipment	71	252
Total amortisation and depreciation	219	261
Advertising expenses	110	81
Changes in inventories of raw materials, work-in-progress and finished goods	1,149	(5)
Communications	184	242
Waiver of amount due to immediate holding company	(657)	-
Management services from immediate holding company	-	578
Directors' fees	80	269
Employee benefits expenses (Note 7)	5,753	6,161

Notes to the Financial Statements

For the financial year ended 31 December 2010

6. Expenses by nature (Continued)

	Group	
	2010 \$'000	2009 \$'000 (Restated)
Impairment loss on property, plant and equipment	88	84
Impairment loss on trade receivables		
– Charged	-	208
– Write-back	(156)	(6)
Impairment loss on other receivables		
– Charged	147	-
Insurance	250	414
Inventories		
– Charged	105	300
– Write back	(109)	(1,915)
Legal and professional fees	1,258	1,224
Redundancy and other restructuring expense	(83)	(427)
Rental on operating leases	1,235	1,665
Repairs and maintenance	298	185
Sales commission	465	297
Sub-contractor charges	343	206
Taxes and rates	92	90
Technical costs	91	159
Travelling and transportation expenses	1,259	1,250
Utilities	209	327
Write off receivables	2	-
Others*	911	736
	<u>40,252</u>	<u>39,744</u>
Cost of sales	28,337	26,321
Distribution and marketing expenses	5,097	5,933
Administrative expenses	6,354	7,335
Other expenses	464	155
	<u>40,252</u>	<u>39,744</u>

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

7. Employee benefits expenses

	Group	
	2010	2009
	\$'000	\$'000
	(Restated)	
Salaries, wages and other benefits	52,258	78,758
Employer's contribution to defined contribution plans, including Central Provident Funds and social security charges	8,159	11,985
Employer's contribution to retirement benefits plan (Note 29.2)	1,655	2,202
	<u>62,072</u>	<u>92,945</u>
Less: Amounts attributable to discontinued operations	(56,319)	(86,784)
Amounts attributable to continuing operations (Note 6)	<u>5,753</u>	<u>6,161</u>

8. Finance expenses

	Group	
	2010	2009
	\$'000	\$'000
	(Restated)	
Interest expense:		
– bank borrowings	120	699
– invoice discounting	-	106
– related companies	-	656
	<u>120</u>	<u>1,461</u>

9. Income taxes

9.1 Income tax expense

	Group	
	2010	2009
	\$'000	\$'000
Tax expense attributable to results is made up of:		
<i>Continuing operations</i>		
Current income tax		
– Singapore	-	15
– Foreign	559	27
	<u>559</u>	<u>42</u>
Deferred income tax (Note 21)	-	108
	<u>559</u>	<u>150</u>
Under provision in preceding financial years	37	204
	<u>596</u>	<u>354</u>
<i>Discontinued operations</i>		
Current income tax	1,301	330
	<u>1,897</u>	<u>684</u>

Notes to the Financial Statements

For the financial year ended 31 December 2010

9. Income taxes (Continued)

9.1 Income tax expense (Continued)

The tax amounts on results differ from the amounts that would arise using the Singapore standard rate of income tax due to the following:

	Group	
	2010 \$'000	2009 \$'000
Profit/(Loss) before income tax		
– Continuing operations	10,474	405
– Discontinued operations	119,691	(6,249)
	130,165	(5,844)
Income tax calculated at tax rate of 17% (2009: 17%)	22,128	(994)
Effect of changes in tax rate	(2)	–
Effect of different tax rates in other countries	25,812	440
Income not subject to tax	(51,690)	(1,489)
Effect of concessionary tax treatment	(25)	(3)
Expenses not deductible for tax purposes	1,521	3,455
Others	210	121
Current year tax losses not recognised	5,196	967
Under provision in preceding financial years	(188)	36
Utilisation of previously unrecognised deferred taxes (net)	(1,065)	(1,849)
	1,897	684

9.2 Movements in current income tax liabilities

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Beginning of financial year	1,300	2,879	123	71
Income tax paid	(784)	(2,183)	(331)	(131)
Current financial year's tax	600	540	227	12
Under provision in preceding financial years	(188)	36	30	171
Currency translation difference	(129)	28	–	–
Disposal of subsidiaries	(442)	–	–	–
End of financial year	357	1,300	49	123

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

Manufacturing segment

On 18 June 2010, the Company entered into a sale and purchase agreement to dispose of the following companies under the manufacturing segment to ATB Group:

- Schorch Elektrische Maschinen und Antriebe GmbH ("Schorch")
- Fabryka Silnikow Elektrycznych Tamel S.A. ("Tamel")
- Lindeteves-Jacoberg Holding GmbH ("LJ GmbH")
- Brook Motors Limited ("BML")

Pursuant to FRS105 – Non-current Assets Held for Sale and Discontinued Operations, the results of the manufacturing segment have been classified as discontinued operations and presented separately in the consolidated statement of comprehensive income. Comparative figures have been restated to accordingly reflect the discontinued operations in the consolidated statement of comprehensive income. No statements of financial position as at 01 January 2009 have been presented as the restatement of the consolidated statement of comprehensive income does not have any impact on the statements of financial position as at 01 January 2009.

The sale has been completed on 30 September 2010 following the shareholders' approval on 23 August 2010.

Gain from discontinued operations is analysed as follows:

	Group	
	2010	2009
	\$'000	\$'000
Losses of Schorch, Tamel, LJ GmbH and BML manufacturing segment during the financial year	15,542	6,579
Gain on disposal of Schorch, Tamel, LJ GmbH and BML	<u>(133,932)</u>	–
	<u>(118,390)</u>	<u>6,579</u>

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

	Group	
	2010	2009
	\$'000	\$'000
		(Restated)
Revenue	140,358	241,950
Expenses*	<u>(154,599)</u>	<u>(248,199)</u>
Results from operating activities	(14,241)	(6,249)
Income tax expense	<u>(1,301)</u>	<u>(330)</u>
Results from operating activities, net of income tax	(15,542)	(6,579)
Gain on sale of discontinued operation	<u>133,932</u>	–
Profit/(loss) for the financial year	<u>118,390</u>	<u>(6,579)</u>

* inclusive of non-audit fees amounting to \$38,000 (2009: Nil) payable to the auditors of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

Manufacturing segment under Schorch, Tamel, LJ GmbH and BML (Continued)

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

	Group	
	2010 \$'000	2009 \$'000 (Restated)
Operating cash flows	824	12,497
Investing cash flows	(1,757)	(3,763)
Financing cash flows	(3,805)	(6,780)
Total cash flows	<u>(4,738)</u>	<u>1,954</u>

Details of the disposal of subsidiaries are as follows:

	Group 2010 \$'000
<u>Current assets</u>	
Cash and cash equivalents	9,926
Trade and other receivables	89,657
Inventories	16,075
Total current assets	<u>115,658</u>
<u>Non-current assets</u>	
Property, plant and equipment	88,648
Intangible assets	177
Total non-current assets	<u>88,825</u>
<u>Current liabilities</u>	
Trade and other payables	45,608
Current tax payables	442
Provision for employee benefits	810
Provision for warranty	1,353
Borrowings	14,736
Total current liabilities	<u>62,949</u>
<u>Non-current liabilities</u>	
Borrowings	1,353
Other payables	12,937
Retirement benefit obligations	37,735
Provision for employee benefits	413
Deferred income tax liabilities	6,876
Total non-current liabilities	<u>59,314</u>
Net identifiable assets and liabilities disposed	82,220
Realisation of currency translation reserves upon disposal of subsidiaries	(15,631)
	<u>66,589</u>
Sales consideration from the disposal	200,773
	<u>134,184</u>
Costs directly attributable to disposal	(252)
Gain on disposal	<u>133,932</u>

Notes to the Financial Statements

For the financial year ended 31 December 2010

11. Earnings/(loss) per ordinary share

	Group	
	2010	2009
Profit/(loss), net of tax, attributable to owners of the Company (\$'000)		
– Continuing operations	9,878	51
– Discontinued operations	118,390	(6,579)
	<u>128,268</u>	<u>(6,528)</u>
Actual number of ordinary shares in issue during the financial year applicable to basic and diluted earnings/(loss) per share ('000)	<u>709,178</u>	<u>709,178</u>
Basic and diluted earnings/(loss) per ordinary share (cents)		
– Continuing operations	1.4	–
– Discontinued operations	16.7	(0.9)
	<u>18.1</u>	<u>(0.9)</u>

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

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

12. Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	1,489	11,326	197	286
Short-term bank deposits	483	706	–	262
	<u>1,972</u>	<u>12,032</u>	<u>197</u>	<u>548</u>

Included in cash at bank is an amount of \$Nil (2009: \$9,269,000) charged as banker's guarantee issued in favour of a third party.

Short-term bank deposits at the date of the end of the reporting period had an average maturity of 2 months (2009: 3 months) from the end of the financial year with the following average effective interest rates:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
British pound ("GBP")	–	2.4%	–	–
Australian dollar ("AUD")	3.6%	4.2%	–	–
New Zealand dollar ("NZD")	3.0%	–	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2010

12. Cash and cash equivalents (Continued)

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

	Group	
	2010 \$'000	2009 \$'000
Cash and cash equivalents as per Statements of financial position	1,972	12,032
Bank overdrafts which form an integral part of cash management (Note 26)	(753)	(6,479)
Cash not available for use	-	(9,269)
Cash and cash equivalents per consolidated statement of cash flows	<u>1,219</u>	<u>(3,716)</u>

Cash not available for use amounting to \$Nil (2009: \$9,269,000) pertains to cash pledged against a banker's guarantee issued by a subsidiary in favour of a third party.

13. Trade and other receivables – current

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade receivables				
– third parties	8,878	46,037	-	-
– related companies	306	4,206	-	-
Allowance for impairment loss on receivables from third parties	(732)	(2,862)	-	-
	<u>8,452</u>	<u>47,381</u>	<u>-</u>	<u>-</u>
Due from customers on inventory contracts work-in-progress	11	19,709	-	-
Sundry receivables	1,541	3,208	1,511	1,240
Allowance for impairment loss on sundry receivables	(1,106)	(964)	(1,104)	(964)
Deposits	-	56	-	-
Prepayments	443	877	3	1
Input tax recoverable	1	1,015	-	30
	<u>9,342</u>	<u>71,282</u>	<u>410</u>	<u>307</u>

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

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Beginning of financial year	3,826	3,379	964	964
Currency translation difference	(193)	213	-	-
Allowance for the financial year	2,050	345	140	-
Allowance written off	(1,296)	(56)	-	-
Allowance written back	(156)	(55)	-	-
Disposal of subsidiaries	(2,393)	-	-	-
End of financial year	<u>1,838</u>	<u>3,826</u>	<u>1,104</u>	<u>964</u>

Notes to the Financial Statements

For the financial year ended 31 December 2010

13. Trade and other receivables – current (Continued)

The allowance for impairment loss on receivables is analysed as follows:

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
– Trade receivables	732	2,862	-	-
– Sundry receivables	1,106	964	1,104	964
	<u>1,838</u>	<u>3,826</u>	<u>1,104</u>	<u>964</u>

Impairment losses of \$2,050,000 (2009: \$345,000) and write-back of allowance for impairment losses of \$156,000 (2009: \$55,000) were recognised in profit or loss subsequent to a debt recovery assessment performed on the receivables.

Due from customers on inventory contracts work-in-progress are analysed as follows:

	Group	
	2010 \$'000	2009 \$'000
Contract work-in-progress plus attributable profits	11	28,481
Less: Progress billings	-	(8,772)
	<u>11</u>	<u>19,709</u>

- (i) There is no significant concentration of credit risk with respect to trade and other receivables. The Group's customers are internationally dispersed, covering a large spectrum of industries and have a variety of end markets in which they sell. In consideration of these factors, management believes that there is no additional credit risk beyond the amount of allowance for impairment losses already made as at the date of the end of the reporting period.
- (ii) The carrying amounts of trade and other receivables excluding prepayments and tax recoverable approximate their fair value. The exposure to interest rate risks of current trade and other receivables excluding prepayments and tax recoverable is disclosed in Note 34.2, together with non-current trade and other receivables.
- (iii) Included in the trade receivables of the Group is an amount of \$Nil (2009: \$15,163,000) charged to a bank as security for a term loan facility extended to a subsidiary.
- (iv) Trade receivables amounting to \$Nil (2009: \$3,831,000) have been factored with recourse to financial institutions. The amounts received from the financial institutions for the factored trade receivables are recorded as part of bank borrowings (Note 26.3).
- (v) Trade receivables amounting to \$3,732,410 have been factored with recourse to Brook Motors Limited to use a bank facility under Brook Motors Limited's name. The amounts received from the Brook Motors Limited for the factored trade receivables are recorded as part of other payable.

Notes to the Financial Statements

For the financial year ended 31 December 2010

14. Inventories

	Group	
	2010	2009
	\$'000	\$'000
Raw materials	642	9,406
Work-in-progress	-	3,589
Finished goods	7,057	12,382
	<u>7,699</u>	<u>25,377</u>

The cost of inventories recognised as expense and included in "cost of sales" amounted to \$27,966,000 (2009: \$106,136,000).

The Group has recognised a reversal of \$2,120,000 (2009: \$2,393,000), being part of an inventory write-down made in 2009, as the inventories were sold above the carrying amounts in 2010.

15. Available-for-sale financial assets

	Group and Company	
	2010	2009
	\$'000	\$'000
Unquoted equity securities, at cost	64,142	64,142
Allowance for impairment loss	(64,142)	(64,142)
	<u>-</u>	<u>-</u>

Fair values of the available-for-sale financial assets were not measured as it was impracticable to determine with sufficient reliability the fair values of these investments. Accordingly, the available-for-sale financial assets are stated at cost less accumulated impairment losses.

Movement of impairment loss on available-for-sale financial assets is as follows:

	Group and Company	
	2010	2009
	\$'000	\$'000
Beginning of financial year	64,142	68,223
Disposal of financial assets during the financial year	-	(4,081)
End of financial year	<u>64,142</u>	<u>64,142</u>

Notes to the Financial Statements

For the financial year ended 31 December 2010

16. Other receivables – non-current

	Company	
	2010	2009
	\$'000	\$'000
Due from subsidiaries	51,474	163,057
Allowance for impairment loss on receivables	(40,976)	(101,113)
	<u>10,498</u>	<u>61,944</u>

The amounts due from subsidiaries are unsecured, repayment on demand, bear interest at 6% (2009: 6%) per annum and repayments are not expected within the next 12 months.

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

The exposure of non-current other receivables to interest rate risks is disclosed in Note 34 together with current trade and other receivables.

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

	Company	
	2010	2009
	\$'000	\$'000
Beginning of financial year	101,113	33,458
Allowance for the financial year	2,330	68,859
Allowance written back during the financial year	(9,293)	(1,204)
Disposal of subsidiaries	(52,065)	–
Currency translation difference	(1,109)	–
End of financial year	<u>40,976</u>	<u>101,113</u>

Impairment losses of \$2,330,000 (2009: \$68,859,000) and write back of allowance for impairment losses of \$9,293,000 (2009: \$1,204,000) were recognised in profit or loss subsequent to a debt recovery assessment performed on the receivables from subsidiaries for the financial year ended 31 December 2010.

Notes to the Financial Statements

For the financial year ended 31 December 2010

17. Investments in subsidiaries

	Company	
	2010	2009
	\$'000	\$'000
Unquoted equity shares, at cost	51,867	266,616
Allowance for impairment loss	(38,125)	(183,835)
	<u>13,742</u>	<u>82,781</u>

Details of significant subsidiaries are set out in Note 32.

Movements of impairment loss on investments in subsidiaries:

	Company	
	2010	2009
	\$'000	\$'000
Beginning of the financial year	183,835	181,915
Allowance for the financial year	7,817	39,593
Allowance written back during the financial year	-	(37,673)
Disposal of subsidiaries	(153,527)	-
End of the financial year	<u>38,125</u>	<u>183,835</u>

In 2010,

- (i) the Company had disposed of the manufacturing segment on 30 September 2010; and
- (ii) the liquidation of Lindeteves Marketing Services Pte Ltd and Brook Crompton Limited was completed.

Notes to the Financial Statements

For the financial year ended 31 December 2010

18. Property, plant and equipment

Group	Buildings on freehold land \$'000	Leasehold land and buildings \$'000	Plant, machinery and office equipment \$'000	Motor vehicles \$'000	Capital work- in-progress \$'000	Total \$'000
Cost						
Balance at 01 January 2010	91,167	235	251,582	2,163	6,598	351,745
Currency translation differences	(6,938)	(30)	(23,638)	(220)	(530)	(31,356)
Additions	13	-	1,775	-	288	2,076
Disposal	-	-	(2,575)	(6)	(341)	(2,922)
Reclassification	-	-	1,444	-	(1,444)	-
Disposal of subsidiaries	(81,362)	-	(218,919)	(1,932)	(4,571)	(306,784)
Balance at 31 December 2010	2,880	205	9,669	5	-	12,759
Accumulated depreciation and impairment losses						
Balance at 01 January 2010	40,307	59	204,277	1,932	1,457	248,032
Currency translation differences	(3,995)	(11)	(19,950)	(197)	(6)	(24,159)
Depreciation	840	21	5,399	11	-	6,271
Disposals	-	-	(2,475)	(3)	-	(2,478)
Impairment	-	51	38	-	545	634
Disposal of subsidiaries	(36,487)	-	(177,915)	(1,738)	(1,996)	(218,136)
Balance at 31 December 2010	665	120	9,374	5	-	10,164
Net book value						
Balance at 31 December 2010	2,215	85	295	-	-	2,595
Cost						
Balance at 01 January 2009	89,742	217	244,024	2,233	6,651	342,867
Currency translation differences	1,281	18	5,273	27	68	6,667
Additions	-	-	2,377	-	1,385	3,762
Disposal	-	-	(1,454)	(97)	-	(1,551)
Reclassification	144	-	1,362	-	(1,506)	-
Balance at 31 December 2009	91,167	235	251,582	2,163	6,598	351,745
Accumulated depreciation and impairment losses						
Balance at 01 January 2009	38,420	36	192,761	1,919	-	233,136
Currency translation differences	590	3	4,623	21	-	5,237
Depreciation	1,297	20	8,167	64	-	9,548
Impairment	-	-	84	-	1,457	1,541
Disposals	-	-	(1,358)	(72)	-	(1,430)
Balance at 31 December 2009	40,307	59	204,277	1,932	1,457	248,032
Net book value						
Balance at 31 December 2009	50,860	176	47,305	231	5,141	103,713

Notes to the Financial Statements

For the financial year ended 31 December 2010

18. Property, plant and equipment (Continued)

Company	Plant, machinery and office equipment \$'000
Cost	
Balance at 01 January 2010	244
Additions	–
Balance at 31 December 2010	<u>244</u>
Accumulated depreciation	
Balance at 01 January 2010	188
Depreciation	33
Balance at 31 December 2010	<u>221</u>
Net book value	
Balance at 31 December 2010	<u><u>23</u></u>
Cost	
Balance at 01 January 2009	228
Additions	16
Balance at 31 December 2009	<u>244</u>
Accumulated depreciation	
Balance at 01 January 2009	145
Depreciation	43
Balance at 31 December 2009	<u>188</u>
Net book value	
Balance at 31 December 2009	<u><u>56</u></u>

18.1 The Group's depreciation is made up of \$195,000 (2009: \$498,000) for continuing operation and \$6,076,000 (2009: \$9,067,000) for discontinued operation.

18.2 Bank borrowings are secured on property, plant and equipment of the Group with carrying amount of \$2,214,000 (2009: \$35,289,000) (Note 26.3).

18.3 At the date of the end of the reporting period, net book value of property, plant and equipment of the Group under finance lease are analysed as follows:

	Group	
	2010	2009
	\$'000	\$'000
Plant, machinery and office equipment	–	868

Notes to the Financial Statements

For the financial year ended 31 December 2010

19. Investment property

The Group and Company's investment property is carried at net book value at end of reporting period. It had a cost and accumulated depreciation of \$898,000 and \$751,000 (2009: \$898,000 and \$733,000) respectively as at 31 December 2010. No valuation is carried out due to insignificant value of the asset as compared to the net tangible assets. Title deed to the property is currently held in trust by an agent of the Company who resides in the country where the property is located.

20. Intangible assets

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Computer software				
Beginning of financial year	223	392	18	27
Currency translation differences	(16)	(2)	-	-
Additions	159	51	-	-
Impairment losses	-	(42)	-	-
Amortisation	(180)	(176)	(9)	(9)
Disposal of subsidiary	(177)	-	-	-
End of the financial year	9	223	9	18
Cost	36	1,763	36	36
Accumulated amortisation	(27)	(1,540)	(27)	(18)
Net book value	9	223	9	18

21. Deferred income taxes

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

	Group	
	2010 \$'000	2009 \$'000
Beginning of financial year	5,839	5,688
Tax charge to profit or loss	1,485	108
Disposal of subsidiaries	(6,876)	-
Currency translation differences	(30)	43
End of financial year	418	5,839

Notes to the Financial Statements

For the financial year ended 31 December 2010

21. Deferred income taxes (Continued)

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

Deferred tax assets

Group	Provision \$'000	Other \$'000	Total \$'000
2010			
Beginning of financial year	(257)	(2)	(259)
Currency translation differences	10	(1)	9
End of financial year	<u>(247)</u>	<u>(3)</u>	<u>(250)</u>
2009			
Beginning of financial year	(162)	(2)	(164)
Tax charge to profit or loss	(70)	–	(70)
Currency translation differences	(25)	–	(25)
End of financial year	<u>(257)</u>	<u>(2)</u>	<u>(259)</u>

Deferred tax liabilities

Group	Accelerated tax depreciation \$'000	Other \$'000	Total \$'000
2010			
Beginning of financial year	3,656	2,442	6,098
Tax charge to profit or loss	–	1,485	1,485
Disposal of subsidiaries	(2,963)	(3,913)	(6,876)
Currency translation differences	(25)	(14)	(39)
End of financial year	<u>668</u>	<u>–</u>	<u>668</u>
2009			
Beginning of financial year	3,410	2,442	5,852
Tax charge to profit or loss	178	–	178
Currency translation differences	68	–	68
End of financial year	<u>3,656</u>	<u>2,442</u>	<u>6,098</u>

Notes to the Financial Statements

For the financial year ended 31 December 2010

21. Deferred income taxes (Continued)

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

	Group	
	2010	2009
	\$'000	\$'000
Deferred tax assets	(250)	(259)
Deferred tax liabilities	668	6,098
	<u>418</u>	<u>5,839</u>
Deferred tax assets to be recovered after more than 12 months	(250)	(259)
Deferred tax liabilities to be settled after more than 12 months	668	6,098

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

Group	Provisions	Tax losses	Total
2010	\$'000	\$'000	\$'000
Beginning of financial year	(448)	(59,590)	(60,038)
Currency translation differences	21	4,075	4,096
Deferred tax assets not recognised or temporary differences arising during the financial year	(1,485)	(3,711)	(5,196)
Utilisation of previously unrecognised deferred tax	-	1,065	1,065
Disposal of subsidiaries	1,485	47,951	49,436
Effect of change in tax rate	11	24	35
End of financial year	<u>(416)</u>	<u>(10,186)</u>	<u>(10,602)</u>
Group	Provisions	Tax losses	Total
2009	\$'000	\$'000	\$'000
Beginning of financial year	(456)	(61,213)	(61,669)
Currency translation differences	(18)	(3,492)	(3,510)
Deferred tax assets not recognised or temporary differences arising during the financial year	-	(967)	(967)
Tax losses expired during the financial year	-	2,793	2,793
Utilisation of previously unrecognised deferred tax	18	1,831	1,849
Effect of change in tax rate	8	1,458	1,466
End of financial year	<u>(448)</u>	<u>(59,590)</u>	<u>(60,038)</u>

Notes to the Financial Statements

For the financial year ended 31 December 2010

21. Deferred income taxes (Continued)

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

The Group has unrecognised tax losses of \$36,602,000 (2009: \$239,105,000). Tax losses can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses do not have expiry dates except for an amount of \$Nil (2009: \$53,995,000) with the following expiring period:

	Group	
	2010 \$'000	2009 \$'000
Not later than one year	-	12,425
Later than one year but not later than five years	-	41,570
	-	53,995

22. Trade and other payables

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade payables				
- Third parties	3,808	21,163	-	-
- Immediate holding company	-	88	-	-
- Related companies	3,079	3,810	-	-
	6,887	25,061	-	-
Directors' fee	-	160	-	160
Other payables – immediate holding company	-	1,283	-	-
Other payables – related companies	2,352	50	-	-
Accrued salaries	218	4,419	24	20
Other accrual for operating expenses	2,165	14,833	745	929
	11,622	45,806	769	1,109

The amounts due to related companies are unsecured, interest free and repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 December 2010

23. Provision for employee benefits

	Group	
	2010	2009
	\$'000	\$'000
Movements in provision for employee benefits are as follows:		
Beginning of financial year	1,212	1,536
Currency translation differences	(106)	53
Provision made during the financial year	366	41
Provision utilised during the financial year	(199)	(418)
Disposal of subsidiaries	(1,223)	–
End of financial year	<u>50</u>	<u>1,212</u>
Provision for employee benefits are analysed as follows:		
– current	50	761
– non-current	–	451
	<u>50</u>	<u>1,212</u>

24. Provision for warranty

The Group gives warranty on its products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised at the date of the end of the reporting period for expected warranty claims based on past experience of the level of repairs and returns. Warranty could be negotiated to recover from supplier.

	Group	
	2010	2009
	\$'000	\$'000
Movements in provision for warranty are as follows:		
Beginning of financial year	1,922	2,119
Currency translation differences	(198)	41
Provision made during the financial year	129	579
Reversal of provision during the financial year	–	(594)
Utilised during the financial year	(432)	(223)
Disposal of subsidiaries	(1,353)	–
End of financial year	<u>68</u>	<u>1,922</u>

25. Provision for alleged unpaid capital contribution

The Group and the Company have made a provision for possible liabilities and costs related to the alleged shortfall in capital contribution in BCW Dalian (Note 33.4).

There is no movement in the provision during the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2010

26. Borrowings

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<u>Current</u>				
Bank overdrafts				
– Integral part of cash management (Note 12)	753	6,479	-	-
Bank borrowings	-	5,983	-	-
Finance lease liabilities (Note 27)	-	350	-	-
	<u>753</u>	<u>12,812</u>	<u>-</u>	<u>-</u>
<u>Non-current</u>				
Bank borrowings	-	3,155	-	-
Scheme Debts				
– immediate holding company	-	36,205	-	34,924
– related companies	-	74,635	-	53,147
Finance lease liabilities (Note 27)	-	444	-	-
	<u>-</u>	<u>114,439</u>	<u>-</u>	<u>88,071</u>
Total borrowings	<u>753</u>	<u>127,251</u>	<u>-</u>	<u>88,071</u>

26.1 Scheme

In 2005, the Group entered into a debt-restructuring plan effected through the Scheme between the Company and participating creditor banks. The Scheme became effective on 22 December 2005.

The Scheme comprised the restructuring and write-off of borrowings of the Group from the participating creditor banks in consideration of the investment of \$24,668,000 by ATB in the Company and the issue of 59,533,511 new shares, constituting 12.0% of the enlarged issued and paid-up share capital of the Company to the participating creditor banks.

On 13 March 2006, 59,533,511 new ordinary shares amounting to \$9,871,000 were issued and allotted to the participating creditor banks in accordance with the provisions of the Scheme and 148,781,725 new ordinary shares were issued and allotted to ATB in consideration for the conversion of advances amounting to \$24,668,000 received from ATB.

Consequently, the bank borrowings included in the Scheme amounted to \$187,361,000 where \$112,414,000 were restructured into an 8 year term loan repayable by 20 quarterly instalments commencing from 21 March 2009 and the balance of \$74,947,000 was discharged and written off. The repayment of these 20 quarterly instalments was deferred by another 2 years, and becomes repayable on 21 March 2011 following the approval from the Scheme creditors on 22 January 2009.

The Group's ultimate holding company and immediate holding company had gradually bought over the Scheme Debts under the Scheme. The amount of Scheme Debt outstanding as at 31 December 2009, all held by the immediate holding company and related companies, was \$110,840,000 and whose amount have been fully settled following the restructuring exercise in September 2010.

Notes to the Financial Statements

For the financial year ended 31 December 2010

26. Borrowings (Continued)

26.2 Bank borrowings

In October 2007, BML entered into an invoice discounting with recourse agreement with a financial institution with facility of \$7,764,000 (£3,900,000). The facility was revised to \$3,733,000 (£1,875,000) after the repayment of a loan in 2009. As at 31 December 2009, the amount utilised was \$3,458,000. BML was disposed of on 30 September 2010.

In 2007, Schorch obtained a term loan facility amounting to \$8,568,000 (€5,000,000) and credit line facility of \$13,709,000 (€8,000,000). As at 31 December 2009, the amount utilised was \$8,505,000 (€4,212,000). The company was disposed of on 30 September 2010.

In 2008, Tamel obtained a credit line of \$6,854,000 (€4,000,000). The amount utilised as at the date of the 31 December 2009 was \$2,699,000 (€1,337,000). The company was disposed of on 30 September 2010.

In 2008, Brook Crompton Limited ("BC Canada") took up a revolving demand credit facility for \$1,286,000 (CAD1,000,000). The amount utilised as at the date of the end of the reporting period was \$753,000 (CAD585,000) (2009: \$955,000 (CAD715,000)).

26.3 Security granted

	Group	
	2010 \$'000	2009 \$'000
Bank borrowings	753	15,617

The related securities for the above borrowings are as follows:

	Group	
	2010 \$'000	2009 \$'000
Fixed charges on all assets of certain subsidiaries	-	8,505
Fixed and floating charges on all assets of certain subsidiaries	753	7,112
	753	15,617

26.4 Maturity of borrowings

The current borrowings, excluding finance lease liabilities (Note 27), have an average maturity of 1 month (2009: 6 months) from the end of the reporting period.

The non-current borrowings, based on discounted cash flows, excluding finance lease liabilities, have the following maturity:

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Between 1 and 2 years	753	13,155	-	7,946
Between 2 and 5 years	-	70,000	-	55,620
After 5 years	-	30,840	-	24,505
	753	113,995	-	88,071

Notes to the Financial Statements

For the financial year ended 31 December 2010

26. Borrowings (Continued)

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

	Group		Company	
	2010	2009	2010	2009
Bank overdrafts	4.5%	4.0%	-	-
Bank borrowings (excluding Scheme Debts)	-	6.2%	-	6.0%
Scheme Debts:				
- Singapore dollar ("SGD")	-	1.2%	-	1.2%
- EURO	-	2.0%	-	2.0%
- USD	-	1.4%	-	1.4%
- GBP	-	2.0%	-	2.0%
Finance lease liabilities	-	8.0%	-	-

The exposure of current and non-current borrowings to interest rate risks is disclosed in Note 34.2.

27. Finance lease liabilities

	Group 2009 \$'000
Minimum lease payments due:	
- Not later than one year	403
- Later than one year but not later than five years	499
	902
Less: Future finance charges	(108)
Present value of finance lease liabilities	794

The present value of finance lease liabilities may be analysed as follows:

	Group 2009 \$'000
- Not later than one year (Note 26)	350
- Later than one year but not later than five years (Note 26)	444
	794

Notes to the Financial Statements

For the financial year ended 31 December 2010

28. Other payables – non-current

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Advances from ultimate holding company	-	-	-	-
Advances from immediate holding company	-	6,175	-	1,499
Advances from related companies	-	83,182	-	53,669
Other payables – immediate holding company	-	794	-	794
Other payables – related companies	-	2,863	-	2,863
Due to subsidiaries	-	-	49,505	109,796
	-	93,014	49,505	168,621

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

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

29. Retirement benefit obligations

29.1 Retirement benefit plan

	Group	
	2010 \$'000	2009 \$'000
Present value of defined benefits obligations	176	35,667
Unrecognised actuarial gains	(37)	5,306
	139	40,973

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

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

	Group	
	2010 \$'000	2009 \$'000
Current service cost	519	672
Interest cost	1,346	1,966
Net actuarial gain recognised during the financial year	(210)	(436)
Total, included in employee benefits expenses (Note 7)	1,655	2,202

Notes to the Financial Statements

For the financial year ended 31 December 2010

29. Retirement benefit obligations (Continued)

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

	Group	
	2010 \$'000	2009 \$'000
Beginning of financial year	40,973	39,747
Currency translation differences	(3,771)	318
Provision made during the financial year	1,655	2,202
Contributions paid	(983)	(1,294)
Disposal of subsidiaries	(37,735)	–
End of financial year	<u>139</u>	<u>40,973</u>

29.4 The financial actuarial assumptions used are as follows:

	Group	
	2010	2009
Schorch:		
Discount rate	–	6.0%
Future pension increment	–	2.0%
BC Canada:		
Discount rate	5.0%	5.0%
Future pension increment	3.0%	3.0%

30. Share capital

Group and Company	No. of shares Issued	Amount Share capital
	share capital \$'000	capital \$'000
2010		
Beginning and end of financial year	<u>709,178</u>	<u>149,642</u>
2009		
Beginning and end of financial year	<u>709,178</u>	<u>149,642</u>

The Company has one class of ordinary shares which carry no right to fixed income.

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

31. Other reserves

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Currency translation reserve	(22,335)	(6,949)	-	-
Capital reserve	16,852	16,852	16,852	16,852
	(5,483)	9,903	16,852	16,852

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

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

32. Significant subsidiaries in the Group

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

Name and country of incorporation	Principal activities/(Country of business)	Percentage of equity held in	
		2010 %	2009 %
SUBSIDIARIES:			
(1) Brook Crompton UK Limited, United Kingdom	Distribution of electric motors (United Kingdom)	100	100
(2) BC Canada, Canada	Distribution of electric motors (Canada)	100	100
(2) Brook Crompton USA Inc., United States of America	Distribution of electric motors (United States of America)	100	100
(3) Tamel, Poland	Manufacturing and marketing of electric motor (Poland)	-	100
(4) Western Electric Asia, Singapore	Distribution of electric motors (Singapore)	100	100
(5) Schorch, Germany	Manufacturing and marketing of electric motor (Schorch)	-	100

- (1) Audited by BDO LLP, United Kingdom
- (2) Reviewed by BDO Canada LLP for group consolidation purposes
- (3) Audited by BDO Sp. Z.O.O, Poland
- (4) Audited by BDO LLP, Singapore
- (5) Audited by BDO Deutsche Warentreuhand AG, Germany

Notes to the Financial Statements

For the financial year ended 31 December 2010

33. Commitments

33.1 Operating lease commitments – where the Group and the Company are lessee

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

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

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Not later than one year	826	1,268	133	79
Later than one year but not later than five years	1,389	2,584	66	–
	2,215	3,852	199	79

33.2 Operating lease commitments – where the Group is a lessor

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

	Group 2010 \$'000
Not later than one year	255
Later than one year but not later than five years	510
	765

33.3 Other commitments

Other than as disclosed elsewhere in the financial statements, the details of contingent liabilities not provided for in the financial statements are as follows:

	Company	
	2010 \$'000	2009 \$'000
Corporate guarantee of the Company in respect of credit facilities provided to subsidiaries	3,139	5,178

Notes to the Financial Statements

For the financial year ended 31 December 2010

33. Commitments (Continued)

33.4 Contingent liabilities

Alleged unpaid capital contribution

On 16 February 2009, the Company received a Writ of Summons and statement of claim from BCW Dalian initiated by the Liquidation Committee appointed by the Dalian Municipal Economic Commission demanding from the Company for an amount of RMB131.6 million (approximately \$25,563,000 (2009: approximately \$27,024,000) in connection with an alleged unpaid capital contribution by the Company for issue of shares in BCW Dalian. The Company filed a defence stating that its contributions to BCW Dalian of approximately RMB285.5 million exceed the amount of capital contribution required. The Company also filed a counter-claim against BCW Dalian asserting its entitlement to be repaid the contribution sum and/or to set-off the alleged claim from such contribution sum and to recover the balance. On 28 May 2009, a Notice of Discontinuance of the suit was filed and the litigation was discontinued.

On 13 August 2009, the local authorities appointed a legal firm to act as the administrator in the bankruptcy proceeding of BCW Dalian. In February 2011, the Company has been served with a Writ of Summons and statement of claims by BCW Dalian claiming for the same amount of RMB131.6 million in connection with the alleged unpaid capital contribution. The Company has engaged a solicitor to defend the case and has obtained an extension till 22 April 2011 to file its defence.

Given the uncertainties existing over the outcome of the legal proceedings as set out in Note 4.5, the management has recognised a provision of \$17,034,000 (2009: \$17,034,000) (Note 25) for liabilities and costs that could arise from judgements passed in favour of the plaintiffs.

34. Financial risk management

Financial risk factors

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

34.1 *Foreign currency risk*

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

Foreign currency risk arises on financial instruments that are denominated in foreign currencies as at 31 December 2009. The Company has Scheme debts denominated in foreign currencies of EUR, USD and GBP \$10,018,000, \$12,696,000 and \$2,804,000 respectively. During the financial year ended 31 December 2010, all Scheme debts have been taken over by the immediate holding company and the related companies, pending finalisation of discharge. Foreign currency risk is minimised through the natural hedging of the receipt from customers which is the source for repayment of principal and interest which is denominated in the same currency.

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.1 Foreign currency risk (Continued)

At the date of the end of the reporting period, the Group and the Company had the following significant net financial liabilities denominated in foreign currencies:

	Transacted currency	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Advances from immediate holding company	EURO	-	5,407	-	732
	USD	-	232	-	232
	GBP	-	42	-	42
Advances from related company	EURO	-	62,504	-	42,636
	USD	-	8,130	-	8,036
	GBP	-	4,811	-	405
	PLN	-	4,440	-	-
Billing of management services provided by immediate holding company	EURO	-	3,844	-	-
	GBP	-	709	-	-

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

	SGD \$'000	EURO \$'000	USD \$'000	GBP \$'000	PLN \$'000	Others \$'000	Total \$'000
Group							
At 31 December 2010							
Financial assets							
Cash and cash equivalents	118	288	856	117	-	593	1,972
Trade and other receivables	410	1,294	896	5,349	-	931	8,880
	528	1,582	1,752	5,466	-	1,524	10,852
Financial liabilities							
Borrowings	-	-	(480)	-	-	(273)	(753)
Trade and other payables	(788)	(4,008)	(2,512)	(3,586)	-	(728)	(11,622)
	(788)	(4,008)	(2,992)	(3,586)	-	(1,001)	(12,375)
Net financial liabilities	(260)	(2,426)	(1,240)	1,880	-	523	(1,523)
Less: Net financial liabilities denominated in the respective entities' functional currencies	(260)	227	(606)	126	-	10	(503)
Currency exposures	-	(2,653)	(634)	1,754	-	513	(1,020)

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.1 Foreign currency risk (Continued)

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

	SGD \$'000	EURO \$'000	USD \$'000	GBP \$'000	PLN \$'000	Others \$'000	Total \$'000
Group							
At 31 December 2009							
<u>Financial assets</u>							
Cash and cash equivalents	74	10,088	269	442	418	741	12,032
Trade and other receivables	556	38,263	675	5,567	2,899	803	48,763
	<u>630</u>	<u>48,351</u>	<u>944</u>	<u>6,009</u>	<u>3,317</u>	<u>1,544</u>	<u>60,795</u>
<u>Financial liabilities</u>							
Borrowings	62,553	22,293	14,003	27,750	47	606	127,252
Advances from immediate holding company	493	5,407	232	42	-	-	6,174
Advances from related company	3,297	62,504	8,130	4,811	4,440	-	83,182
Trade and other payables	787	18,968	2,375	2,970	3,175	1,081	29,356
	<u>67,130</u>	<u>109,172</u>	<u>24,740</u>	<u>35,573</u>	<u>7,662</u>	<u>1,687</u>	<u>245,964</u>
Net financial liabilities	(66,500)	(60,821)	(23,796)	(29,564)	(4,345)	(143)	(185,169)
Less: Net financial liabilities denominated in the respective entities' functional currencies	66,500	(21,572)	(644)	26,554	4,345	148	75,331
Currency exposures	-	(82,393)	(24,440)	(3,010)	-	5	(109,838)

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.1 Foreign currency risk (Continued)

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

Company

	SGD \$'000	EURO \$'000	USD \$'000	GBP \$'000	PLN \$'000	Others \$'000	Total \$'000
At 31 December 2010							
<u>Financial assets</u>							
Cash and cash equivalents	89	3	5	86	-	14	197
Trade and other receivables	971	-	-	9,926	-	1	10,898
	<u>1,060</u>	<u>3</u>	<u>5</u>	<u>10,012</u>	<u>-</u>	<u>15</u>	<u>11,095</u>
<u>Financial liabilities</u>							
Borrowings	-	-	-	-	-	-	-
Trade and other payables	(641)	(91)	(47,144)	-	-	(2,398)	(50,274)
	<u>(641)</u>	<u>(91)</u>	<u>(47,144)</u>	<u>-</u>	<u>-</u>	<u>(2,398)</u>	<u>(50,274)</u>
Net financial (liabilities)/ assets	419	(88)	(47,139)	10,012	-	(2,383)	(39,179)
Less: Net financial assets denominated in the Company's functional currency	419	-	-	-	-	-	419
Currency exposures	<u>-</u>	<u>(88)</u>	<u>(47,139)</u>	<u>10,012</u>	<u>-</u>	<u>(2,383)</u>	<u>(39,598)</u>

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.1 Foreign currency risk (Continued)

Company

	SGD \$'000	EURO \$'000	USD \$'000	GBP \$'000	PLN \$'000	Others \$'000	Total \$'000
At 31 December 2009							
Financial assets							
Cash and cash equivalents	31	281	5	227	-	4	548
Trade and other receivables	2,176	63,022	1,794	23,602	2,049	316	92,959
	<u>2,207</u>	<u>63,303</u>	<u>1,799</u>	<u>23,829</u>	<u>2,049</u>	<u>320</u>	<u>93,507</u>
Financial liabilities							
Borrowings	62,553	10,018	12,696	2,804	-	-	88,071
Advances from ultimate holding company	493	732	232	42	-	-	1,499
Advances from related company	2,591	42,636	8,036	405	-	-	53,668
Trade and other payables	36,531	12,330	62,717	-	-	2,375	113,953
	<u>102,168</u>	<u>65,716</u>	<u>83,681</u>	<u>3,251</u>	<u>-</u>	<u>2,375</u>	<u>257,191</u>
Net financial (liabilities)/assets	(99,961)	(2,413)	(81,882)	20,578	2,049	(2,055)	(163,684)
Less: Net financial (liabilities)/assets denominated in the Company's functional currency	99,961	-	-	-	-	-	99,961
Currency exposures	-	(2,413)	(81,882)	20,578	2,049	(2,055)	(63,723)

Sensitivity analysis for foreign currency risk

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

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
EURO				
- Strengthened 4% (2009: 4%)	(106)	3,296	(4)	97
- Weakened 4% (2009: 4%)	106	(3,296)	4	(97)
USD				
- Strengthened 6% (2009: 6%)	(38)	1,466	(2,828)	4,913
- Weakened 6% (2009: 6%)	38	(1,466)	2,828	(4,913)
GBP				
- Strengthened 4% (2009: 4%)	70	120	400	823
- Weakened 4% (2009: 4%)	(70)	(120)	(400)	(823)

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.2 Interest rate risks

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

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

Sensitivity analysis for interest rate risks

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

	Group				Company			
	2010		2009		2010		2009	
	Variation in interest rates	Profit after tax \$'000	Variation in interest rates	Profit after tax \$'000	Variation in interest rates	Profit after tax \$'000	Variation in interest rates	Profit after tax \$'000
Bank overdraft	1.5%	11	(3.5%)	(248)	-	-	-	-
Bank borrowings	-	-	(0.5%)	(101)	-	-	2.4%	173
Scheme debts:								
- SGD	-	-	(1.6%)	(1,006)	-	-	(1.6%)	(1,006)
- EURO	-	-	(3.9%)	(401)	-	-	(3.9%)	(388)
- USD	-	-	(3.0%)	(414)	-	-	(4.5%)	(577)
- GBP	-	-	(5.0%)	(1,224)	-	-	(5.0%)	(141)
Finance lease liabilities	-	-	1.5%	12	-	-	-	-
Total		11		(3,382)		-		(1,939)

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.2 Interest rate risks (Continued)

The tables below set out the Group and the Company's exposure to interest rate risks at the end of the reporting period. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Group	Variables rates			Fixed rates			Non-interest bearing	Total
	Less than 6 mths to 1 year \$'000	Between 1 to 5 yrs \$'000	More than 5 yrs \$'000	Less than 6 mths to 1 yr \$'000	Between 1 to 5 yrs \$'000	More than 5 yrs \$'000		
At 31 December 2010								
Assets								
Cash and cash equivalents	1,489	-	-	483	-	-	-	1,972
Trade and other receivables	-	-	-	-	-	-	8,899	8,899
Loans and receivables	1,489	-	-	483	-	-	8,899	10,871
Liabilities								
Borrowings	-	753	-	-	-	-	-	753
Other financial liabilities	-	-	-	-	-	-	9,239	9,239
Financial liabilities at amortised cost	-	753	-	-	-	-	9,239	9,992

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.2 Interest rate risks (Continued)

Group	Variables rates				Fixed rates				Non-interest bearing \$'000	Total \$'000
	Less than 6 mths \$'000	6 mths to 1 year \$'000	Between 1 to 5 yrs \$'000	More than 5 yrs \$'000	Less than 6 mths \$'000	6 mths to 1 yr \$'000	Between 1 to 5 yrs \$'000	More than 5 yrs \$'000		
At 31 December 2009 (restated)										
Assets										
Cash and cash equivalents	10,705	-	-	-	-	-	-	-	1,326	12,031
Trade and other receivables	-	-	-	-	-	-	-	-	71,283	71,283
Loans and receivables	10,705	-	-	-	-	-	-	-	72,609	83,314
Liabilities										
Borrowings	127,251	-	-	-	-	-	-	-	-	127,251
Other financial liabilities	-	-	-	-	-	35,977	-	-	102,842	138,819
Financial liabilities at amortised cost	127,251	-	-	-	-	35,977	-	-	102,842	266,070

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.2 Interest rate risks (Continued)

Company	Variables rates				Fixed rates				Non-interest bearing \$'000	Total \$'000
	Less than 6 mths \$'000	6 mths to 1 year \$'000	Between 1 to 5 yrs \$'000	More than 5 yrs \$'000	Less than 6 mths \$'000	6 mths to 1 yr \$'000	Between 1 to 5 yrs \$'000	More than 5 yrs \$'000		
At 31 December 2010										
Assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	197	197
Trade and other receivables	-	-	-	-	-	-	-	-	10,905	10,905
Loan and receivables	-	-	-	-	-	-	-	-	11,102	11,102
Liabilities										
Borrowings	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	50,274	50,274
Financial liabilities at amortised cost	-	-	-	-	-	-	-	-	50,274	50,274

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.2 Interest rate risks (Continued)

Company	Variables rates				Fixed rates				Total \$'000	
	Less than 6 mths \$'000	6 mths to 1 year \$'000	Between 1 to 5 yrs \$'000	More than 5 yrs \$'000	Less than 6 mths \$'000	6 mths to 1 yr \$'000	Between 1 to 5 yrs \$'000	More than 5 yrs \$'000		Non-interest bearing \$'000
At 31 December 2009										
Assets										
Cash and cash equivalents	548	-	-	-	-	-	-	-	-	548
Trade and other receivables	-	-	-	-	-	45,588	-	-	47,659	93,247
Loan and receivables	548	-	-	-	-	45,588	-	-	47,659	93,795
Liabilities										
Borrowings	88,071	-	-	-	-	-	-	-	-	88,071
Other financial liabilities	-	-	-	-	-	11,996	-	-	157,734	169,730
Financial liabilities at amortised cost	88,071	-	-	-	-	11,996	-	-	157,734	257,801

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.3 Credit risk

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

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

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

	Group	
	2010 \$'000	2009 \$'000
<u>By geographical areas</u>		
Singapore	198	725
Asia (excluding Singapore)	123	633
Australia/New Zealand	44	39
United Kingdom	5,254	5,461
Europe/North America	2,826	39,577
Middle East	7	946
	8,452	47,381

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

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

The Group's trade receivables not past due include receivables amounting to \$5,593,000 (2009: \$34,215,000) that would have been past due or impaired if the terms were not renegotiated during the financial year.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.3 Credit risk (Continued)

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

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

	Group	
	2010	2009
	\$'000	\$'000
Age analysis		
Past due 0 to 3 months	2,622	7,934
Past due 3 to 6 months	212	2,560
Past due over 6 months	25	2,672
	2,859	13,166

34.4 Liquidity risk

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

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

	Less than 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	Over 5 years \$'000
Group				
At 31 December 2010				
Financial assets				
Cash and cash equivalent	1,972	-	-	-
Trade and other receivables	8,887	-	-	-
	10,859	-	-	-
Financial liabilities				
Trade and other payables	11,622	-	-	-
Borrowings	753	-	-	-
	12,375	-	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.4 Liquidity risk (Continued)

	Less than 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	Over 5 years \$'000
Group				
At 31 December 2009				
Financial assets				
Cash and cash equivalent	12,032	-	-	-
Trade and other receivables	49,681	-	-	-
	61,713	-	-	-
Financial liabilities				
Trade and other payables	41,112	37	4,657	93,014
Borrowings	12,812	13,578	70,022	30,839
	53,924	13,615	74,679	123,853
Company				
At 31 December 2010				
Financial assets				
Cash and cash equivalent	197	-	-	-
Trade and other receivables	407	1,194	3,583	5,721
	604	1,194	3,583	5,721
Financial liabilities				
Trade and other payables	769	10	898	48,597
Borrowings	-	-	-	-
	769	10	898	48,597
At 31 December 2009				
Financial assets				
Cash and cash equivalent	548	-	-	-
Trade and other receivables	276	-	-	61,944
	824	-	-	61,944
Financial liabilities				
Trade and other payables	1,109	-	11,817	156,804
Borrowings	-	7,946	55,620	24,505
	1,109	7,946	67,437	181,309

Notes to the Financial Statements

For the financial year ended 31 December 2010

34. Financial risk management (Continued)

Financial risk factors (Continued)

34.5 Capital management

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

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

The Group's overall strategy remains unchanged from 2009.

35. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

35. Significant related party transactions (Continued)

35.1 Sales and purchases of goods and services

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Sale of motors to related companies	3,593	3,337	-	-
Purchase of motors from related companies	7,257	7,425	-	-
Purchase of motors from immediate holding company	919	-	-	-
Management services from immediate holding company	2,542	4,553	-	-
Interest expense charged by immediate holding company (Non Scheme Debt)	-	41	-	-
Interest expense charged by immediate holding company (Scheme Debt)	-	437	-	-
Interest expenses charged by related company (Non Scheme Debt)	41	234	-	136
Interest expense charged by subsidiaries	-	-	-	1,545
Interest income from subsidiaries	-	-	532	3,610
Income from recharged personnel cost from immediate holding company	290	135	-	-
Income from recharged personnel cost from related company	-	8	-	-
Income cost compensation from immediate holding company	11	4	-	-
Income cost compensation from related company	307	244	19	4
Income cost compensation from subsidiaries	-	-	125	-
Management services provided to subsidiaries	-	-	495	264
Management services provided to related company	-	16	-	16
Rental income received from related company	36	-	36	36
Re-charged of expenses by immediate holding company	411	9	-	31
Re-charged of expenses by related companies	224	517	-	-

Outstanding balances as at 31 December 2010, arising from sale/purchase of goods and services, are set out in Note 13 and 22 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2010

35. Significant related party transactions (Continued)

35.2 Key management personnel compensation

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

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Salaries fees and other short-term employee benefits	2,220	4,108	533	661
Post-employment benefits	24	5	7	–
	2,244	4,113	540	661

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

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<i>Directors of the Company</i>				
Salaries and other short-term employee benefits	386	588	386	466
<i>Directors of the subsidiaries</i>				
Salaries and other short-term employee benefits	915	1,744	–	–
Post-employment benefits	5	5	–	–
	1,306	2,337	386	466

36. Segmental analysis

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

Management manages and monitors the business from geographic segment perspective. The management manages and monitors the business from a geographic segment perspective.

There are four main geographical segments:

Asia

Australia/New Zealand

United Kingdom

Europe/North America

With the exception of Asia and Australia/New Zealand, other countries contributed more than 10% of consolidated sales. Sales are based on the country in which the customers are located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

Notes to the Financial Statements

For the financial year ended 31 December 2010

36. Segmental analysis (Continued)

2010	Australia/ New Zealand		United Kingdom	Europe/ North America	Others	Continued Operation	Discontinued Operation
	Asia \$'000	Zealand \$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment sales	3,169	-	26,784	14,180	-	44,133	140,358
Intersegment sales	-	-	(63)	(1,926)	-	(1,989)	-
Sales to external parties	3,169	-	26,721	12,254	-	42,144	140,358
Segmental result	5,650	497	4,230	447	73	10,897	(6,700)
Interest income	1	8	-	-	-	9	404
Interest expense	-	-	(83)	(37)	-	(120)	(1,259)
Depreciation	(53)	-	(84)	(75)	-	(212)	(6,078)
Amortisation	(9)	-	-	-	-	(9)	(171)
Impairment loss on property, plant and equipment	-	-	(88)	-	-	(88)	(546)
Impairment loss on intangible assets	-	-	-	-	-	-	-
Loss on disposal of property, plant and equipment	-	-	(3)	-	-	(3)	109
Profit/(losses) before tax and discontinued operation	5,589	505	3,972	335	73	10,474	(14,241)

2010	Australia/ New Zealand		United Kingdom	Europe/ North America	Others	Group
	Asia \$'000	Zealand \$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	1,601	617	9,671	9,874	1	21,764
Unallocated assets						
- Deferred tax assets						250
Total assets						22,014
The above assets include:						
Non-current assets	180	-	269	2,552	-	3,001
Capital expenditure						
- Fixed assets	1	-	8	-	-	9
- Intangible assets	-	-	-	-	-	-
Segment liabilities	18,898	158	7,016	3,471	123	29,666
Unallocated liabilities						
- Income tax liabilities						357
- Deferred tax liabilities						668
Total liabilities						30,691

Notes to the Financial Statements

For the financial year ended 31 December 2010

36. Segmental analysis (Continued)

2009	Australia/ New Zealand		United Kingdom	Europe/ North America	Others \$'000	Continued Operation	Discontinued Operation
	Asia \$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Total segment sales	2,399	2,063	21,297	13,191	-	38,950	241,951
Intersegment sales	(10)	-	(67)	(1,579)	-	(1,656)	(13,840)
Sales to external parties	2,389	2,063	21,230	11,612	-	37,294	228,111
Segmental result	2,678	630	3,742	260	(1,445)	5,865	12,860
Interest income	-	-	-	1	-	1	108
Interest expense	(758)	-	(659)	(44)	-	(1,461)	(3,499)
Depreciation	(61)	(9)	(337)	(91)	-	(498)	(9,067)
Amortisation	(9)	-	-	-	-	(9)	(167)
Impairment loss on fixed assets	-	-	(84)	-	-	(84)	(1,457)
Impairment loss on intangible assets	-	-	-	-	-	-	(42)
Loss on disposal of fixed assets	-	-	-	(5)	-	(5)	(1)
Gains on disposal of fixed assets	-	41	(1)	-	-	40	21
Gains on disposal of available-for-sale financial assets	1,046	-	-	-	-	1,046	-
Redundancy and other restructuring expenses	-	563	(149)	-	-	414	(5,005)
	2,896	1,225	2,512	121	(1,445)	5,309	(6,249)
Translation differences on net borrowing transfer to translation reserves						(4,904)	-
Losses before tax and discontinued operation						(405)	(6,249)

Notes to the Financial Statements

For the financial year ended 31 December 2010

36. Segmental analysis (Continued)

2009	Asia \$'000	Australia/ New Zealand \$'000	United Kingdom \$'000	Europe/ North America \$'000	Others \$'000	Continued Operation \$'000
Segment assets	1,982	738	9,726	200,324	22	212,792
Unallocated assets						
– Deferred tax assets						259
Total assets						<u>213,051</u>
The above assets include:						
Non-current assets	239	–	998	103,122	–	104,359
Capital expenditure						
– Fixed assets	16	–	56	3,628	–	3,700
– Intangible assets	–	–	22	108	–	130
Segment liabilities	166,200	292	36,419	124,176	125	327,212
Unallocated liabilities						
– Income tax liabilities						1,300
– Deferred tax liabilities						6,098
Total liabilities						<u>334,610</u>

37. Events subsequent to balance sheet date

(a) Writ of Summons and Statement of Claim from BCW Dalian

Following the discontinuance of the suit in May 2009 as set out in Note 33.4 under Contingent Liabilities, the Company has once again been served with a writ of summons and statement of claims on 1 February 2011 for the same amount of RMB131,632,000 for alleged unpaid capital contribution. The writ was filed by BCW Dalian which is currently in bankruptcy under administration. The Company intends to defend the action and is seeking legal advice.

(b) Writ of Summons and Statement of Claims from HSBC Dalian

Following the writ of summons served by HSBC Dalian on the Company on 07 December 2010, both parties are currently still in negotiation to settle out of court.

(c) Liquidation of Western Electric Australia Pty Ltd ('WE Australia')

In January 2011, the N.S.W Court has appointed a liquidator to wind up WE Australia due to the company's failure to settle a creditor's statutory demand of AUD64,000 in November 2010. The company has made a provision for the demand and has also set aside the fund for settlement. A lawyer has since been appointed to make application to set aside the liquidation. WE Australia has been a dormant company since mid 2009 following disposal of its business to a local distributor.

Letter to Shareholders

LINDETEVES-JACOBBERG LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 194700172G)

13 April 2011

Directors:

Peter Sichrovsky
Wolfgang Kloser
Dr Knut Unger
Volker Felix Zuleck
Christian Schmidt

Registered Office:

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

To: The Shareholders of Lindeteves-Jacobberg Limited

Dear Sir/Madam

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

1. BACKGROUND

We refer to (a) the Notice of the 63rd Annual General Meeting (“2011 AGM”) of Lindeteves-Jacobberg Limited (the “Company”) dated 13 April 2011 (the “Notice of AGM”) accompanying the Annual Report of the Company for the financial year ended 31 December 2010 (the “2010 Annual Report”) in relation to the convening of the 2011 AGM of the Company which is scheduled to be held on 28 April 2010, and (b) Ordinary Resolution 7 in relation to the renewal of the General Mandate under the heading “Special Business” set out in the Notice of the 2011 AGM.

2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE

2.1 The Existing General Mandate

At the General Meeting held on 30 April 2010 (the “AGM”), shareholders of the Company (“Shareholders”) approved the renewal of the General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions falling within the categories of ATB Interested Person Transactions described in the Company’s circular to Shareholders dated 29 November 2006.

2.2 Proposed Renewal of the General Mandate

The General Mandate was expressed to continue to be in force until the conclusion of the next Annual General Meeting of the Company, being the forthcoming 2011 AGM. Accordingly, the directors of the Company (the “Directors”) propose that the General Mandate be renewed at the forthcoming 2011 AGM. The particulars of the interested person transactions in respect of which the General Mandate is sought to be renewed remain unchanged.

2.3 Details of the General Mandate

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

Letter to Shareholders

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

2.4 Confirmation of Audit Committee

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee of the Company confirms that:

- (a) the methods or procedure for determining the transaction prices under the General Mandate have not changed subsequent to the 2010 AGM; and
- (b) the methods or procedure referred to paragraph 2.4(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Peter Sichrovsky	–	–	–	–
Knut Unger	–	–	–	–
Volker Felix Zuleck	500,000	0.07	–	–
Wolfgang Kloser	–	–	–	–
Substantial Shareholders				
ATB Austria Antriebstechnik AG	276,107,921	38.94	192,119,459	27.09
A-TEC Industries AG ⁽²⁾	–	–	468,290,380	66.03
M.U.S.T. Trust ⁽³⁾	–	–	468,290,380	66.03
Mirko Kovats ⁽⁴⁾	–	–	468,290,380	66.03
LJ (Singapore) Holding Limited	142,000,000	20.02	–	–

Notes:-

- (1) The percentage shareholding interest is based on the issued share capital of 709,178,191 shares as at the Latest Practicable Date.
- (2) A-TEC is a substantial shareholder of ATB. A-TEC is therefore deemed to be interested in the 468,290,380 shares held by ATB in the Company.
- (3) M.U.S.T. Trust is deemed to have an interest in the 468,290,380 shares held by ATB in the Company by virtue of its legal interest in A-TEC.
- (4) Mirko Kovats is deemed to have an interest in the 468,290,380 shares held by ATB in the Company by virtue of his beneficial interest in A-TEC held through M.U.S.T. Trust.

3.2 Abstention from voting

ATB, A-TEC and their respective associates (as defined in the Listing Manual) will abstain from voting in respect of the Ordinary Resolution relating to the proposed renewal of the General Mandate at the forthcoming 2011 AGM.

Further, each of the persons mentioned in this paragraph 3.2 undertakes to decline to accept appointment to act as proxies for other Shareholders of the Company at the 2011 AGM or Ordinary Resolution 7 unless the Shareholder concerned shall have been given specific instructions as to the manner in which his votes are to be cast.

Letter to Shareholders

4. DIRECTORS' RECOMMENDATION

- 4.1 The Directors who are considered independent for the purposes of the proposed renewal of the General Mandate (the "Independent Directors") are Dr Knut Unger and Mr Volker Felix Zuleck. The Independent Directors having considered, inter alia, the terms, the rationale and the benefits of the General Mandate, are of the view that the General Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote In Favour of the Ordinary Resolution 7 relating to the General Mandate set out in the Notice of AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

6. ADVICE TO SHAREHOLDERS

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

7. SGX-ST

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

Yours faithfully

LINDETEVES-JACOBBERG LIMITED
Volker Felix Zuleck
Independent Director

Singapore

The Appendix

1. CHAPTER 9 OF THE LISTING MANUAL

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

1.2 For the purposes of Chapter 9:

- (a) an “approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9;
- (b) an “associate” in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An “associate” in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (c) an “associated company” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (d) a “controlling shareholder” is a person who holds directly or indirectly 15% or more of all voting shares in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;
- (e) an “entity at risk” means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed group that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;
- (f) an “interested person” means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
- (g) an “interested person transaction” means a transaction between an entity at risk and an interested person; and
- (h) a “transaction” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business and whether or not entered into directly or indirectly.

The Appendix

1. CHAPTER 9 OF THE LISTING MANUAL (Continued)

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

- (a) the value of a proposed transaction is equal to or exceeds 3% of the listed group's latest audited consolidated net tangible assets ("NTA") or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year is equal to or more than 3% of the listed group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year, and shareholders' approval (in addition to an immediate announcement) is required where:
- (c) the value of a proposed transaction is equal to or exceeds 5% of the listed group's latest audited consolidated NTA; or
- (d) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed group's latest audited consolidated NTA. The aggregate will exclude any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

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

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

2. RATIONALE FOR THE GENERAL MANDATE

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

- (a) The ATB Interested Persons are in a similar business as the Group and as such, there are opportunities for the Group to leverage on the products and services provided by the ATB Interested Persons. In fact, one of the reasons stated by ATB for acquiring control of the Group was to acquire a significant stake in a complementary business with regard to product range and market presence. The General Mandate will allow the Group to take advantage of such opportunities, thereby increasing its revenue.
- (b) Timely delivery is an essential element in the Group's business. If the Company were required to seek Shareholders' approval on each occasion it deals with the ATB Interested Persons, it would make it unviable for the ATB Interested Persons to transact with the Group. The General Mandate would facilitate such transactions with the ATB Interested Persons being carried out in a timely manner.

The Appendix

2. RATIONALE FOR THE GENERAL MANDATE (Continued)

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

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

3. CLASSES OF ATB INTERESTED PERSONS

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

- (a) ATB;
- (b) A-TEC, who is a substantial shareholder of ATB; and
- (c) any associate (as defined in the Listing Manual) of ATB or A-TEC.

4. SCOPE OF THE GENERAL MANDATE

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

The materiality thresholds are:-

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

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

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

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4. SCOPE OF THE GENERAL MANDATE (Continued)

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

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

4.2 Types of Transactions under the Scope of the General Mandate

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

(a) *Trading of electric motors and components*

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

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

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

(b) *Production and sub-contracting services*

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

The Appendix

4. SCOPE OF THE GENERAL MANDATE (Continued)

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

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

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

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

(d) *Receipt of financial assistance*

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

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

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

(e) *Management support services*

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

5. REVIEW PROCEDURES FOR THE ATB INTERESTED PERSON TRANSACTIONS

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

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

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

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

- (a) Quotations will be obtained from the relevant ATB Interested Person and at least two other similar unrelated third party providers to determine if the price and terms offered by such ATB Interested Person are fair and reasonable. In determining if the price and terms offered by the relevant ATB Interested Person are fair and reasonable, factors such as (but not limited to) quality, specification compliance, track record, experience and expertise, preferential rates, rebates or discounts accorded for bulk purchases may also be taken into account .
- (b) Where it is not possible to obtain quotations from unrelated third parties and in order to determine whether the terms of the transaction with the relevant ATB Interested Person are fair and reasonable, the designated approving party will assess whether the pricing and terms of the transaction is in accordance with the Group's usual business practices and pricing policy, the prevailing industry norms and whether they are consistent with the usual margins for the same or substantially similar types of transactions entered into with unrelated third parties. A written recommendation will be submitted to the designated approving parties by the relevant sales or purchasing personnel of the relevant Group Company.

(c) *Threshold Limits*

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

Transactions exceeding €1 00,000 but less than €300,000 each in value will be reviewed and approved by the Managing Director and the Financial Controller of the relevant company within the Group.

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

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

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

5.2 Storage and warehousing

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

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

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

5.3 Financial Assistance

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

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

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

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

5.4 General Administrative Procedures for the ATB Interested Person Transactions

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

- (a) A register will be maintained by each company within the Group to record all ATB Interested Person Transactions which are entered into pursuant to the General Mandate. The annual internal audit plan shall incorporate a review of all ATB Interested Person Transactions entered into pursuant to the General Mandate.
- (b) The person authorised to approve those transactions must not have a direct or indirect interest in the transactions. In instances where the authorised person has a direct or indirect interest in any ATB Interested Person Transaction, he/she shall not take part in the approval process for such ATB Interested Person Transactions. Such ATB Interested Person Transactions shall be subject to the approval of such other non-interested persons who are authorised to approve transactions within that threshold limit or the next higher approving authority who has no direct or indirect interest in such transactions.
- (c) On a quarterly basis, the Audit Committee will review all ATB Interested Person Transactions. The managing director and the financial controller of the relevant company within the Group shall submit a declaration form to the Head Office of the Group at the end of each financial quarter, stating that all ATB Interested Persons Transactions have been fairly and reasonably executed and are consistent with the guidelines and review procedures for ATB Interested Person Transactions. Persons authorised to approve the relevant ATB Interested Person Transactions shall also make a declaration when approving the relevant ATB Interested Person Transactions, confirming that he/she does not have a direct or indirect interest in the relevant ATB Interested Person Transactions.

The Appendix

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

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

- (d) The Internal Auditor of the Company will periodically review the established guidelines and procedures for the ATB Interested Person Transactions to ensure compliance. The results of these reviews will be reported to the Audit Committee.
- (e) On the basis of these periodic reviews by the Internal Auditor and in the event the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that the ATB Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the ATB Interested Persons.
- (f) The Audit Committee has the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Company as they deem appropriate. For the purpose of the approval process, if any member of the Audit Committee has an interest in a transaction to be reviewed by the Audit Committee, he will abstain from any decision making by the Audit Committee in respect of the transaction. Accordingly, where any member of the Audit Committee has an interest in the transaction to be reviewed by the Audit Committee, the approval of that transaction will be undertaken by the remaining member(s) of the Audit Committee.

6. DISCLOSURE IN ANNUAL REPORT

Disclosure has been made in the section on Interested Person Transactions in this Annual Report of the aggregate value of transactions in excess of S\$100,000 conducted with Interested Persons (as described in paragraph 3 of the appendix to this letter) pursuant to the existing General Mandate during the financial year ended 31 December 2010 and disclosure shall be made in the Annual Reports for subsequent financial years that the General Mandate continues in force in accordance with the requirements of Chapter 9.

Analysis of Shareholdings

As at 16 March 2011

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

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 16 MARCH 2011

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	152	2.72	59,722	0.01
1,000 – 10,000	3,131	56.02	14,454,698	2.04
10,001 – 1,000,000	2,281	40.81	150,301,869	21.19
1,000,001 AND ABOVE	25	0.45	544,361,902	76.76
TOTAL	5,589	100.00	709,178,191	100.00

TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members)

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CIMB SECURITIES (SINGAPORE) PTE LTD	419,316,921	59.13
2	DBS NOMINEES PTE LTD	72,249,804	10.19
3	UNITED OVERSEAS BANK NOMINEES PTE LTD	8,176,560	1.15
4	OCBC SECURITIES PRIVATE LTD	6,735,000	0.95
5	IYER ANJALI SUBRAMANIAN	3,523,500	0.50
6	CITIBANK NOMINEES SINGAPORE PTE LTD	3,513,037	0.50
7	OCBC NOMINEES SINGAPORE PTE LTD	3,158,750	0.45
8	HO SIN CHAN	2,617,000	0.37
9	PHILLIP SECURITIES PTE LTD	2,020,080	0.28
10	CHONG SOHHAR HAROLD	2,000,000	0.28
11	VENKAT RAM	2,000,000	0.28
12	LIM MUI CHOO	1,758,000	0.25
13	CITIBANK CONSUMER NOMINEES PTE LTD	1,735,500	0.24
14	CHEW POH KWAN MARGARET	1,629,000	0.23
15	CHENG HENG FUAN	1,574,000	0.22
16	KIM ENG SECURITIES PTE. LTD.	1,537,000	0.22
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,433,000	0.20
18	TEH CHIN HUAT	1,400,000	0.20
19	NG PIN	1,300,000	0.18
20	ANG YIAN HIONG	1,200,000	0.17
	TOTAL	538,877,152	75.99

Analysis of Shareholdings

As at 16 March 2011

Register of Substantial Shareholders as at 16 March 2011

Name	DIRECT INTERESTS		DEEMED INTERESTS	
	No. of Shares	%	No. of Shares	%
ATB Austria Antriebstechnik AG	276,170,921	38.94%	192,119,459	27.09%
A-TEC Industries AG	–	0.00%	468,290,380	66.03%
M.U.S.T. Trust	–	0.00%	468,290,380	66.03%
Mirko Kovats	–	0.00%	468,290,380	66.03%
LJ (Singapore) Holding Limited	142,000,000	20.02%	–	–

Based on the information available to the Company as at 16 March 2011, approximately 40.96% of the issued ordinary shares of the Company were held by the public and therefore, Rule 723 of the Listing Manual is complied with.

Notice of Annual General Meeting

LINDETEVES-JACOBURG LIMITED

(Company Registration No. 194700172G)
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Third Annual General Meeting of Lindeteves-Jacoberg Limited (the "Company") will be held at 1 Raffles Boulevard, Suntec City, Meeting Room 309, Level 3, Suntec Singapore International Convention & Exhibition Centre, Singapore 039593 on Thursday, 28 April 2011 at 8.30 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts of the Company for the financial year ended 31 December 2010 and the Reports of Directors and Auditors thereon. **(Resolution 1)**
2. To approve the Directors' fees of S\$90,000 for the financial year ending 31 December 2011 (31 December 2010: S\$160,000). **(Resolution 2)**
3. To re-elect the following Directors:-
 - (a) Mr. Peter Sichrovsky, retiring pursuant to Article 104 of the Company's Articles of Association. **(Resolution 3)**

Mr. Peter Sichrovsky, who is a Non-Executive and Non-Independent Director, if re-elected as Director of the Company will remain as a Member of the Nominating Committee and will be considered as Non-Independent Director.
 - (b) Mr. Wolfgang Kloser, retiring pursuant to Article 108 of the Company's Articles of Association. **(Resolution 4)**

Mr. Wolfgang Kloser, who is an Executive Director and Chief Executive Officer, if re-elected as Director of the Company will remain as a Member of the Audit Committee.
4. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

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

5. AUTHORITY TO ISSUE SHARES

"That pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

Notice of Annual General Meeting

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

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

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

provided always that

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

- (a) new shares arising from the conversion or exercise of convertible securities,
- (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
- (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (See *Explanatory Note 1*) **(Resolution 6)**

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

"That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in the Appendix to the Company's letter to shareholders dated 13 April 2011 (the "Letter"), with any party who is of the Classes of Interested Persons described in the Appendix to the Letter, provided that such transactions are carried out in the ordinary course of business and on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix to the Letter (the "General Mandate");
- (b) such General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

Notice of Annual General Meeting

- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the company to give effect to the General Mandate and/or this Resolution". (See *Explanatory Note 2*)
(Resolution 7)

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

BY ORDER OF THE BOARD

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

Singapore, 13 April 2011

Explanatory Note:-

- (1) Resolution 6, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares in the capital of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

For the purpose of Resolution 6, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (2) Resolution 7 is to renew effective up to the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by the Company in general meeting) the General Mandate to enable the Company, its subsidiaries and associated companies that are considered to be "entities at risk" to enter, in the ordinary course of business, into the types of mandated transactions with specific classes of the Company's interested persons. The General Mandate which was previously approved by shareholders at the Annual General Meeting of the Company held on 30 April 2010 will be expiring at the forthcoming 63rd Annual General Meeting. Particulars of the General Mandate and the Audit Committee's confirmation (pursuant to Rule 920(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited) in respect of the proposed renewal of the General Mandate, are contained in the Company's letter to shareholders dated 13 April 2011.

Notice of Annual General Meeting

Notes:

1. A member may appoint not more than two proxies to attend and vote at the Meeting.
2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the first named proxy may be treated as representing 100% of the shareholding and the second name proxy as an alternate to the first named.
3. A proxy need not be a member of the Company.
4. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at 141 Market Street, #07-01, International Factors Building, Singapore 048944 not later than 48 hours before the time appointed for the Meeting.

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LINDETEVES-JACOBURG LIMITED

(Company Registration No. 194700172G)

(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of Lindeteves-Jacoburg Limited, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF approved Nominees.

PROXY FORM

*I/We _____ of

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

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

or failing him, Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Sixty-Third Annual General Meeting of the Company to be held at 1 Raffles Boulevard, Suntec City, Meeting Room 309, Level 3, Suntec Singapore International Convention & Exhibition Centre, Singapore 039593 on Thursday, 28 April 2011 at 8.30 a.m. and at any adjournment thereof.

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

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Accounts for the financial year ended 31 December 2010 and the Reports of Directors and Auditors thereon.		
2.	To approve the Directors' fees of S\$90,000 for the financial year ending 31 December 2011.		
3.	To re-elect Mr. Peter Sichrovsky pursuant to Article 104 of the Company's Articles of Association.		
4.	To re-elect Mr. Wolfgang Kloser pursuant to Article 108 of the Company's Articles of Association.		
5.	To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	To authorise Directors to issue shares		
7.	To approve the renewal of the General Mandate for interested person transactions		

Dated this ____ day of _____ 2011

Total Number of Shares Held_____
Signature(s) of Member(s)/Common Seal

* Delete accordingly

IMPORTANT. Please read notes overleaf

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 141 Market Street, #07-01, International Factors Building, Singapore 048944 not later than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

AFFIX
STAMP

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



Lindeteves - Jacoberg Limited

Co. Reg. No: 194700172G

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