Lindeteves - Jacoberg Limited

annual report 12

Corporate Profile

Following an extensive restructure, Lindeteves-Jacoberg Limited is now fully focused on growing its core business – the distribution of electric motors – a segment where the Group retains a well-established brand and enjoys long-standing relationships with major customers across the Asia-Pacific, Europe, the Middle East and North America.

Among its most recognised trademarks is Brook Crompton, which has been a leader in the development of high-efficiency, quality and reliable electric motors for more than a century. Today, the Group is an established provider of electric motors for the global industrial market, offering solutions that meet the needs of a wide range of customers across diverse markets. Its products are used across many industries, from Marine, Oil & Gas to HVAC (Heating, Ventilation, and Air conditioning).

Brook Crompton UK Limited is the Group's top revenue contributor. The bulk of its sales is derived from the UK, where the subsidiary has further entrenched its leading position in the industry by adding products sourced from new Asian suppliers. Other key markets include Continential Europe, North Africa and the Middle East, where the subsidiary is committed to expanding its share by strengthening its sales and distribution channels.

The North American market is covered by Brook Crompton Limited (Canada) and Brook Crompton USA, Inc. Both subsidiaries have made significant headway in their local markets by strengthening their supply chains and extending their sales networks.

In the Asia-Pacific, the Group is represented largely by Brook Crompton Asia Pacific Pte Ltd (formerly known as Western Electric Asia Pte Ltd), which is based in Singapore. The region continues to see growing demand for electric motors. To capture this demand, the subsidiary has started enhancing its product range with high-efficiency motors that perform optimally even in the most challenging service environments.

Contents

It was a long road we traversed at Lindeteves-Jacoberg Limited as we struggled to turn the company around. To remain a going concern, we fought through a long and intense period of restructuring, streamlining and consolidation. We divested non-core assets, closed underperforming units and, in 2010, sold our manufacturing outfits. These moves paid off, staunching the losses and settling the lawsuits that had nearly derailed our plans.

It was hard work but we have finally turned the corner – and the Group is all the stronger for it. We have emerged leaner, ready to take on the future with confidence. We persisted with efforts to build and strengthen our core motor distribution business. This determination to put the Group back on track has enabled us to expand again in United Kingdom and North America. Now we will start to regain lost ground in Asia and Australasia.

With a renowned brand in BROOK CROMPTON, a well-established team on the ground and a restructured supply chain, we are now primed to go on a growth path.

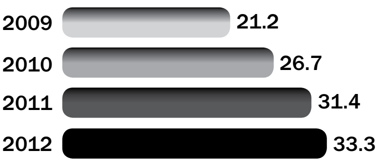
Financial Highlights
(Financial Year Ended 31 December)

INCOME STATEMENT (S$'000)	FY08	FY09	FY10	FY11	FY12
Turnover	321,180	37,294	42,144	52,019	54,387
Profit/(Loss) from continuing operations	(12,347)	51	4,878	(4,259)	17,871
Profit/(Loss) from discontinued operations	(21,815)	(6,579)	123,390	-	-
Total Profit/(Loss) attributable to shareholders	(34,162)	(6,528)	128,268	(4,259)	17,871

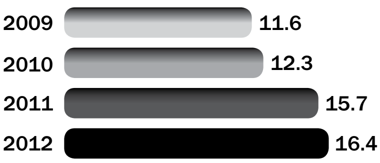
STATEMENT OF FINANCIAL POSITION (S$'000)	FY08	FY09	FY10	FY11	FY12
Non-current assets	110,470	104,360	3,001	2,475	2,616
Current assets	119,596	108,691	19,013	27,336	30,215
Current liabilities	96,386	79,635	29,884	42,281	17,179
Non-current liabilities	247,693	254,975	807	498	8,935
Shareholders' funds	(114,013)	(121,559)	(8,677)	(12,968)	6,717

STATEMENT OF CASHFLOWS (S$'000)	FY08	FY09	FY10	FY11	FY12
Net cash (used in)/generated from operating activities	(7,055)	13,404	467	(5,139)	5,691
Net cash (used in)/from investing activities	3,498	(4,019)	6,295	(54)	(298)
Net cash (used in)/from financing activities	(5,165)	(7,765)	(2,307)	4,423	(3,517)
Cash & cash equivalents at beginning of financial year	5,227	(5,283)	(3,716)	1,219	465
Effect of exchange rate fluctuation on cash held	(1,788)	(53)	480	16	37
Cash & cash equivalents at end of financial year	**(5,283)**	**(3,716)**	**1,219**	**465**	**2,378**

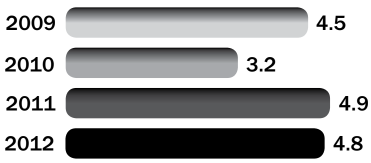
United Kingdom Sales (S$m)



North America Sales (S$m)

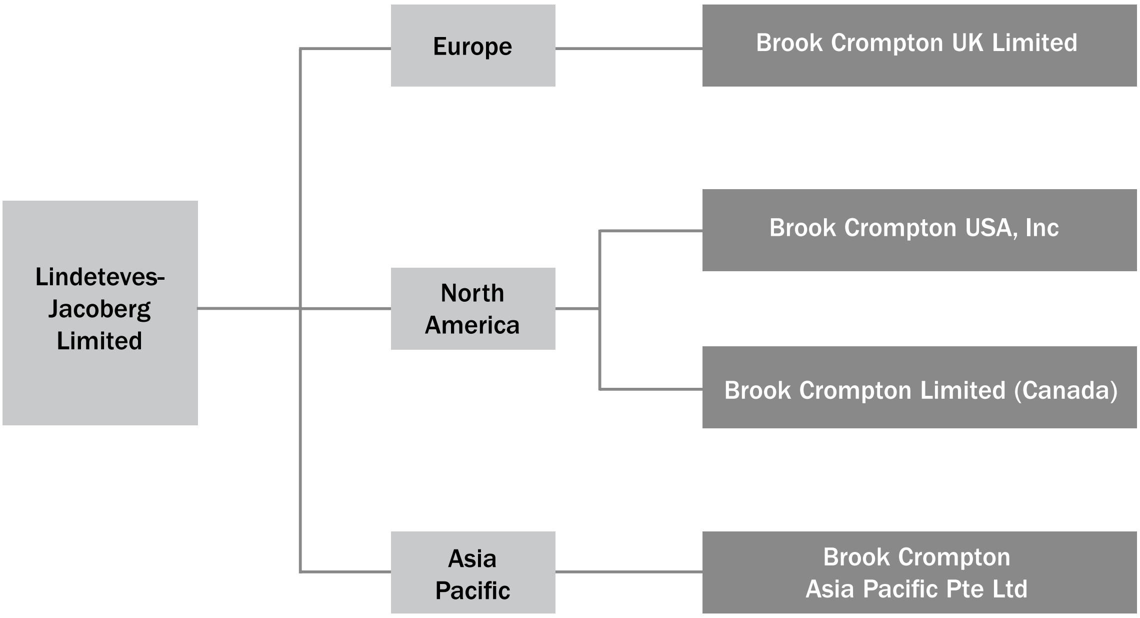


Asia Pacific Sales (S$m)



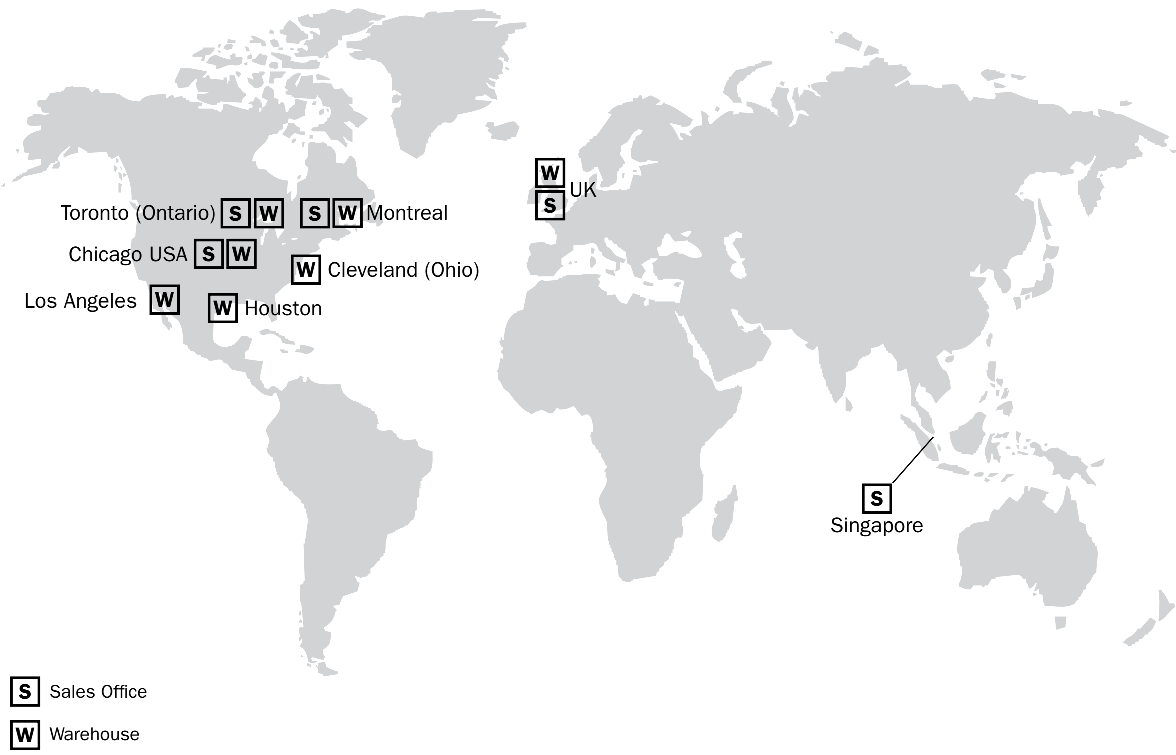
Notes for FY09 & FY10
(1) 2009 figures have been reinstated to align with 2010 presentation.
(2) Turnover excludes the divested manufacturing segment.
(3) Profit from continuing operations (motor distribution) excludes contributions from divested manufacturing segment.
(4) Profit/(Loss) from discontinued operations:
– 2009 included manufacturing segment
– 2010 included manufacturing segment & gain arising from disposal of manufacturing.

Corporate Structure



Note: All are wholly-owned subsidiaries of the Company

Geographic Presence



Chairman's Statement

Dear Valued Shareholders,

Important improvements were made again in 2012. During the year, Lindeteves-Jacoberg Limited and its subsidiaries (LJ or the Group) was able to realise an increased operational profit as well as overcome some severe obstacles, stabilising its business. This improved stability and the foundations we have put in place for the business will provide a sound base for LJ's future development, while allowing us to effectively manage any uncertainties and risks still connected with the business.

Positive Net Tangible Assets (NTA) – For the Very First Time Since 2005

We are pleased to report that for the financial year ended 31 December 2012, the Group achieved a net attributable profit of S$17.9 million as revenue climbed 4.6% to S$54.4 million. This figure include an amount of S$11.9 million for the reversal of an overprovision made earlier for a legal claim and waiver of payables, but even after stripping out this amount, our net attributable profit from operations came in at S$6.0 million.

These improvements as well as the successful efforts to streamline our operations and focus on our core business – the distribution of electrical motors – enabled the Group to report positive NTA for the first time since 2005, at 0.9 S¢ per share. As at 31 December 2012, LJ was in a net cash position of S$2.4 million – a validation of the strategic moves we have made over the past few years to restructure the Group.

The Group Today

Having transformed itself, the Group now stands ready to take on challenges, fortified by a sound foundation and armed with a revitalised balance sheet. We have emerged leaner and stronger, determined to build a global motor distribution business through our industry-acclaimed Brook Crompton brand, as well as our strong engineering and industrial expertise. Over the past few years, we have set in place the strategic framework needed for us to make greater inroads into all the major geographies where we are currently operating – maintaining our position in the UK, expanding in North America, and now augmenting our presence in Asia and Australasia.

The Group Tomorrow

It has been four years since the 2008 financial meltdown, but the world is still grappling with the effects. Indeed, the global economy seems to be stagnating as the US struggles with jobless rates and the Eurozone crisis continues to raise concern. In those economies, growth is expected to slow or even contract during 2013. In contrast, the emerging economies still show encouraging signs of growth, but overall, the world is expected to find the road to recovery rough and uncertain as inflation, potential trade wars and new speculative bubbles present fresh threats.

Chairman's Statement

At LJ, we are cautiously optimistic about prospects for the future. With the two lawsuits relating to BCW Electric Motor (Dalian) Co. Ltd. settled and out of the way at last, we can now direct all our resources to strengthening and expanding our core business. Management has worked hard to restructure the organisation and lay a firm foundation for growth so that LJ can increase its market share in the industry. The bigger the business grows and the more global it becomes, the more focus has to be put on shaping and maintaining a professional supply chain management system. Together with our business partners, we are working continuously to strengthen and improve these underlying processes. We are quietly confident that the many initiatives carried out to achieve these goals have taken root and will soon bear fruit.

We are looking forward to re-establishing ties with past customers familiar with the Brook Crompton brand and to upholding our pledge to shareholders that we would set the company back on the path to growth.

The Board firmly believes that strong governance is central to ensuring long-term success for the Group – integrity and upholding the highest standards of corporate governance are essential to translating the Group's strategy into action. In line with this view, the Group has set up an enterprise risk management framework that will help provide crucial checks and balances.

Acknowledgments and Appreciation

We would like to thank Mr Christian Schmidt for his past contributions to the Group. Even though he was Group Chairman for only a year, he played a significant part in helping LJ to push ahead with its recovery plans. To our outgoing independent director, Mr Thomas Schaetti, we extend our gratitude for his services to the Group. On behalf of the Board, I would like to express our appreciation to the management and staff who have worked diligently over the past few years to help the Group overcome the many obstacles in its path. I also wish to thank all the clients and business associates who have continued to believe in us. To our shareholders, I must express our gratitude for their staunch support and patience throughout.

As the Group's new Chairman, I am deeply excited at having this opportunity to take the company even further. Now that it has put itself back on a strong footing, LJ has the means and the resolve to carve out a position in the industry. There are major challenges ahead – I am well aware of that, but I am convinced the Group is able to meet them. Together, we are ready to set all-new milestones for the Group.

Andreas Schindler
Chairman

CEO's Statement

EMERGING FROM THE PAST

In the past 10 years, we have travelled a long road, assailed by threats to our very survival. From 2003 to 2005, we suffered massive losses as our operating losses swelled and we took major write-offs against the acquisition of non-performing production assets held by British motor-maker Brook Crompton.

Shareholders' funds dipped into a deficit in 2005. As our debt levels reached daunting heights, our ability to meet our financial obligations came into question. The situation was compounded by slow-moving inventories as orders dwindled on our widely known liquidity issues.

We divested non-core and non-strategic assets, slashing costs and seeking a much-needed capital injection from ATB Austria Antriebstechnik AG (ATB), which is now our immediate controlling shareholder. However, our efforts to restructure LJ and restore it to health were almost derailed by a series of lawsuits, including a major one filed by BCW Electric Motor (Dalian) Co. Ltd. (BCW).

We sold all our manufacturing assets to ATB in 2010, in exchange for a waiver of intercompany loans, which generated a one-time gain of S$133.9 million. This move – together with the later aid we secured from our intermediate controlling shareholder, Wolong Investment GmbH – enabled us to settle the full and final amount of the judgment debt arising from the BCW lawsuit.

We finally emerged from this very difficult period. We never wavered in our efforts to turn our core motor distribution business around and set it firmly on the path to recovery. Painstaking steps were taken to rebuild our clientele base and overhaul our operational processes.

We have started to enjoy the gains from these initiatives globally. Our core business produced solid growth in revenue even in the aftermath of the 2008 global financial crisis, with the figure rising from S$37.3 million in FY2009 to S$52 million in FY2011. The Group was chalking up operational profits once again.

Today, LJ stands stabilised. Operationally, we have strengthened our team and rebuilt our brand, and our motor distribution business is making its mark in several key geographies. Financially, moves to strengthen our balance sheet have borne fruit; for the first time since 2005, our shareholders' funds turned positive. In addition, the Group was in a stronger net cash position as at 31 December 2012.

FY2012 IN REVIEW

Back on the Path to Profitability

Weaker economic conditions worldwide hampered our efforts to boost earnings growth, but we were still able to achieve a 4.6% year-on-year gain in revenue to S$54.4 million for the financial year ended 31 December 2012. We were also able to hold gross margins steady at 33.8%, which saw gross profit coming in at S$18.4 million.

The Group ended the year with a net attributable profit of S$17.9 million, which included the write-back of a S$11.9 million provision for a legal claim and waiver of other payables. Even with this item stripped out, the Group made a profit of S$6.0 million – an improvement from the previous year's profit of S$4.6m net of legal claim provision. Clearly, LJ is back on the path to sustainable profitability.

Restored to a Healthy Financial Position

By managing its working capital requirements, the Group was able to generate a positive operational cashflow of S$5.7 million, of which S$2.8 million went towards the repayment of bank debt and S$0.6 million in amounts owing to our immediate and intermediate controlling shareholders.

CEO's Statement

The Group maintained its improved financial standing with a net cash position of S$2.4 million at the end of FY2012 – in stark contrast to the debt-laden balance sheet that persisted from the onset of our woes until FY2010.

Operations Review

(A) Brook Crompton UK, covering the UK, Europe & the Middle East

Revenue for Brook Crompton UK grew 6% to S$33.3 million in FY2012 compared with FY2011. The segment contributed 61% of the Group's turnover, deriving 91% of its sales from the UK market and the remainder from Europe and the Middle East.

Following the restructure, the Group also started to refresh ties with some of its previous customers in the Middle East while keeping a keen eye on possible new markets in this region. Over time, these moves could help the Group to recover lost ground there as well as re-establish its trademark brand Brook Crompton across the region.

Going forward, management's focus will be on two key areas. First, we will push ahead with efforts to establish a stable supply chain across Europe and Asia. Second, we will seek out new opportunities for collaboration within the existing sales channel.

(B) Brook Crompton Canada and Brook Crompton US, covering North America

North America is now the Group's second-largest market. Revenue for the segment grew 3.9% to S$16.4 million in FY2012, contributing 30% of the Group's turnover.

In the US, we have lost much of our market share since 2005 because of the intensive restructuring and consolidation that the Group underwent. In recent years, management has worked hard to regain this lost ground. We note with pride that, despite the many challenges we faced, the Brook Motors brand name remains strong and well-respected in the industry there.

For the Group's US operation, 2012 was a busy year. In August 2012, we opened a new warehouse in Chicago, which comes equipped with a modification line. Next, we extended our network as we appointed new distributors. In addition, we began making our entry into new geographical markets such as Chicago and Los Angeles. Even as we pushed forward with all these initiatives, we upheld our service standards, ensuring that old and new customers alike would enjoy only the best from us.

Riding on the momentum achieved thus far, we will continue our expansion into North America, making the most of the Group's increased resources and improved supply chain to drive growth there as we capture new markets with our commitment to excellent service quality.

(C) Brook Crompton Asia-Pacific, covering Asia and Australasia

Revenue for the segment held steady at S$4.8 million in FY2012, contributing 9% of the Group's turnover. As part of the earlier restructuring, the Group had closed its sales offices in Australia and New Zealand in 2009.

Determined to re-establish a firm foothold in the region, we have started to renew old ties and develop new customer relationships there. We see the Asia-Pacific as a region whose potential for growth is immense, and we are consolidating our resources to explore and capitalise on the vast array of opportunities available there.

CEO's Statement

DRIVING SUPPLY CHAIN EXCELLENCE

The strong turnaround in profitability and our rising share in key markets demonstrate how far we have come in our efforts to restructure the Group and fortify our business. To further enhance our competitive edge and strengthen our supply chain, we are looking at some initiatives that will help us engineer an efficient and effective distribution channel for all our clients.

Establishing an Efficient Supplier Base

This initiative has been a key priority for management, since having a reliable network of cost-efficient and high-quality third-party suppliers will significantly expedite our push into major markets. We have made tremendous headway and are close to finalising an arrangement in China that we believe will bring tangible cost benefits to clients around the globe.

Building an Effective Distribution Channel

Our Brook Crompton brand has long been known for its comprehensive and versatile range of high-efficiency motors. In addition, our technical expertise and extensive network allow us to provide in-house modification services at our major strategically located warehouses, creating customised motor solutions that can meet the client's every need swiftly and effectively.

To further boost customer connectivity, we are working to minimise our response times and maximise our ability to handle client demands on the ground. To reduce lead time in delivery, our warehouses maintain a wide range of electric motors at optimal level to meet the demand.

REORGANISING THE CORE MANAGEMENT TEAM

Earlier in the year (2012) the Group revamped its operational team. The two members of the inner management team are working closely with me to drive the business forward.

Mr. Richard Eason, who is currently the CEO of Brook Crompton UK Limited, has been instrumental in establishing the lead there. Now, his task is to oversee and drive the sales of Brook Crompton globally as we push ahead with our expansion plans in target markets.

In addition, Mr. Paul Hopley, who is currently the COO/CFO of Brook Crompton UK Limited, is taking on new global responsibilities and will focus on working together with our various offices to improve operational efficiency. One of his key objectives will be work closely with suppliers and customers to set up a system designed to achieve supply chain excellence. This system will optimise inventory management, improve turnaround times and mitigate risks.

REDEFINED FOR SUCCESS

Having overcome the obstacles by transforming our operations and rebuilding our foundations, we are confident of moving forward to forge a bright future for the Group. Today, LJ has a global business that is growing steadily as we move to redefine ourselves, driven by a clear vision of what we want to achieve as we build on the small but profitable base.

Armed with this conviction and an internationally recognised brand in Brook Crompton, one renowned for quality, reliability and efficiency, the Group stands ready to step into a future to carve a place for itself in the global motor distribution market.

Wolfgang Kloser
Chief Executive Officer

Board of Directors

Mr Andreas Schindler
Chairman, Lindeteves-Jacoberg Limited

Mr Schindler became Chairman of Lindeteves-Jacoberg Limited in August 2012, after taking the helm at its immediate holding company, ATB Austria Antriebstechnik AG, as Chief Executive Officer in July 2012. He has been a pivotal member of the ATB management team since he joined the Group in 2007, playing a key role in its restructuring. He served as Managing Director of its two main plants, ATB Spielberg and ATB Welzheim.

Before joining the Group, he held senior management positions at companies that included Frantschach Packaging (now part of the Mondi Group) and Procter & Gamble.

He earned a master's in business administration from the Vienna University of Economics and Business after studying electrical engineering at a technical college in Austria.

Mr Wolfgang Kloser
Chief Executive Officer, Lindeteves-Jacoberg Limited

Mr Kloser was appointed as Chief Executive Officer of the Company in January 2011 after he relinquished his position as its Chief Financial Officer. He was also the Head of Group Finance and Accounting at ATB Austria Antriebstechnik AG, a position he gradually relinquished after his appointment as LJ's CEO. As CEO, he drives the Group strategy and oversees all of the Group's sales and operations.

Previously, he held leading positions as Head of Finance and Controlling at Duropack AG and Director of Corporate Finance at Mayr-Melnhof Karton AG. Later, he specialised in controlling and finance at his own consulting firm. He holds various directorships in Austria and the Netherlands.

Mr Kloser is a graduate in economics from the University of Vienna.

Mr Volker Felix Zuleck
Independent Director, Lindeteves-Jacoberg Limited

Mr Zuleck joined the Board of Directors in November 2008. He started his career as a solicitor at an international law firm in Dubai in the United Arab Emirates. He has worked in France, Germany and Austria, and has held leading positions in several international companies. He has also served as a freelance consultant to several major players in the chemical, engineering and pharmaceutical industries. Mr Zuleck holds a degree in law from Germany and a master's in European business law.

Dr Knut Unger
Independent Director, Lindeteves-Jacoberg Limited

Dr Unger joined the Board of Directors in August 2007. After completing his legal training in Germany, he participated in a European Community programme designed to help develop the judicial systems of emerging democracies in Eastern Europe. He has since worked as solicitor in both Germany and Singapore. Dr Unger holds a PhD in Law from the University of Freiburg and has studied in Germany and Belgium.

Mr Thomas Adrian Schaetti
(resigned on 25 March 2013)
Independent Director, Lindeteves-Jacoberg Limited

Mr Schaetti joined the Board of Directors in April 2011. He gained valuable experience as a sales trader at various companies and financial institutions in Switzerland and Austria. He has also served as a consultant to several investment companies and industrial conglomerates. He runs his own consultancy, and he holds directorships at several companies in Switzerland and Austria.

Management Team

Mr Wolfgang Kloser
Chief Executive Officer, Lindeteves-Jacoberg Limited

Mr Kloser plays a crucial role in steering the Group and stabilising its businesses. He continues to lead its efforts to secure strategic growth. He is responsible for the Group's overall performance.

Ms Elaine Tan Bee Lin
Chief Financial Officer, Lindeteves-Jacoberg Limited

Ms Tan became Chief Financial Officer of the Company in January 2011. When she joined the Company as Group Financial Controller in 2008, she brought with her several years of experience in related fields at a statutory board, a listed company and a Big Four accounting firm. She is a Fellow of the Association of Chartered Certified Accountants in the UK and holds a Master of Business Administration from the University of Hull in Yorkshire, UK.

Mr Richard Eason
Chief Executive Officer, Brook Crompton UK Limited

Mr Eason was appointed as Chief Executive Officer of Brook Motors Ltd (the former Brook Crompton UK Limited) in April 2009, in charge of developing distribution markets in the UK, Europe and the Middle East. After the restructuring of the Lindeteves-Jacoberg Group in September 2010, he came under the direct employment of Brook Crompton UK Limited and was responsible for overseeing the North American operations as well. Before joining the Group, he spent 20 years in the electric motors and drives sector. Mr Eason holds a bachelor in environmental sciences from the Lancaster University in the UK.

Mr Paul Hopley
Chief Operating Officer, Brook Crompton UK Limited

Mr Hopley was appointed as COO of Brook Crompton UK Limited in April 2009, in addition to his existing role as CFO that he has held since 2005. He is in charge of sales administration, operations and finance in the UK and, since the Group's reorganisation in 2010, has assisted in the North American operations in these areas. He has been employed in various financial and administrative roles with Brook Crompton over the past 35 years.

Mr George Tay
Director, Brook Crompton Asia Pacific Pte Ltd

Mr Tay became Director of Brook Crompton Asia Pacific (the former Western Electric Asia Pte Ltd) in 1992. Having been with the Lindeteves-Jacoberg Group since 1985, he has played a major role in developing its distribution operations in the Asian region. Mr Tay holds a bachelor's in business administration, a diploma in electrical engineering and graduate diplomas in marketing and management studies.

Corporate Governance Report

OUR COMMITMENT TO CORPORATE GOVERNANCE

The Board of Directors (the 'Board') is committed to maintaining high standards of corporate governance within Lindeteves-Jacoberg Limited (the 'Company') and its subsidiaries (the 'Group') 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 its commitment towards good corporate governance, the Company has also started implementing certain new disclosures to comply with guidelines recommended by the revised Code of Corporate Governance 2012 (the revised Code 2012).

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 regularly reviews the Group's strategic business plans, the assessment of key risks by management and the financial performance of the Group to enable the Group to meet its objectives. The Board has overall responsibility for establishing and maintaining a framework of good 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 2012 is as follows:

Andreas Schindler	Non-executive Chairman
Wolfgang Kloser	Chief Executive Officer
Dr Knut Unger	Independent, non-executive
Volker Felix Zuleck	Independent, non-executive
Thomas Adrian Schaetti	Independent, non-executive (resigned on 25 March 2013)

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 meet and hold discussion regularly outside the scheduled meetings to deliberate on operational issues and provide continuing advice to management as the need arises. In the financial year ended 31 December 2012, four Board Meetings were held.

As at year ended 31 December 2012, the Board comprised five (5) members, four (4) of whom are non-executive directors, where three (3) are independent directors. One independent, non-executive director resigned on 25 March 2013. The Board has strong industry knowledge, expertise and experience in areas of engineering, law, finance and business management. A short description of each director's background is presented under Board of Directors section of this annual report.

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

The attendances of the Directors at the meetings of the Board and Board Committees during the financial year ended 31 December 2012 are as follows :-

				Board of Directors				Audit Committee				Nominating Committee	Remuneration Committee	
	Director	**Appointment**	**Resignation**	**28-Feb-12**	**27-Apr-12**	**14-Aug-12**	**8-Nov-12**	**28-Feb-12**	**27-Apr-12**	**14-Aug-12**	**8-Nov-12**	**28-Feb-12**	**28-Feb-12**	**8-Nov-12**
1	Andreas Schindler			N/A	N/A	1	1	N/A	N/A	N/A	N/A	N/A	N/A	1
	i Appointment as Non-Indepent and Non-Executive Director and Chairman of the Board of Director on 13 August 2012	13.8.2012												
	ii Appointment as member of RC on 13 Aug 2012													
2	Dr Knut Unger i Appointed as Member of AC on 1 August 2007	1.8.2007	-	1	1	1	1	1	1	1	1	1	1	1
	ii Appointed as Chairman of NC and RC on 1 Aug 2007 and redesignated to NC and RC member on 19 January 2009													
3	Volker Felix Zuleck i Appointed as AC, NC and RC Chairman on 19 Jan 2009	7.11.2008	-	1	1	1	1	1	1	1	1	1	1	1
4	Christian Schmidt i Appointed as RC Member on 17 January 2011 and appointed as Non-Executive and Non-Independent Chairman on 28 April 2011 and Resigned on 13 August 2012	1.1.2010	13.8.2012	1	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	N/A
5	Wolfgang Kloser i Appointed as an Executive Director and Chief Executive Officer and AC Member on 17 January 2011	17.01.2011	-	1	1	1	1	1	1	1	1	N/A	N/A	N/A
6	Thomas Adrian Schaetti i Appointed as an Independent Director and NC Member on 28 April 2011)	28.04.2011	25.03.2013	1	1	1	1	N/A	N/A	N/A	N/A	1	N/A	N/A

Principle 3: Role of Chairman and CEO

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

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

Principle 4 and 5: Board Membership and Performance

The composition of NC as at 31 December 2012 is outlined below.

Mr Volker Felix Zuleck	Chairman of the Committee
Dr Knut Unger	Member
Mr Thomas Adrian Schaetti	Member (resigned on 25 March 2013 and replaced by Mr Wolfgang Kloser)

All members of this committee are independent and non-executive directors. Mr Thomas Adrian Schaetti resigned on 25 March 2013 and was replaced by Mr Wolfgang Kloser, an executive Director on 25 March 2013, who is the executive director. With these changes, majority of the NC members, including Chairman of the NC, are independent directors.

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

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

In the nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. The NC also reviews annually the following key performance criteria:

- Independence of the independent director;
- Board performance in discharging principle functions;
- Board committee performance; and
- Performance evaluation of individual director.

The information on each director's qualifications, shareholdings, relationships (if any), directorship and other principal commitments (if any) is presented in the "Board of Directors" and "Directors' Report" section of this annual report.

Principle 6: Access to Information

Directors are furnished with sufficient information in the form of board papers prepared by the Management prior to board meeting in sufficient time for the directors' review. 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.

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 2012 is outlined below. All members are non-executive directors, the majority of whom, including the Chairman, is independent.

Mr Volker Felix Zuleck	Chairman of the Committee
Dr Knut Unger	Member
Andreas Schindler	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, the reasonableness of the contracts of service of executive director and key management personnel. 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 and the top five key management personnel's remuneration for the financial year 2012 is shown below:

Directors	Remuneration	Fee	Salary	Allowances	Bonus	Total
	'000	%	%	%	%	%
Mr Wolfgang Kloser	180	Nil	67	Nil	33	100
Dr Knut Unger	40	100	Nil	Nil	Nil	100
Mr Volker Zuleck	35	100	Nil	Nil	Nil	100
Mr Thomas Adrian Schaetti	25	100	Nil	Nil	Nil	100

Top 5 key management personnel	Fee	Salary	Allowances	Bonus	Post Employment Benefit	Total
	%	%	%	%	%	%
Below S$250,000						
Elaine Tan	Nil	86	Nil	11	3	100
Simon Chung	Nil	80	6	4	10	100
George Tay	Nil	82	4	10	4	100
S$250,000 to S$500,000						
Mr Richard Eason	Nil	52	6	38	4	100
Mr Paul Hopley	Nil	55	9	27	9	100

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

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability
Principle 12: Internal Controls
Principle 13: Internal Audit

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.

The Group has in place an Enterprise Risk Management (ERM) Framework which governs the risk management process in the Group. Through this framework, risks capabilities and competencies are continuously enhanced. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. The risk management process in place covers, inter alia, financial, operational, compliance and IT risks faced by the Group. The key risks of the Group are deliberated by the Management and reported to the AC. The AC reviews adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-à-vis external and internal environment which the Group operates in.

Complementing the ERM framework is a group-wide system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. The internal audit function is outsourced to an internal audit professional firm. The Internal Auditors report directly to the Chairman of the AC on internal audit matters. To ensure adequacy of internal audit functions, the AC receives and approves the internal audit plan on an annual basis.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, various Board Committees and the Board, the Board with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, were adequate as at 31 December 2012.

Principle 11: Audit Committee

The composition of AC as at 31 December 2012 is outlined below.

Mr Volker Felix Zuleck	Chairman of the Committee
Dr Knut Unger	Member
Mr Wolfgang Kloser	Member (stepped down on 25 March 2013 and replaced by Mr Andreas Schindler)

The AC comprises three directors, the majority of whom, including the Chairman, are Independent. All members of this Committee are non-executive except for Mr Wolfgang Kloser who is the Chief Executive Officer of the Company. To uphold the independence of the AC, Mr Wolfgang Kloser stepped down as a AC member on 25 March 2013 and was replaced by Mr Andreas Schindler, who is a non-executive director. After the reconstitution, all members of the AC are non-executive directors. The Board is of the view that all members of the AC are appropriately qualified to discharge their responsibilities.

Corporate Governance Report

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 had, during the financial year under review, met with the external auditors once without the presence of the Management.

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 financial information and full year financial statements of the Group and 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 KPMG LLP.

(e) Review the adequacy of the Group's internal controls, including financial, operational, compliance information technology controls at least annually.

(f) Review the effectiveness of the company's internal audit function.

(g) Review Interested Party transactions.

The aggregate amount of fees paid to the external auditors for the financial year ended 31 December 2012 was:

	2012 $'000	2011[1] $'000
Fees on audit services paid/payable to		
- Auditor of the Company	223	115
- Other auditors	79	237
Fees on non audit services paid/payable to:		
- Auditor of the Company	-	63
- Other auditors	6	19

[1] The financial statements for FY2011 were audited by another independent auditor.

There being no non-audit services rendered by the external auditors for the financial year ended 31 December 2012, the AC is satisfied that the external auditors were independent and the external auditors have affirmed their independence in this respect.

The AC recommended the re-appointment of the external auditors at the forthcoming Annual General Meeting.

The Company has complied with Rule 712 and 715 or 716 of the Listing Manual of the SGX-ST in relation to its auditors.

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

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business. The Company encourages shareholder participation during the Annual General Meeting (AGM) which is held in a central location in Singapore. Resolutions put forth are voted on by poll. The poll results for each resolution put forth are presented during the AGM.

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) Enabling shareholders full opportunity to participate effectively and to vote and to communicate their views at AGM.

DEALING IN SECURITIES

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

INTERESTED PERSON TRANSACTIONS (IPT)

The AC reviews the Group's IPT for assurance that the transactions are executed on normal commercial terms and do not prejudice the interests of the Group and its minority shareholders. At the Annual General Meeting held on 27 April 2012, shareholders of the Company approved a General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions with ATB, Wolong Holding Group Co. Limited and any of its associates and its group of subsidiaries.

Corporate Governance Report

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial year udner review (excluding transactions less than $100,000 each)			
	Transactions not conducted under shareholders 'mandate pursuant to Rule 920		Transactions conducted under shareholders' mandate pursuant to Rule 920	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
General Transactions				
ATB Nordenham GmbH	-	-	731	1,796
ATB Motorenwerke GmbH	-	-	-	122
Fabryka Silnikow Elektrycznych Tamel S.A.	-	-	14,561	16,388
Schorch Elektrische Maschinen und Antriebe GmbH	-	-	137	373
Wolong Electric Group Co Limited	-	-	113	-
Treasury Transactions				
Wolong Invesment Gmbh	-	-	13,523	-
ATB Austria Antriebstechnik AG	-	-	-	1,124
ATB GMZ GmbH	-	-	-	643
Total			**29,065**	**20,446**

MATERIAL CONTRACTS

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

Financial Contents

Directors' Report

Year ended 31 December 2012

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2012.

Directors

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

Mr Thomas Adrian Schaetti	(Resigned on 25 March 2013)
Mr Wolfgang Kloser	
Dr Knut Unger	
Mr Volker Felix Zuleck	
Mr Andreas Schindler	(Appointed on 13 August 2012)

Directors' Interests

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

Name of director and corporation in which interests are held	Holdings registered in name of director	
	At beginning of the year/date of appointment	At end of the year
The Company		
(Number of ordinary shares)		
Dr Knut Unger	200,000	200,000
Mr Volker Felix Zuleck	500,000	500,000

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2013.

Except as disclosed under the "Share Options" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 33 to the financial statements, since the end of the last financial year, no director has received, or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share Options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Audit Committee

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

Mr Volker Felix Zuleck	Independent (Chairman)
Dr Knut Unger	Independent
Mr Wolfgang Kloser	Executive (resigned on 25 March 2013)
Andreas Schindler	Non-Executive (appointed 25 March 2013)

The Audit Committee performs the functions specified in Section 201B of the Act, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

(i) assistance provided by the Company's officers to the internal and external auditors;

(ii) quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and

(iii) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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

Directors' Report

Year ended 31 December 2012

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

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

Auditors

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

On behalf of the Board of Directors

Wolfgang Kloser
Director

Volker Felix Zuleck
Director

9 April 2013

Statement by Directors

Year ended 31 December 2012

In our opinion:

(a) the financial statements set out on pages 26 to 81 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Wolfgang Kloser
Director

Volker Felix Zuleck
Director

9 April 2013

Independent Auditors' Report

Year ended 31 December 2012

Members of the Company
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"), which comprise the statements of financial position of the Group and the Company as at 31 December 2012, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 81.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

Basis for qualified opinion

The financial statements of the Group as at and for the year ended 31 December 2011 and the statement of financial position of the Company as at 31 December 2011 were audited by another independent auditor whose report dated 11 April 2012 expressed a qualified opinion on those financial statements of the Group, because the previous auditors were appointed on 5 January 2012 and thus did not observe the counting of physical inventories at the beginning of the year ended 31 December 2011. They were unable to satisfy themselves by alternative means concerning the quantities and value of the inventories held by the Group in North America as at 1 January 2011, which affected the determination of the results and cash flows for the year ended 31 December 2011. Accordingly, they were unable to determine whether adjustments might have been necessary in respect of the loss for the year reported in the income statement, statement of comprehensive income and statement in changes in equity of the Group, and the net cash flows from operating activities reported in the statement of cash flows of the Group, for the year ended 31 December 2011. Our opinion on the current year's financial statements is also qualified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Qualified opinion

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for qualified opinion paragraph, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Other matter

The audit opinion of the previous auditors on the financial statements of the Group as at and for the year ended 31 December 2011 and the statement of financial position of the Company as at 31 December 2011 also included an emphasis of matter drawing attention to the going concern assumption used in the preparation of the financial statements of the Group and the Company for the year ended 31 December 2011.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore

9 April 2013

Statements of Financial Position

As at 31 December 2012

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Assets					
Property, plant and equipment	5	2,468	2,436	8	9
Subsidiaries	6	–	–	8,101	13,742
Investment property	7	116	–	116	–
Intangible assets	8	6	8	6	8
Other receivables	9	–	–	2,482	8,567
Deferred tax assets	10	26	31	–	–
Non-current assets		2,616	2,475	10,713	22,326
Inventories	11	15,247	14,757	–	–
Trade and other receivables	12	9,992	9,840	5,334	558
Prepayments		672	1,129	13	5
Cash and cash equivalents	13	4,304	1,610	923	785
Current assets		30,215	27,336	6,270	1,348
Total assets		32,831	29,811	16,983	23,674
Equity					
Share capital	14	149,642	149,642	149,642	149,642
Reserves	15	(3,701)	(5,515)	18,650	16,852
Accumulated losses		(139,224)	(157,095)	(165,494)	(219,284)
Equity attributable to owners of the Company/Total equity		6,717	(12,968)	2,798	(52,790)
Liabilities					
Borrowings	24	71	–	–	–
Loan from intermediate holding company	16	8,476	–	8,476	–
Amounts due to subsidiaries	17	–	–	–	50,053
Retirement benefit obligations	18	59	69	–	–
Deferred tax liabilities	10	329	429	–	–
Non-current liabilities		8,935	498	8,476	50,053
Loan from intermediate holding company	16	3,352	–	3,352	–
Trade and other payables	19	11,105	13,613	1,928	2,253
Derivatives	20	–	278	–	–
Current tax liabilities		584	319	407	257
Provision for employee benefits	21	89	48	22	–
Provision for warranty	22	89	101	–	–
Provision for legal claims	23	–	23,901	–	23,901
Borrowings	24	1,960	4,021	–	–
Current liabilities		17,179	42,281	5,709	26,411
Total liabilities		26,114	42,779	14,185	76,464
Total equity and liabilities		32,831	29,811	16,983	23,674

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

Consolidated Income Statement

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Revenue	25	54,387	52,019
Cost of sales	26	(36,011)	(34,747)
Gross profit		18,376	17,272
Other income	25	13,366	1,446
Expenses:			
- Distribution and marketing	26	(6,270)	(5,949)
- Administrative	26	(6,418)	(7,590)
- Finance	28	(564)	(167)
- Others	26	(423)	(9,423)
Profit/(Loss) before income tax		18,067	(4,411)
Tax (expense)/credit	29	(196)	152
Profit/(Loss) for the year, representing profit/(loss) attributable to owners of the Company		17,871	(4,259)
Earnings/(Loss) per share			
Basic and diluted earnings/(loss) per share	30	2.5	(0.6)

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2012

	2012 $'000	2011 $'000
Profit/(Loss) for the year	17,871	(4,259)
Other comprehensive income		
Foreign currency translation differences reclassified to profit or loss on liquidation of subsidiaries	344	–
Foreign currency translation differences – foreign operations	(328)	(32)
Other comprehensive income/(loss) for the year, net of tax	16	(32)
Total comprehensive income/(loss) for the year, representing comprehensive income/(loss) attributable to owners of the Company	17,887	(4,291)

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

	Attributable to owners of the Company				
	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Accumulated losses $'000	Total equity $'000
Group					
At 1 January 2011	149,642	16,852	(22,335)	(152,836)	(8,677)
Total comprehensive income for the year					
Loss for the year	–	–	–	(4,259)	(4,259)
Other comprehensive income					
Foreign currency translation differences – foreign operations	–	–	(32)	–	(32)
Total other comprehensive loss	–	–	(32)	–	(32)
Total comprehensive loss for the year	–	–	(32)	(4,259)	(4,291)
At 31 December 2011	149,642	16,852	(22,367)	(157,095)	(12,968)
At 1 January 2012	149,642	16,852	(22,367)	(157,095)	(12,968)
Total comprehensive income for the year					
Profit for the year	–	–	–	17,871	17,871
Other comprehensive income					
Foreign currency translation differences reclassified to profit or loss on liquidation of subsidiaries	–	–	344	–	344
Foreign currency translation differences – foreign operations	–	–	(328)	–	(328)
Total other comprehensive income	–	–	16	–	16
Total comprehensive income for the year	–	–	16	17,871	17,887
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Discount implicit in interest-free loan (note 16)	–	1,798	–	–	1,798
Total transactions with owners	–	1,798	–	–	1,798
At 31 December 2012	149,642	18,650	(22,351)	(139,224)	6,717

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

Consolidated Statement of Cash Flows

Year ended 31 December 2012

		Group	
	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Profit/(Loss) before tax		17,871	(4,259)
Adjustments for:			
Amortisation and depreciation		201	217
(Reversal of)/provision for impairment losses on investment property		(133)	133
Tax expense/(credit)		196	(152)
Interest expense		564	167
Interest income		–	(12)
Write-down/(Reversal of write-down) of inventories		243	(210)
Net (gain)/loss on disposal of property, plant and equipment		(5)	2
Impairment losses recognised/(reversed) on trade and other receivables		1	(105)
Write-off of trade receivables		–	98
Loss on liquidation of subsidiaries		288	–
Provision (reversed)/made on legal claims		(10,393)	8,890
Waiver of payables to a former subsidiary		(1,486)	–
Retirement benefit plan expense		161	141
Unrealised currency translation losses/(gains)		140	(34)
		7,648	4,876
Changes in:			
Inventories		(1,282)	(6,848)
Trade and other receivables		(745)	(934)
Prepayments		435	(686)
Trade and other payables		58	277
Derivatives		(278)	278
Provision for employee benefits and warranty		36	31
Provision for legal claims		–	(2,023)
Cash from/(used in) operating activities		5,872	(5,029)
Income tax (paid)/refund		(13)	100
Retirement benefit contribution paid		(168)	(210)
Net cash from/(used in) operating activities		5,691	(5,139)
Cash flows from investing activities			
Acquisitions of intangible assets		–	(10)
Acquisitions to property, plant and equipment		(305)	(57)
Proceeds from property, plant and equipment		7	1
Interest received		–	12
Net cash used in investing activities		(298)	(54)

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

Consolidated Statement of Cash Flows

Year ended 31 December 2012 (continued)

	Note	Group 2012 $'000	Group 2011 $'000
Cash flows from financing activities			
Proceeds from finance lease		108	–
Repayment to intermediate holding company		(402)	–
(Repayment to)/Advances from immediate holding company		(256)	1,092
Advances from related corporation		–	622
Interest paid		(138)	(167)
(Repayment of)/Proceeds from bank borrowings		(2,829)	2,876
Net cash (used in)/from financing activities		(3,517)	4,423
Net increase/(decrease) in cash and cash equivalents		1,876	(770)
Cash and cash equivalents at 1 January		465	1,219
Effects of exchange rate fluctuations on cash held		37	16
Cash and cash equivalents at 31 December	13	2,378	465

Significant non-cash transactions

As at 31 December 2011, provision for legal claims amounted to $23,901,000. During the current year, $13,508,000 of this provision was reclassified to loan from intermediate holding company (see note 23), and the remaining provision of $10,393,000 was reversed and credited to profit or loss.

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

Notes to the Financial Statements

Year ended 31 December 2012

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 9 April 2013.

1 Domicile and activities

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

The principal activities of the Company consist of investment holding and provision of management services to its subsidiaries. The principal activities of the significant subsidiaries are set out in note 6 to the financial statements.

The immediate holding company is ATB Austria Antriebstechnik AG ("ATB"), incorporated in the Republic of Austria. The ultimate holding company is Wolong Holding Group Co. Ltd ("Wolong Holding"), established in the People's Republic of China (the "PRC").

2 Going concern

The Company has a loan repayment of $3,528,000 to its intermediate holding company, Wolong Investment GmbH ("Wolong Investment"), due in 2013. The ability of the Company to meet this obligation is dependent on the timing of repayment of a loan due from one of its subsidiaries. Notwithstanding this, the statement of financial position of the Company has been prepared on a going concern basis, as its immediate holding company, ATB, has confirmed its intention to provide the necessary financial support to the Company in the event the Company is not in a position to settle the repayment to Wolong Investment.

3 Basis of preparation

3.1 Statement of compliance

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

3.2 Basis of measurement

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

3.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

3 Basis of preparation (continued)

3.4 Use of estimates and judgements

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 10 – utilisation of tax losses
- Note 11 – valuation of inventories
- Note 12 – valuation of trade receivables

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

4.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess in negative, a bargain purchase gain is recognised immediately in profit or loss.

4 Significant accounting policies (continued)

4.1 Basis of consolidation (continued)

Business combinations (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries

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

4.2 Foreign currency

Foreign currency transactions

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

4 Significant accounting policies (continued)

4.2 Foreign currency (continued)

Foreign currency transactions(continued)

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

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

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

4.3 Property, plant and equipment

Recognition and measurement

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

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

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;

4 Significant accounting policies (continued)

4.3 Property, plant and equipment (continued)

Recognition and measurement (continued)

- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and

- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Subsequent costs

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

Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

4 Significant accounting policies (continued)

4.3 Property, plant and equipment (continued)

Depreciation (continued)

The estimated useful lives for the current and comparative years are as follows:

Buildings on freehold land	50 years
Leasehold land and buildings	Lease term, being not more than 50 years
Plant, machinery and office equipment	4 to 12 years
Motor vehicles	4 years

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

4.4 Investment property

Investment property is property held either to earn rental income and/or for capital appreciation. Investment property is measured at cost on initial recognition and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised 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 of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Depreciation is calculated based on the cost of an investment property less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment property from the date that they are available for use.

The estimated useful lives of investment property for the current and comparative years are 50 years.

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

4 Significant accounting policies (continued)

4.5 Intangible assets

Measurement

Computer software licences that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

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

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives of computer software licences for the current and comparative years are 4 to 5 years.

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

4.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. A write-down on cost is made when the cost is not recoverable or if the selling prices have declined below cost.

4.7 Financial instruments

Non-derivative financial assets

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

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

4 Significant accounting policies (continued)

4.7 Financial instruments (continued)

Non-derivative financial assets (continued)

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

Non-derivative financial assets of the Group comprise loans and receivables.

Loans and receivables

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

Loans and receivables of the Group comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents comprise cash balances. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and form and integral part of the Group's cash management are included as a component of cash and cash equivalents.

Non-derivative financial liabilities

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

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

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

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

Non-derivative financial liabilities of the Group comprise loans and borrowings, and trade and other payables.

4 Significant accounting policies (continued)

4.7 Financial instruments (continued)

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. The Group does not trade derivative financial instruments for speculative purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. All changes in fair value are recognised in profit or loss immediately.

Share capital

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

4.8 Impairment

Non-derivative financial assets

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

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

Loans and receivables

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

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

4 Significant accounting policies (continued)

4.8 Impairment (continued)

Non-derivative financial assets (continued)

Loans and receivables (continued)

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

Non-financial assets

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

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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

4 Significant accounting policies (continued)

4.9 Provisions

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

Warranty

A provision for warranty is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

4.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

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

The liability recognised on the statements of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date 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 the 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.

4 Significant accounting policies (continued)

4.10 Employee benefits (continued)

Short-term employee benefits

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

4.11 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

License fee income

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

Commission income

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

4 Significant accounting policies (continued)

4.12 Finance expenses

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

4 Significant accounting policies (continued)

4.13 Tax (continued)

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

4.14 Leases

Leased assets

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

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

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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

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

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

This will be the case if the following two criteria are met:

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

4 Significant accounting policies (continued)

4.14 Leases (continued)

Determining whether an arrangement contains a lease (continued)

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

4.15 Earnings per share

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

4.16 Segment reporting

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

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

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

4.17 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

5 Property, plant and equipment

Group	Buildings on freehold land $'000	Leasehold land and buildings $'000	Plant, machinery and office equipment $'000	Motor vehicles $'000	Total $'000
Cost					
At 1 January 2011	2,880	205	9,669	5	12,759
Additions	–	–	57	–	57
Disposals	–	–	(1,858)	–	(1,858)
Effects of movements in exchange rates	(30)	–	100	–	70
At 31 December 2011	2,850	205	7,968	5	11,028
Additions	–	–	305	–	305
Disposals	–	–	(261)	(5)	(266)
Effects of movements in exchange rates	(104)	–	(164)	–	(268)
At 31 December 2012	2,746	205	7,848	–	10,799
Accumulated depreciation					
At 1 January 2011	665	120	9,374	5	10,164
Depreciation for the year	47	34	111	–	192
Disposals	–	–	(1,855)	–	(1,855)
Effects of movements in exchange rates	(7)	–	98	–	91
At 31 December 2011	705	154	7,728	5	8,592
Depreciation for the year	47	26	109	–	182
Disposals	–	–	(259)	(5)	(264)
Effects of movements in exchange rates	(26)	–	(153)	–	(179)
At 31 December 2012	726	180	7,425	–	8,331
Carrying amounts					
At 1 January 2011	2,215	85	295	–	2,595
At 31 December 2011	2,145	51	240	–	2,436
At 31 December 2012	2,020	25	423	–	2,468

5 Property, plant and equipment (continued)

	Plant, machinery and office equipment $'000
Company	
Cost	
At 1 January 2011	244
Additions	1
Disposals	(6)
At 31 December 2011	239
Additions	8
Disposals	(64)
At 31 December 2012	183
Accumulated depreciation	
At 1 January 2011	221
Depreciation for the year	14
Disposals	(5)
At 31 December 2011	230
Depreciation for the year	8
Disposals	(63)
At 31 December 2012	175
Carrying amounts	
At 1 January 2011	23
At 31 December 2011	9
At 31 December 2012	8

The carrying amount of property, plant and equipment held by the Group under finance lease amounted to $110,000 (2011: $Nil).

Security

At 31 December 2012, properties of the Group with a carrying amount of $2,020,000 (2011: $2,145,000) are pledged as security to secure bank borrowings (note 24).

6 Subsidiaries

	Company 2012 $'000	Company 2011 $'000
Equity investments, at cost	80,886	86,361
Impairment losses	(72,977)	(72,619)
	7,909	13,742
Discount implicit in interest-free loan to a subsidiary (note 9)	192	–
	8,101	13,742

Details of the significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Ownership interest 2012 %	Ownership interest 2011 %
Brook Crompton UK Limited[1]	Distribution of electric motors	United Kingdom	100	100
Brook Crompton Limited[2]	Distribution of electric motors	Canada	100	100
Brook Crompton USA Inc.[2]	Distribution of electric motors	United States of America	100	100
Brook Crompton Asia Pacific Pte Ltd[3] (formerly known as Western Electric Asia Pte Ltd)	Distribution of electric motors	Singapore	100	100

(1) Audited by KPMG United Kingdom (2011: PwC United Kingdom)
(2) Audited by KPMG Canada (2011: PwC Canada)
(3) Audited by KPMG LLP, Singapore (2011: PwC LLP, Singapore)

Movements in allowance for impairment losses in respect of investments in subsidiaries of the Company during the year are as follows:

	Note	Company 2012 $'000	Company 2011 $'000
At 1 January		72,619	38,125
Impairment losses recognised		5,833	–
Transfer from allowance for impairment losses of other receivables	9	–	34,494
Impairment utilised		(5,475)	–
At 31 December		72,977	72,619

7 Investment property

	Group and Company	
	2012	**2011**
	$'000	**$'000**
Cost		
At 1 January and 31 December	898	898
Accumulated depreciation and impairment losses		
At 1 January	898	751
Depreciation for the year	17	14
(Reversal of)/provision for impairment losses	(133)	133
At 31 December	782	898
Carrying amount		
At 31 December	116	–

Investment property comprises one office unit in the Philippines. In 2011, the title deed to the property was transferred to a third party without authorisation of the Company. The Company filed a complaint in the Philippine courts to recover the title to the property and made an impairment of $133,000.

The Company had entered into an agreement with the third party on 15 August 2012, pursuant to which the third party agreed to return the office unit to the Company free from all liens and encumbrances. A write-back of impairment loss of $133,000 was made accordingly. The transfer is now in progress.

The fair value of the investment property is $400,000 (2011: $400,000) as determined by the directors.

8 Intangible assets

	Group and Company	
	2012	**2011**
	$'000	**$'000**
Computer software		
Cost		
At 1 January	46	36
Additions	–	10
At 31 December	46	46
Accumulated amortisation		
At 1 January	38	27
Amortisation for the year	2	11
At 31 December	40	38
Carrying amounts		
At 31 December	6	8

9 Other receivables – non-current

	Company	
	2012	**2011**
	$'000	**$'000**
Loan to a subsidiary	2,482	–
Amounts due from subsidiaries	4,346	14,824
Impairment losses	(4,346)	(6,257)
	2,482	8,567

The Company entered into a loan agreement with a subsidiary on 28 December 2012, pursuant to which the subsidiary agreed to repay $4,540,000 by 2013 and $2,482,000 by 2014 through monthly instalments. The amount of $4,540,000 has been reclassified to current receivables (see note 12) in the current year.

The loan is unsecured and interest-free. Accordingly, this interest-free loan was stated at fair value at inception and the difference between the fair value and the loan amount at inception was recognised as additional investment in the subsidiary (note 6). Fair value at inception was determined based on expected future principal cash flows, discounted at an interest rate of 5% per annum. The loan is subsequently measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the term of the loan.

The amounts due from subsidiaries are unsecured, interest-free 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 reporting date.

Movements in allowance for impairment losses in respect of other receivables of the Company during the year are as follows:

		Company	
	Note	**2012**	**2011**
		$'000	**$'000**
At 1 January		6,257	40,976
Impairment losses recognised		1,272	76
Reversal of impairment losses		(1,161)	(212)
Transfer to allowance for impairment losses of investments in subsidiaries	6	–	(34,494)
Impairment utilised		(1,859)	(271)
Effect of movements in exchange rates		(163)	182
At 31 December		4,346	6,257

10 Deferred tax assets and liabilities

	Group 2012 $'000	Group 2011 $'000
Deferred tax assets	26	31
Deferred tax liabilities	(329)	(429)
	(303)	(398)

Net movement in deferred taxes of the Group during the year is as follows:

	Note	Group 2012 $'000	Group 2011 $'000
At 1 January		(398)	(418)
Effects of changes in tax rate	29	–	102
Recognised in profit or loss		83	(87)
Effect of movements in exchange rates		12	5
At 31 December		(303)	(398)

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

Deferred income tax assets

	Provision $'000	Others $'000	Total $'000
Group			
2012			
At 1 January	30	1	31
Recognised in profit or loss	(3)	–	(3)
Effect of movements in exchange rates	(2)	–	(2)
At 31 December	25	1	26
2011			
At 1 January	247	3	250
Effect on changes in tax rate	(61)	(1)	(62)
Recognised in profit or loss	(154)	(1)	(155)
Effect of movements in exchange rates	(2)	–	(2)
At 31 December	30	1	31

10 Deferred tax assets and liabilities (continued)

Deferred income tax liabilities

Group	Accelerated tax depreciation $'000
2012	
At 1 January	(429)
Recognised in profit or loss	86
Effect of movements in exchange rates	14
At 31 December	(329)
2011	
At 1 January	(668)
Effects of changes in tax rate	164
Recognised in profit or loss	68
Effect of movements in exchange rates	7
At 31 December	(429)

At 31 December, deferred tax assets relating to the following temporary differences have not been recognised:

	Group	
	2012 $'000	**2011 $'000**
Provision	623	1,594
Unutilised tax losses	40,714	75,697
	41,337	77,291

The unutilised tax losses of the Group are available for carry forward and set-off against future taxable profits subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the Group operates. Tax losses of $1,591,000 (2011: $1,693,000) expire between 2025 and 2030. The remaining temporary differences do not expire under current tax legislation.

In accordance with the accounting policy of the Group as set out in note 4.13, deferred tax benefits amounting to approximately $9,218,000 (2011: $20,909,000) have not been recognised in the financial statements.

11 Inventories

	Group	
	2012	**2011**
	$'000	**$'000**
Goods for resale	14,921	14,463
Spare parts	326	294
	15,247	14,757

In 2012, the cost of inventories recognised as expense and included in cost of sales amounted to $35,615,000 (2011: $34,835,000).

In 2012, the write-down of inventories to net realisable value amounted to $243,000 (2011: reversal for write-down of inventories amounted to $210,000) for the Group. The write-downs are included in cost of sales.

Inventory obsolescence

A review is made periodically of inventory for excess stocks, obsolescence and decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future demand for the products. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the valuation of inventory.

12 Trade and other receivables

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables:				
- non-related parties	10,182	9,976	–	–
- related corporations	81	54	–	–
Impairment losses	(442)	(476)	–	–
	9,821	9,554	–	–
Non-trade amounts due from:				
- subsidiaries	–	–	672	510
- related corporations	17	33	7	18
Loan to a subsidiary	–	–	4,540	–
Sundry receivables	150	1,262	110	1,037
Impairment losses	(8)	(1,019)	(7)	(1,017)
	142	243	103	20
Goods and services tax recoverable	12	10	12	10
Loan and receivables	9,992	9,840	5,334	558

12 Trade and other receivables (continued)

The Group's and the Company's exposure to credit and currency risks are disclosed in note 32.

In 2011, trade receivables of the Group had been factored with recourse. The amounts received for the factored trade receivables were recorded as part of borrowings (note 24).

Amounts due from subsidiaries and related corporations are unsecured, interest-free and repayable on demand.

The ageing of loans and receivables at the reporting date is:

	Gross 2012 $'000	Impairment losses 2012 $'000	Gross 2011 $'000	Impairment losses 2011 $'000
Group				
Not past due	6,403	–	5,112	–
Past due 0 – 90 days	3,519	–	4,023	–
Past due 91 – 180 days	70	–	647	–
More than 180 days past due	450	(450)	1,553	(1,495)
	10,442	(450)	11,335	(1,495)
Company				
Not past due	4,804	–	281	–
Past due 0 – 90 days	105	–	99	–
Past due 91 – 180 days	117	–	–	–
More than 180 days past due	315	(7)	1,195	(1,017)
	5,341	(7)	1,575	(1,017)

The Group and the Company believe that the unimpaired amounts are still collectible, based on historical payment behaviours and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available.

Source of estimation uncertainty

The Group evaluates whether there is any objective evidence that trade and other receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the trade and other receivables balance, credit worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than that estimated.

Notes to the Financial Statements

Year ended 31 December 2012

12 Trade and other receivables (continued)

Movements in allowance for impairment losses in respect of loans and other receivables of the Group and the Company during the year are as follows:

	Note	2012 $'000	2011 $'000
Group			
At 1 January		1,495	1,838
Effect of movements in exchange rates		(25)	(10)
Impairment losses recognised/(reversed)	26	1	(105)
Impairment utilised		(1,021)	(228)
At 31 December		450	1,495
Company			
At 1 January		1,017	1,104
Reversal of impairment losses		(11)	(12)
Impairment utilised		(999)	(75)
At 31 December		7	1,017

13 Cash and cash equivalents

		Group		Company	
	Note	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Cash at bank and in hand		4,304	1,610	923	785
Bank overdrafts	24	(1,926)	(1,145)		
Cash and cash equivalents in consolidated statement of cash flows		2,378	465		

The Group's and the Company's exposure to currency risks are disclosed in note 32.

14 Share capital

	Group and Company	
	2012	**2011**
	No. of shares	**No. of shares**
	'000	**'000**
Fully paid ordinary shares, with no par value:		
On issue at 1 January and 31 December	709,178	709,178

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

Capital consists of total shareholders' equity. 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 24, 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 2011.

15 Reserves

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Currency translation reserve	(22,351)	(22,367)	–	–
Capital reserve	18,650	16,852	18,650	16,852
	(3,701)	(5,515)	18,650	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 currencies are different from that of the Group's presentation currency.

Capital reserve represents:

(i) the deemed capital injection arising from the waiver by its former ultimate holding company of amounts paid on behalf of the Company in 2008; and

(ii) the difference between fair value of the interest-free loan from its intermediate holding company and the loan amount at inception (note 16).

16 Loan from intermediate holding company

	Note	Group and Company 2012 $'000
Legal claims assigned to intermediate holding company	23	13,508
Repayment during the year		(402)
Discount implicit in loan		(1,391)
Effect of movements in exchange rates		113
Loan at amortised cost		11,828
Discount implicit in loan		
At 5 April (inception of loan)		(1,798)
Current year interest expense	28	407
At 31 December		(1,391)
Current portion, at amortised cost		3,352
Non-current portion, at amortised cost		8,476
		11,828

Loan from the intermediate holding company is unsecured, interest-free and has fixed repayment schedules (note 23). Accordingly, this interest-free loan was stated at fair value at inception and the difference between the fair value and the loan amount at inception was recognised in capital reserve as part of shareholders' equity (note 15). Fair value at inception was determined based on expected future principal cash flows, discounted at an interest rate of 5% per annum. The loan is subsequently measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest expense in profit or loss over the term of the loan.

17 Amounts due to subsidiaries

The amounts due to subsidiaries were unsecured and interest-free. At 31 December 2011, the directors considered the amounts to approximated their fair values. These amounts have either been repaid or waived by the subsidiaries in 2012.

18 Retirement benefit obligations

Retirement benefit plan

	Group	
	2012	**2011**
	$'000	**$'000**
Present value of defined benefits obligations	716	406
Unrecognised actuarial losses	(657)	(337)
	59	69

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

The amounts recognised in profit or loss of the Group are as follows:

		Group	
	Note	**2012**	**2011**
		$'000	**$'000**
Current service cost		166	153
Interest cost		116	110
Net actuarial gain recognised during the year		(121)	(122)
Total included in employee benefits expenses	27	161	141

Movements in retirement benefit obligation of the Group during the year are as follows:

		Group	
	Note	**2012**	**2011**
		$'000	**$'000**
At 1 January		69	139
Effect of movements in exchange rates		(3)	(1)
Provision made during the year	27	161	141
Contributions paid		(168)	(210)
At 31 December		59	69

18 Retirement benefit obligations (continued)

Retirement benefit plan (continued)

The financial actuarial assumptions used are as follows:

	Group	
	2012	**2011**
	%	**%**
Brook Crompton Limited:		
Discount rate	4.0	5.0
Future pension increment	3.0	3.0

19 Trade and other payables

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables:				
- Non-related parties	4,199	6,136	–	–
- Related corporations	3,087	2,751	–	–
	7,286	8,887	–	–
Directors' fees	–	10	–	10
Loan from immediate holding company	244	520	244	520
Advances from:				
- immediate holding company	554	572	554	572
- related corporation	596	622	596	622
Accrued salaries	735	723	165	108
Other accruals for operating expenses	1,690	2,279	369	421
	11,105	13,613	1,928	2,253

The Group's and the Company's exposure to currency risk are disclosed in note 32.

20 Derivatives

	Contract notional amount $'000	Fair value Assets $'000	Fair value Liability $'000
Group			
2012			
Non-hedging			
- Currency forwards	–	–	–
2011			
Non-hedging			
- Currency forwards	10,148	–	278

21 Provision for employee benefits

Movements in provision for employee benefits of the Group during the year are as follows:

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
At 1 January	48	50	–	–
Effect of movements in exchange rates	(2)	(1)	–	–
Provision made during the year	43	(1)	22	–
31 December	89	48	22	–

22 Provision for warranty

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

Movements in provision for warranty of the Group during the year are as follows:

	Group 2012 $'000	Group 2011 $'000
At 1 January	101	68
Effect of movements in exchange rates	(5)	1
Provision made during the year	82	125
Provision utilised during the year	(89)	(93)
At 31 December	89	101

23 Provision for legal claims

Movement in provision for legal claims is as follows:

	Note	Group and Company 2012 $'000	2011 $'000
At 1 January		23,901	17,034
Provision (reversed)/made during the year		(10,393)	8,890
Provision utilised during the year		–	(2,279)
Reclassified to loan from intermediate holding company	16	(13,508)	–
Effect of movements in exchange rates		–	256
At 31 December		–	23,901

Unpaid capital contribution

On 31 January 2011, the Company received a writ of summons and statement of claim from BCW Electric Motor (Dalian) Co Ltd (in bankruptcy administration) ("BCW"), a former wholly-owned subsidiary of the Company, demanding from the Company for an amount of RMB131,632,670 for unpaid capital in BCW.

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

The summary judgement sum granted to BCW was assigned by BCW to another entity on 29 February 2012, which further assigned the same to a second entity on 23 March 2012. This second entity then assigned the summary judgement sum to Wolong Investment, a wholly-owned subsidiary of Wolong Holding, on 1 April 2012. Pursuant to these assignments, the Company is now liable to Wolong Investment for satisfaction of the summary judgement sum.

On 5 April 2012, the Company entered into a deed of settlement with Wolong Investment in respect of the summary judgement sum. Pursuant to the deed of settlement, the Company shall pay to Wolong Investment €8,465,833 (approximately $13,508,000) in five instalments in accordance with the following repayment schedule, in full and final settlement of the summary judgement sum:

i. €253,333 on or before 15 December 2012;
ii. €2,190,000 on or before 15 December 2013;
iii. €2,098,750 on or before 15 December 2014;
iv. €2,007,500 on or before 15 December 2015; and
v. €1,916,250 on or before 15 June 2016.

Following the settlement, the Company recorded a gain of $10,393,000 in other income (note 25).

The Company fulfilled the first instalment of the repayment schedule on 14 December 2012.

Default payment on corporate guarantee

A writ of summons and statement of claim was served by a bank on the Company on 7 December 2010 in respect of the default payment of a loan secured by corporate guarantee of the Company. The Company settled the claim at $2,279,000 in 2011.

24 Borrowings

	Group 2012 $'000	Group 2011 $'000
Current		
Bank overdrafts	1,926	1,145
Finance lease	34	–
Factoring payables	–	2,876
	1,960	4,021
Non-current		
Finance lease	71	–

The Group's and the Company's exposure to currency and interest rate risks are disclosed in note 32.

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	2012 Face value $'000	2012 Carrying amount $'000	2011 Face value $'000	2011 Carrying amount $'000
Group							
Bank overdrafts	USD	4.5	2013	1,926	1,926	1,145	1,145
Finance lease	USD	5.0	2015	85	76	–	–
Finance lease	CAD	6.2	2015	33	29	–	–
Factoring payables	GBP	2.0	2012	–	–	2,876	2,876
				2,044	2,031	4,021	4,021

The bank overdrafts of $1,926,000 (2011: $1,145,000) are secured on a registered mortgage debenture over all assets of a subsidiary.

The factoring payables of $2,876,000 in 2011 were secured on a fixed and floating charge on certain assets of a subsidiary.

24 Borrowings (continued)

Terms and debt repayment schedule (continued)

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

	Carrying amount			
		Contractual cash flows	Within 1 year	Within 1 to 5 years
	$'000	$'000	$'000	$'000
Group				
2012				
Non-derivative financial liabilities				
Bank overdrafts	1,926	1,926	1,926	–
Finance lease	105	118	38	80
Loan from intermediate holding company	11,828	13,231	3,528	9,703
Trade and other payables	11,105	11,105	11,105	–
	24,964	26,380	16,597	9,783
2011				
Non-derivative financial liabilities				
Bank overdrafts	1,145	1,145	1,145	–
Factoring payables	2,876	2,876	2,876	–
Trade and other payables	13,613	13,613	13,613	–
	17,634	17,634	17,634	–

	Carrying amount				
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Company					
2012					
Non-derivative financial liabilities					
Loan from intermediate holding company	11,828	13,231	3,528	9,703	–
Trade and other payables	1,928	1,928	1,928	–	–
	13,756	15,159	5,456	9,703	–
2011					
Non-derivative financial liabilities					
Amounts due to subsidiaries	50,053	50,053	–	876	49,177
Trade and other payables	2,253	2,253	2,253	–	–
	52,306	52,306	2,253	876	49,177

24 Borrowings (continued)

Finance lease

At 31 December, the Group had obligations under finance leases that are repayable as follows:

	2012			2011		
	Payments $'000	Interest $'000	Principal $'000	Payments $'000	Interest $'000	Principal $'000
Within 1 year	38	4	34	–	–	–
After 1 year but within 5 years	80	9	71	–	–	–
	118	13	105	–	–	–

25 Revenue and other income

	Note	Group 2012 $'000	Group 2011 $'000
Sale of goods		54,387	52,019
Other income:			
- Commission income		87	116
- Currency exchange (loss)/gain		(97)	121
- Interest income		–	12
- License fee income		687	705
- Rental income from office and warehouse		274	309
- Reversal of provision for impairment losses on investment property	7	133	–
- Reversal of provision for legal claims	23	10,393	–
- Waiver of payables to a former subsidiary		1,486	–
- Others		403	183
		13,366	1,446

26 Expenses by nature

	Note	Group 2012 $'000	Group 2011 $'000
Spare parts and goods for resale		36,105	41,893
Amortisation for intangible assets	8	2	11
Depreciation of property, plant and equipment		199	206
Total amortisation and depreciation		201	217
Changes in inventories of spare parts and goods for resale		(490)	(7,058)
Directors' fees		110	100
Employee compensation	27	6,285	6,255
Provision for impairment losses on investment property	7	–	133
Impairment losses recognised/(reversed) on trade and other receivables	12	1	(105)
Insurance		323	266
Write-down/(Reversal for write-down) of inventories	11	243	(210)
Legal and professional fees		951	1,854
Provision for legal claims	23	–	8,890
Rental on operating leases		1,251	1,266
Sales commission		608	723
Travelling and transportation expenses		1,405	1,364
Write off of trade receivables		–	98
Loss on liquidation of subsidiaries		288	–
Others*		1,841	2,023
		49,122	57,709

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

	Group 2012 $'000	Group 2011 $'000
Cost of sales	36,011	34,747
Distribution and marketing expenses	6,270	5,949
Administrative expenses	6,418	7,590
Other expenses	423	9,423
	49,122	57,709

27 Employee compensation

	Note	Group 2012 $'000	Group 2011 $'000
Salaries, wages and other benefits		5,485	5,281
Employer's contribution to defined contribution plans, including Central Provident Funds and social security charges		639	833
Employer's contribution to retirement benefits plan	18	161	141
Amounts recorded in profit or loss	26	6,285	6,255

28 Finance expenses

	Note	Group 2012 $'000	Group 2011 $'000
Interest expense:			
- Bank borrowings		78	78
- Factoring		57	87
- Finance lease		3	–
- Loan from intermediate holding company	16	407	–
- Loan from immediate holding company		19	2
		564	167

29 Tax expense/(credit)

	Group 2012 $'000	Group 2011 $'000
Current tax expense		
- Singapore	3	11
- Foreign	119	67
	122	78
Deferred tax expense	(83)	(15)
	39	63
Under/(over) provision in prior years	157	(215)
Tax expense/(credit)	196	(152)

29 Tax expense/(credit) (continued)

Reconciliation of effective tax rate

	Group	
	2012	**2011**
	$'000	**$'000**
Profit/(Loss) before income tax	18,067	(4,411)
Tax calculated at tax rate of 17% (2011: 17%)	3,071	(750)
Effects of changes in tax rate	–	(102)
Effects of different tax rates in other countries	396	318
Income not subject to tax	(2,281)	(664)
Effect of concessionary tax treatment	5	(10)
Expenses not deductible for tax purposes	462	2,155
Temporary deductible differences not recognised	77	33
Utilisation of previously unrecognised deferred taxes - net	(1,725)	(909)
Under/(over) provision in prior years	157	(215)
Others	34	(8)
	196	(152)

30 Earnings/(Loss) per share

Basic earnings per share

The calculation of basic earnings/(loss) per share at 31 December 2012 was based on the profit attributable to ordinary shareholders of $17,871,000 (2011: loss of $4,259,000), and a weighted average number of ordinary shares outstanding of 709,178,000 (2011: 709,178,000), calculated as follows:

	Group	
	2012	**2011**
	$'000	**$'000**
Basic and diluted earnings per share is based on:		
Profit/(loss) attributable to ordinary shareholders	17,871	(4,259)

	No. of shares	
	2012	**2011**
	'000	**'000**
Weighted average number of ordinary shares during the year applicable to basic and diluted earnings/(loss) per share ('000)	709,178	709,178

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

31 Commitments

Operating lease commitments - where the Group is a lessee

The Group leases 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 26.

At 31 December, the Group had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2012	**2011**
	$'000	**$'000**
Within 1 year	995	763
After 1 year but within 5 years	835	710
	1,830	1,473

Operating lease commitments - where the Group is a lessor

At 31 December, the Group had future minimum lease payments receivable under non-cancellable operating leases in respect of office premises as follows:

	Group	
	2012	**2011**
	$'000	**$'000**
Within 1 year	146	259
After 1 year but within 5 years	4	259
	150	518

32 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.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the functional currencies of the respective entities in the Group. The currencies giving rise to this risk are primarily the US Dollar, Euro and British Pound Sterling.

32 Financial risk management (continued)

Foreign currency risk (continued)

Purchases of electric motors in non-functional currencies formed bulk of the currency risk exposure of one of its subsidiaries, i.e., Brook Crompton UK Limited. Management minimises such risk through purchasing of foreign currency forward contracts and foreign exchange call options based on forecasted purchases within a fixed period.

The Group's and the Company's currency exposures to various currencies are as follows:

	EURO $'000	USD $'000	GBP $'000
Group			
2012			
Cash and cash equivalents	529	520	556
Trade and other receivables	1,182	2,722	7,075
Borrowings	–	(1,926)	–
Loan from intermediate holding company	(11,828)	–	–
Trade and other payables	(4,847)	(2,797)	(608)
Net exposure	(14,964)	(1,481)	7,023
2011			
Cash and cash equivalents	441	47	182
Trade and other receivables	620	1,626	8,632
Borrowings	–	(1,145)	–
Trade and other payables	(4,374)	(4,081)	(322)
Net statement of financial position exposure	(3,313)	(3,553)	8,492
Firm commitments	(3,595)	–	–
Forwards exchange contracts	10,148	–	–
Net exposure	3,240	(3,553)	8,492
Company			
2012			
Cash and cash equivalents	16	133	546
Trade and other receivables	–	171	7,063
Loan from intermediate holding company	(11,828)	–	–
Trade and other payables	(1,151)	(250)	–
Net exposure	(12,963)	54	7,609
2011			
Cash and cash equivalents	50	–	153
Trade and other receivables	40	208	8,611
Amounts due to subsidiaries	–	–	–
Trade and other payables	(1,194)	(520)	–
Net exposure	(1,104)	(312)	8,764

32 Financial risk management (continued)

Foreign currency risk (continued)

Sensitivity analysis

A 4% or 6% strengthening of the Group's major functional currencies against the following currencies at the reporting date would increase/(decrease) the profit before tax by the amounts shown below. This analysis assumes that other variables, in particular interest rates, remain constant.

		Group		Company	
		2012	**2011**	**2012**	**2011**
		$'000	**$'000**	**$'000**	**$'000**
EURO					
- Strengthened 4%	(2011: 4%)	599	(130)	519	44
USD					
- Strengthened 6%	(2011: 6%)	89	212	(3)	19
GBP					
- Strengthened 4%	(2011: 4%)	(281)	(340)	(304)	(351)

A 4% or 6% weakening of the Group's major functional currencies against the above currencies at the reporting date would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's exposure to changes in interest rates related primarily to borrowings. 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.

Profile

At the reporting date, the interest rate profile of the interest-bearing borrowings was:

	Group Carrying amount		Company Carrying amount	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Financial liabilities	105	–	244	–
Variable rate instruments				
Financial liabilities	1,926	4,021	–	–

32 Financial risk management (continued)

Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting dates would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 1.5% in interest rates at the end of the financial year would (decrease)/increase profit before tax or increase/(decrease) loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group Profit before tax		Company Profit before tax	
	1.5% Increase $'000	1.5% Decrease $'000	1.5% Increase $'000	1.5% Decrease $'000
2012				
Financial liabilities/Cash flow sensitivity (net)	(29)	29	–	–

	Group Loss before tax		Company Loss before tax	
	1.5% Increase $'000	1.5% Decrease $'000	1.5% Increase $'000	1.5% Decrease $'000
2011				
Financial liabilities/Cash flow sensitivity (net)	60	(60)	–	–

Credit risk

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

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.

32 Financial risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region is as follows:

		Group	
		2012	**2011**
	Note	**$'000**	**$'000**
By geographical area:			
Singapore		186	200
Asia (excluding Singapore)		303	429
United Kingdom		6,009	6,032
North America		3,286	2,697
Middle East		37	196
	12	9,821	9,554

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

To maintain liquidity, apart from relying on fund generated from its operation, the Group also maintains continuing relationship with the bankers and other financial institutions for their continuing support and pursuing options to raise additional working capital when the need arises.

Estimation of fair value

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting dates. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

32 Financial risk management (continued)

Estimation of fair value (continued)

Accounting classifications and fair values

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

Group	Note	Designated at fair value $'000	Loans and receivables $'000	Other financial liabilities within the scope of FRS 39 $'000	Other financial liabilities outside the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
2012							
Trade and other receivables	12	–	9,992	–	–	9,992	9,992
Cash and cash equivalents	13	–	4,304	–	–	4,304	4,304
		–	14,296	–	–	14,296	14,296
Loan from intermediate holding company	16	–	–	11,828	–	11,828	11,828
Bank overdrafts	24	–	–	–	1,926	1,926	1,926
Finance lease	24	–	–	–	105	105	105
Trade and other payables	19	–	–	11,105	–	11,105	11,105
		–	–	22,933	2,031	24,964	24,964
2011							
Trade and other receivables	12	–	9,840	–	–	9,840	9,840
Cash and cash equivalents	13	–	1,610	–	–	1,610	1,610
		–	11,450	–	–	11,450	11,450
Bank overdrafts	24	–	–	–	1,145	1,145	1,145
Factoring payables	24	–	–	–	2,876	2,876	2,876
Derivatives	20	278	–	–	–	278	278
Trade and other payables	19	–	–	13,613	–	13,613	13,613
		278	–	13,613	4,021	17,912	17,912

32 Financial risk management (continued)

Estimation of fair value (continued)

Accounting classifications and fair values (continued)

Company	Note	Loans and receivables $'000	Other financial liabilities within the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
2012					
Other receivables – non-current	9	2,482	–	2,482	2,482
Trade and other receivables	12	5,334	–	5,334	5,334
Cash and cash equivalents	13	923	–	923	923
		8,739	–	8,739	8,739
Loan from intermediate holding company	16	–	11,828	11,828	11,828
Trade and other payables	19	–	1,928	1,928	1,928
		–	13,756	13,756	13,756
2011					
Other receivables – non-current	9	8,567	–	8,567	8,567
Trade and other receivables	12	558	–	558	558
Cash and cash equivalents	13	785	–	785	785
		9,910	–	9,910	9,910
Amounts due to subsidiaries	17	–	50,053	50,053	50,053
Trade and other payables	19	–	2,253	2,253	2,253
		–	52,306	52,306	52,306

32 Financial risk management (continued)

Fair value measurement (continued)

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

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

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

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

	Level 2
	$'000
Group	
2012	
Liabilities	
Derivative instruments	–
2011	
Liabilities	
Derivative instruments	278

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

33 Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group 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, where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

Other related party transactions

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Accounting fee income from subsidiaries	–	–	24	24
Administrative fee income from related corporation	13	16	13	16
Commission income from related corporation	74	116	–	–
Interest expense charged by intermediate holding company	(407)	–	(407)	–
Interest expense charged by immediate holding company	(19)	(2)	(19)	(2)
License fee received from related corporation	687	705	–	–
Management services provided to subsidiaries	–	–	1,214	1,335
Purchase of motors from related corporations	(15,517)	(19,564)	–	–
Recharge of expenses by immediate holding company	(10)	(10)	–	–
Recharge of expenses by related corporations	(7)	(5)	–	–
Rental income received from related corporation	36	36	36	36
Rental income received from subsidiary	–	–	36	36
Sale of motors to related corporations	37	34	–	–
Waiver of amounts due to subsidiaries	–	–	46,646	–

The related corporations refer to fellow subsidiaries under the immediate holding company.

Outstanding balances as at 31 December 2012, arising from sale/purchase of goods and services, are set out in notes 12 and 19, respectively.

33 Related parties (continued)

Transactions with directors and other key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors of the Company, directors of subsidiaries and members of the management team are considered as key management of the Group.

The remuneration of key management personnel of the Group for the financial year are as follows:

	Group	
	2012	**2011**
	$'000	**$'000**
Salaries, fees and other short-term employee benefits	1,418	1,408
Post-employment benefits	76	72
	1,494	1,480

34 Segmental analysis

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

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

- Asia Pacific
- United Kingdom
- North America

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

34 Segmental analysis (continued)

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

	United Kingdom $'000	North America $'000	Asia Pacific $'000	Corporate $'000	Total $'000
Group					
2012					
Total segment sales	33,404	19,590	4,753	–	57,747
Intersegment sales	(121)	(3,239)	–	–	(3,360)
Sales to external parties	33,283	16,351	4,753	–	54,387
Segment results	7,145	1,288	301	(1,631)	7,103
Interest expense	(58)	(80)	–	(426)	(564)
Depreciation and amortisation	(78)	(95)	–	(28)	(201)
Reversal of provision for impairment losses on investment property	–	–	–	133	133
Gain/(Loss) on disposal of property, plant and equipment	–	–	7	(2)	5
Reversal of provision for legal claims	–	–	–	10,393	10,393
Waiver of payables to a former subsidiary	–	–	–	1,486	1,486
Loss on liquidation of subsidiaries	–	–	–	(288)	(288)
Profit before tax	7,009	1,113	308	9,637	18,067
Segmental assets	15,645	14,550	1,335	1,301	32,831
The above assets include:					
Non-current assets	173	2,311	2	130	2,616
Capital expenditure:					
- Property, plant and equipment	66	229	2	8	305
Segment liabilities	4,764	6,091	459	13,887	25,201
Unallocated liabilities:					
- Current tax liabilities					584
- Deferred tax liabilities					329
Total liabilities					26,114

34 Segmental analysis (continued)

	United Kingdom $'000	North America $'000	Asia Pacific $'000	Corporate $'000	Total $'000
2011					
Total segment sales	31,514	18,743	4,909	–	55,166
Intersegment sales	(147)	(3,000)	–	–	(3,147)
Sales to external parties	31,367	15,743	4,909	–	52,019
Segment results	5,356	1,413	468	(2,251)	4,986
Interest income	–	–	–	12	12
Interest expense	(87)	(41)	–	(39)	(167)
Depreciation and amortisation	(106)	(72)	–	(39)	(217)
Provision for impairment losses on investment property	–	–	–	(133)	(133)
Loss on disposal of property, plant and equipment	–	–	–	(2)	(2)
Provision for legal claims	–	–	–	(8,890)	(8,890)
Profit/(Loss) before tax	5,163	1,300	468	(11,342)	(4,411)
Segment assets	13,415	13,916	1,368	1,112	29,811
The above assets include:					
Non-current assets	187	2,271	–	17	2,475
Capital expenditure:					
- Property, plant and equipment	23	32	–	2	57
- Intangible assets	–	–	–	10	10
Segment liabilities	7,479	6,642	1,038	26,872	42,031
Unallocated liabilities:					
- Current tax liabilities					319
- Deferred tax liabilities					429
Total liabilities					42,779

34 Segmental analysis (continued)

The distribution business is operated in the following countries:

	Revenue	
	2012	**2011**
	$'000	**$'000**
Singapore	4,753	4,909
United Kingdom	33,283	31,367
United States	9,419	8,657
Canada	6,932	7,086
	54,387	52,019

	Non-current assets	
	2012	**2011**
	$'000	**$'000**
Singapore	132	18
United Kingdom	173	187
United States	205	57
Canada	2,106	2,213
	2,616	2,475

Letter to Shareholders

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

11 April 2013

Directors:

Andreas Schindler
Wolfgang Kloser
Dr Knut Unger
Volker Felix Zuleck

Registered Office:

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

To: The Shareholders of Lindeteves-Jacoberg Limited

Dear Sir/Madam

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

1. BACKGROUND

We refer to (a) the Notice of the 65th Annual General Meeting ("2013 AGM") of Lindeteves-Jacoberg Limited (the "Company") dated 11 April 2013 (the "Notice of AGM") accompanying the Annual Report of the Company for the financial year ended 31 December 2012 (the "2012 Annual Report") in relation to the convening of the 2013 AGM of the Company which is scheduled to be held on 26 April 2013, 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 2013 AGM.

2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE

2.1 The Existing General Mandate

At the General Meeting held on 27 April 2012 (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 2013 AGM. Accordingly, the directors of the Company (the "Directors") propose that the General Mandate, incorporating the proposed amendments outlined in the preceding paragraph, be renewed at the forthcoming 2013 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.

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 2012 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 No. of Shares	**%(1)**	**Deemed Interest No. of Shares**	**%(1)**
Directors				
Knut Unger	200,000	0.03	-	-
Volker Felix Zuleck	500,000	0.07	-	-
Andreas Schindler	-	-	-	-
Wolfgang Kloser	-	-	-	-
Substantial Shareholders				
ATB Austria Antriebstechnik AG	418,170,921	58.97	50,119,459(2)	7.07
Wolong Holding Group Co. Ltd	-	-	468,290,380(3)	66.03

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) ATB Austria Antriebstechnik AG ("ATB") is deemed to be interested in the 50,119,459 ordinary shares held under the name of nominee (DBS Nominees Pte Ltd).

(3) Wolong Holding Group Co Limited ("Wolong") is the ultimate holding company of ATB and is deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Compnies Act, Cap. 50.

3.2 Abstention from voting

ATB, Wolong and their respective associates (as defined in the Listing Manual) will abstain from voting in respect of the Ordinary Resolution relating to the proposed renewal of the General Mandate at the forthcoming 2013 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 2013 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.

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-JACOBERG LIMITED
Volker Felix Zuleck
Independent Director

Singapore

The Appendix

1. CHAPTER 9 OF THE LISTING MANUAL1.

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

1.2 For the purposes of Chapter 9:

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

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

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

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

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

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

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

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

1. CHAPTER 9 OF THE LISTING MANUAL (Continued)

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

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

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

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

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

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

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

2. RATIONALE FOR THE GENERAL MANDATE

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

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

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

2. RATIONALE FOR THE GENERAL MANDATE (Continued)

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

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

3. CLASSES OF ATB INTERESTED PERSONS

The proposed General Mandate will apply to the transactions set out in paragraph 4.2 below proposed to be carried out with the following classes of persons: (a) ATB;(b) Wolong Group Holding Co. Ltd ("Wolong"), who is a substantial shareholder of ATB; and(c) any associate (as defined in the Listing Manual) of ATB or Wolong.

4. SCOPE OF THE GENERAL MANDATE

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

The materiality thresholds are:-

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

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

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

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

4. **SCOPE OF THE GENERAL MANDATE (Continued)**

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

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

4.2 Types of Transactions under the Scope of the General Mandate

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

(a) Trading of electric motors and components

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

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

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

(b) Production and sub-contracting services

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

4. SCOPE OF THE GENERAL MANDATE (Continued)

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

(c) Storage and warehousing of electric motors and components

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

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

(d) Receipt of financial assistance

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

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

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

(e) Management support services

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

5. REVIEW PROCEDURES FOR THE ATB INTERESTED PERSON TRANSACTIONS

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

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

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

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

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

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

(c) Threshold Limits

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

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

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

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

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

5.2 Storage and warehousing

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

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

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

5.3 Financial Assistance

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

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

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

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

5.4 General Administrative Procedures for the ATB Interested Person Transactions

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

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

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

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

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

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

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

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

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

6. DISCLOSURE IN ANNUAL REPORT

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

Analysis of Shareholdings

As at 20 March 2013

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 20 MARCH 2013

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	159	2.95	66,336	0.01
1,000 - 10,000	3,062	56.72	13,989,599	1.97
10,001 - 1,000,000	2,151	39.85	146,783,703	20.70
1,000,001 AND ABOVE	26	0.48	548,338,553	77.32
TOTAL	5,398	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	72,213,304	10.18
3	OCBC SECURITIES PRIVATE LTD	7,585,026	1.07
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,078,060	1.00
5	IYER ANJALI SUBRAMANIAN	3,523,500	0.50
6	CITIBANK NOMINEES SINGAPORE PTE LTD	3,520,537	0.50
7	OCBC NOMINEES SINGAPORE PTE LTD	2,920,250	0.41
8	HO SIN CHAN	2,828,000	0.40
9	MAYBANK KIM ENG SECURITIES PTE LTD	2,611,000	0.37
10	TEH CHIN HUAT	2,430,000	0.34
11	PHILLIP SECURITIES PTE LTD	2,001,080	0.28
12	CHONG SOHHAR HAROLD	2,000,000	0.28
13	VENKAT RAM	2,000,000	0.28
14	NG PIN	1,800,000	0.25
15	LIM MUI CHOO	1,758,000	0.25
16	CITIBANK CONSUMER NOMINEES PTE LTD	1,735,500	0.24
17	CHIN MIN KWONG	1,700,000	0.24
18	CHEW POH KWAN MARGARET	1,629,000	0.23
19	CHENG HENG FUAN	1,574,000	0.22
20	GO MEI LIN	1,539,000	0.22
		541,763,178	76.39

Analysis of Shareholdings

As at 20 March 2013

Register of Substantial Shareholders as at 20 March 2013

Name	DIRECT INTERESTS		DEEMED INTERESTS	
	No. of Shares	%	No. of Shares	%
ATB Austria Antriebstechnik AG	418,170,921	58.97%	50,119,459[1]	7.07%
Wolong Holding Group Co. Ltd	-	0.00%	468,290,380[2]	66.03%

Note :

(1) ATB Austria Antriebstechnik AG ("ATB") is deemed to be interested in the 50,119,459 ordinary shares held under the name of nominee (DBS Nominees Pte Ltd).

(2) Wolong Holding Group Co. Ltd is the holding Company of ATB and is deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Compnies Act, Cap. 50.

Percentage of Shareholding in the Hands of the Public

Based on the information available to the Company as at 20 March 2013, 33.87% of the issued capital of the Company was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 65th Annual General Meeting of Lindeteves-Jacoberg Limited (the "Company") will be held at 3 Church Street, Level 8 Samsung Hub, Singapore 049483 on Friday, 26 April 2013 at 2.00 p.m. to transact the following businesses :-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and the Directors' Report and Auditors' Report for the financial year ended 31 December 2012. **(Resolution 1)**

2. To approve the Directors' fees of S$92,250 for the financial year ending 31 December 2013 (31 December 2012 : S$100,000). **(Resolution 2)**

3. To re-elect the following Directors:-

   (a) Dr Knut Unger, retiring pursuant to Article 104 of the Company's Articles of Association. **(Resolution 3)**

   Dr Knut Unger will, upon re-election as Director of the Company, remain as a Member of the Remuneration Committee, Nominating Committee and Audit Committee. He is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

   (b) Mr Andreas Schindler, retiring pursuant to Article 108 of the Company's Articles of Association. **(Resolution 4)**

4. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution5)**

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

AS SPECIAL BUSINESS

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

6. **AUTHORITY TO ISSUE SHARES_**

   "That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806(2) of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to :-

   (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

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

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

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

(b) (notwithstanding the authority conferred by this Resolution 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)**

7. **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 11 April 2013 the "Letter"), with any party who is of the Classes of Interested Persons described in the Appendix to the Letter, provided that such transactions are carried out in the ordinary course of business and on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix to the Letter (the "General Mandate");

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

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

BY ORDER OF THE BOARD

Ang Siew Koon, ACIS
Low Siew Tian, ACIS
Company Secretaries

Singapore, 11 April 2013

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

   For the purpose of Resolution 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 27 April 2012 will be expiring at the forthcoming 65th 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 11 April 2013.

Notes:

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

Notice of Annual General Meeting

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

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

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

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

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

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

PROXY FORM

*I/We ____ (Name) NRIC/Passport No. ____________________

of ____(Address)

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

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

*and/or

or failing him, Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the 65th Annual General Meeting of the Company to be held at 3 Church Street, Level 8 Samsung Hub, Singapore 049483 on Friday, 26 April 2013 at 2.00 p.m. and at any adjournment thereof.

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

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements and the Directors' Report and Auditors' Report for the financial year ended 31 December 2012.		
2.	To approve Directors' fees of S$92,250 for the financial year ending 31 December 2013.		
3.	To re-elect Dr Knut Unger pursuant to Article 104 of the Company's Articles of Association.		
4.	To re-elect Mr Andreas Schindler pursuant to Article 108 of the Company's Articles of Association.		
5.	To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	To authorise the Directors to issue shares		
7.	To approve the renewal of the General Mandate for interested person transactions		

Dated this ________day of ____________________ 2013

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal
** Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

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

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 141 Market Street, #07-01, International Factors Building, Singapore 048944 not later than 48 hours before the time set for the Annual General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

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

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

AFFIX
STAMP

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

Corporate Information

BOARD OF DIRECTORS

Andreas Schindler (appointed on 13 Aug 2012)
Non-Executive, Non-Independent Chairman

Wolfgang Kloser
Chief Executive Officer

Volker Felix Zuleck
Independent Director

Knut Unger
Independent Director

Thomas Adrian Schaetti (resigned on 25 Mar 2013)
Independent Director

AUDIT COMMITTEE

Volker Felix Zuleck
Chairman & Independent Director

Knut Unger
Member / Independent Director

Wolfgang Kloser (resigned on 25 Mar 2013 and replace by Andreas Schindler)
Member

NOMINATING COMMITTEE

Volker Felix Zuleck
Chairman & Independent Director

Knut Unger
Member, Independent Director

Thomas Adrian Schaetti (resigned on 25 Mar 2013 and replaced by Wolfgang Kloser)
Member, Independent Director

REMUNERATION COMMITTEE

Volker Felix Zuleck
Chairman & Independent Director

Knut Unger
Member, Independent Director

Andreas Schindler
Member, Non-Executive & Non-Independent Director

COMPANY SECRETARY

Ang Siew Koon, ACIS (appointed on 15 Jun 2012)
Low Siew Tian, ACIS

REGISTERED OFFICE

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

REGISTRAR, AGENT AND TRANSFER OFFICER

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

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00
Singapore 048581
Audit Partner: Adrian Tan
(appointed from financial year ended 31 December 2012)

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

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