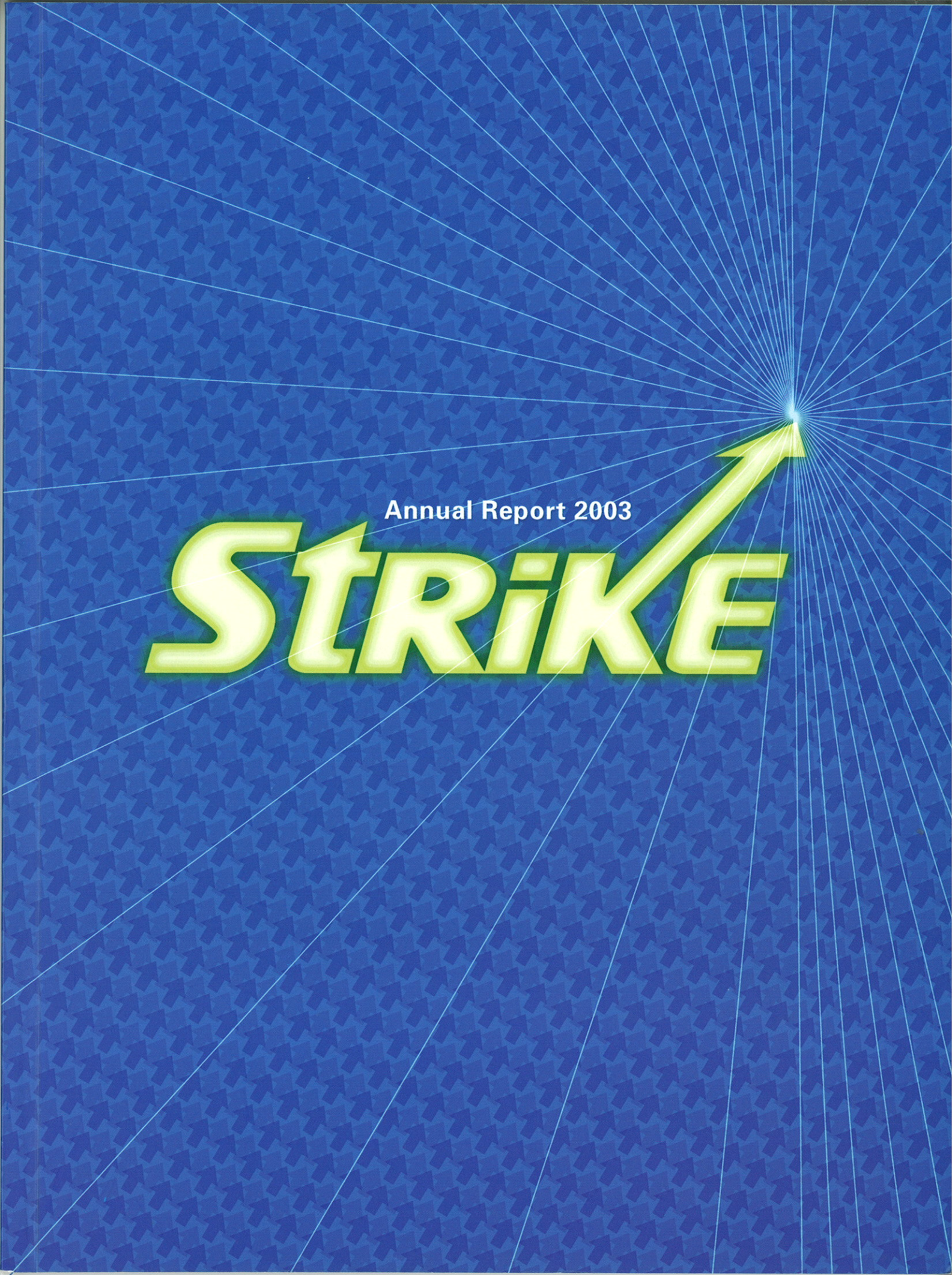
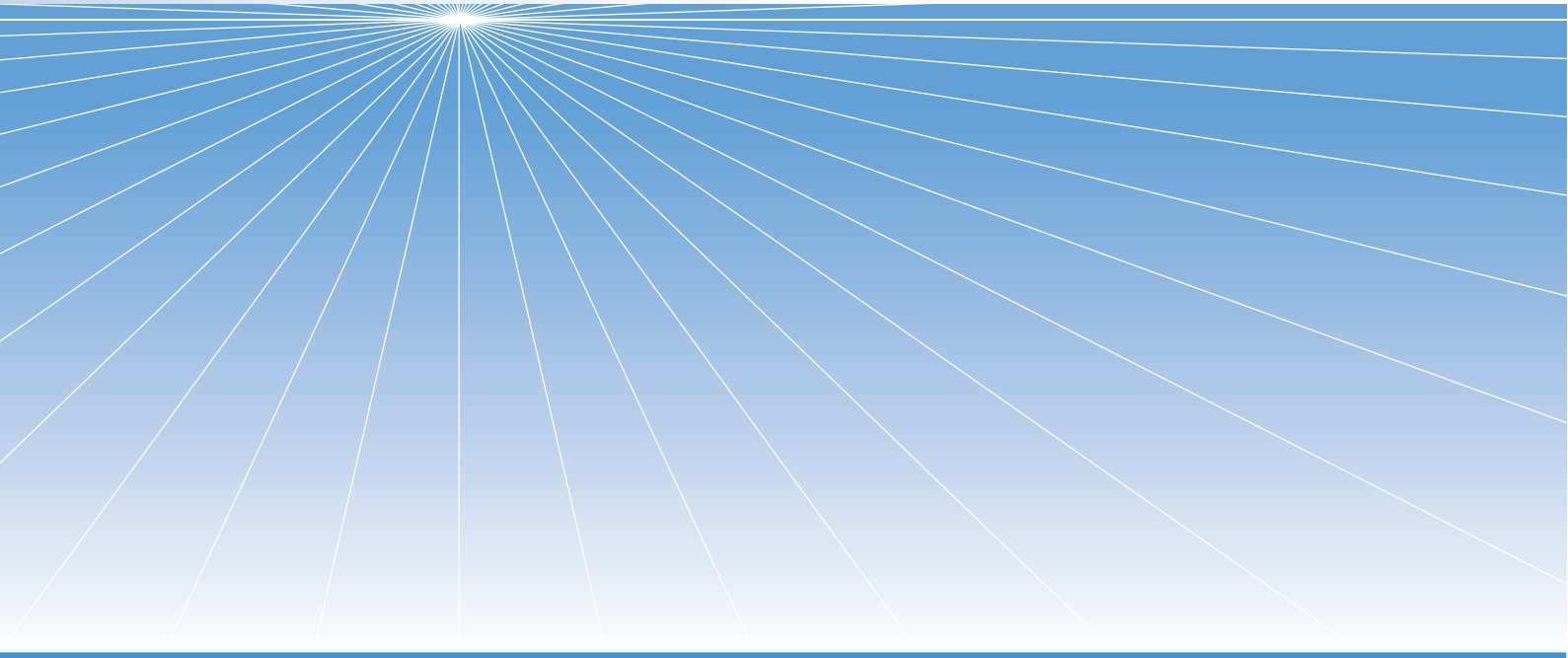


Annual Report 2003

# *STRIKE*



## CORPORATE PROFILE



Incorporated in 1983, Strike Engineering Limited ("Strike") began its humble roots as a sub-contractor undertaking electrical installation works. In a span of 20 years, Strike has built an established track record as a provider of quality and reliable mechanical and electrical engineering ("M&E") services. Today, the Group has evolved into a dynamic group of companies providing a comprehensive range of building, electrical and mechanical engineering services.

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## MANAGING DIRECTOR'S STATEMENT

### BUSINESS REVIEW

Faced with a series of setbacks caused by political and economic events worldwide, as well as the severe impact of the SARS epidemic, businesses have slowed down. Like many companies, Strike Engineering found it difficult to avoid falling prey to the ailing economy. Almost all aspects of our businesses were affected, resulting in a weak financial performance for the financial year ended 30 June 2003.

The building and construction industry in Singapore, in the coming year, will continue to face weak demand, intense competition resulting in thinner profit margins and general slowdown in private and public construction activities. However, there are hopes that with new regulations to be implemented soon by the Singapore Government, such as new payment system and limitation of projects that can be undertaken by a single contractor, the Group expects to generate higher turnover and better profit margins. The Group will also increase its activities in the China regions as 2008 Olympic Games draw near.

The Group will rise to challenges and will continue to explore new opportunities in the region to diversify its business activities and broaden its earning base through, inter alia, the acquisition of companies which are profitable and have growth potentials.

### PERFORMANCE REVIEW

Owing to the weak economic environment, the financial year 2003 for Strike Engineering has seen the Group's turnover decreased from S\$57.5 million to S\$44.5 million, a decline of 22.6% from the previous year. This was due mainly to the loss of sales contribution of approximately S\$17.9 million from Lantrovision (S) Ltd ("Lantrovision"), now an associated company. However, the decline was partially offset by an increased turnover of S\$4.9 million from the Groups' other businesses, namely the Building, Mechanical Engineering and Property Development segments.

Gross profit declined from S\$11.4 million to a gross loss of S\$0.8 million, mainly due to provisions for project losses, more intense competition resulting in a squeeze on profit margins and Lantrovision (which commands higher gross margins) now being accounted for as an associated company.

The Group registered a loss before tax of S\$28.2 million as compared to a profit before tax of S\$0.3 million in the previous year. This was due mainly to the following:

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr Yeo Jiew Yew (Managing Director)  
Mr Chan Sing En (Deputy Managing Director)  
Mr Chua Koh Ming  
Mr Umar Abdul Hamid  
Mr Lim Chiao Hak Clement  
Mr Lum Chue Tat  
Mr Meno Junichiro  
Mr Lew Syn Pau (Independent Director)  
Mr Ravindran Govindan (Independent Director)

### BUSINESS ADVISOR

Dr Cham Tao Soon

### AUDIT COMMITTEE

Mr Lew Syn Pau (Chairman)  
Mr Ravindran Govindan  
Mr Meno Junichiro

### NOMINATING COMMITTEE

Mr Lew Syn Pau (Chairman)  
Mr Yeo Jiew Yew  
Mr Ravindran Govindan

### REMUNERATION COMMITTEE

Mr Lew Syn Pau (Chairman)  
Mr Yeo Jiew Yew  
Mr Ravindran Govindan

### AUDITORS

Ernst & Young  
Certified Public Accountants  
10 Collyer Quay  
#21-01 Ocean Building  
Singapore 049315  
Partner-In-Charge:  
Mr Max Loh Khum Whai  
(Appointed since financial year ended 30 June 2002)

### COMPANY SECRETARY

Wong Siew Chuan, CPA

### REGISTERED OFFICE

22 Tagore Lane  
Singapore 787480  
Tel: 6455 3922  
Fax: 6455 7322

### REGISTRAR & SHARE TRANSFER OFFICE

Lim Associates (Pte) Ltd  
10 Collyer Quay #19-08  
Ocean Building  
Singapore 049315

### PRINCIPAL BANKERS

United Overseas Bank Limited  
80 Raffles Place, #12-00  
UOB Plaza 1  
Singapore 048624

RHB Bank Berhad  
90 Cecil Street #03-00  
Singapore 069531

Malayan Banking Berhad  
2 Battery Road  
# 16-01 Maybank Tower  
Singapore 049907

- (a) Gordon (HK) Designer and Engineer Limited ("Gordon"), a 51% subsidiary, wrote off doubtful debts of S\$0.8 million retention monies and made a provision for doubtful debts of S\$0.3 million (retention monies) owing by a number of debtors from the People's Republic of China
- (b) Write-off of goodwill on consolidation from the acquisition of Gordon of S\$0.9 million as the subsidiary continued to make losses.
- (c) Provisions of S\$4.3 million for project losses and S\$14.1 million for impairment in value for the development properties.
- (d) Provisions of S\$1.9 million for impairment in value of a freehold property in Singapore, and Gordon's investment property and leasehold property.
- (e) A net loss of S\$1.0 million from the sale of the Group's remaining investment in ei-nets Ltd compared to a S\$4.9 million provision made to reflect the investment at the lower of cost or market value in the previous financial years.
- (f) A net gain of approximately S\$1.7 million from the partial divestment of Lantrovision.
- (g) Lower contribution from Lantrovision is in line with the depressed economic and industry conditions.

## APPRECIATION

On behalf of our Board of Directors, I wish to thank the management and staff for their dedication, diligence and loyalty to Strike Engineering, especially, during these difficult times. My special thanks go to the outgoing directors, Mr Khoo Tiam Hock, Vernon; Mr Tan Kim Chew and Mr Tan Boon Tiong for their contributions to the Company. It is my great pleasure to warmly welcome our new directors, Mr Meno Junichiro and Mr Ravindran Govindan.

Last but not least, I would also like to express my sincerest appreciation to our shareholders, clients and business partners for their invaluable support and confidence.

**Yeo Jiew Yew**  
**Managing Director**

## FINANCIAL HIGHLIGHTS & CORPORATE MILESTONES

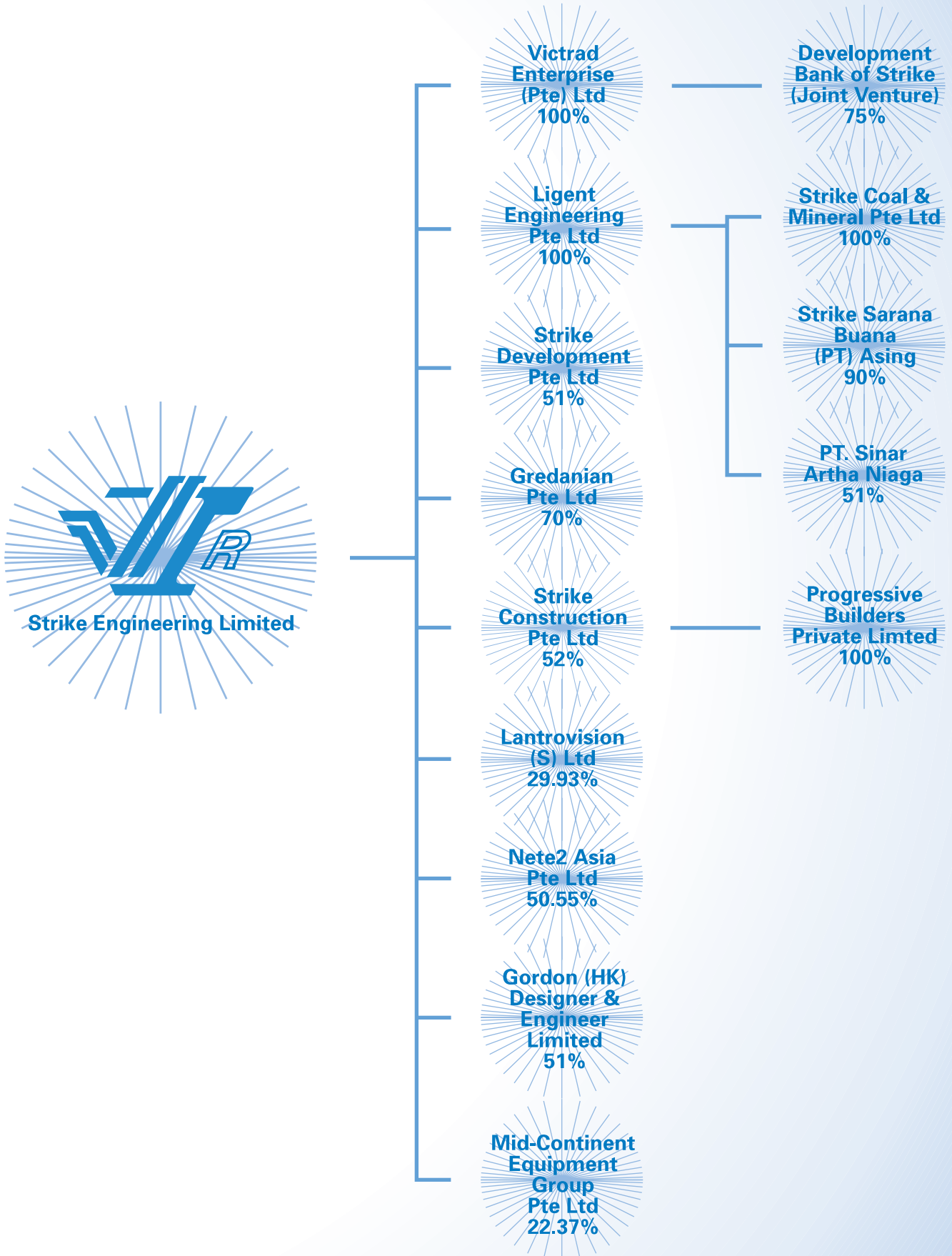
### FINANCIAL HIGHLIGHTS

	2003	2002	2001
Turnover (\$'000)	44,536	57,474	91,839
Net Asset Value Per Share (Cents)	2.82	6.16	8.08
Profits Before Taxation (\$'000)	(28,188)	304	3,058
(Loss) earnings Per Share (Cents)	(3.03)	(0.12)	(0.61)
<b>Turnover by Business Activities</b>			
Electrical Engineering Services	10,471	14,438	15,148
Building and Mechanical Engineering Services	21,924	16,427	9,131
Information Technology Cabling	-	17,892	60,451
Architecture and Design	4,354	5,284	6,470
Networking	2,856	2,802	639
Property Development	2,185	221	-
Others	2,746	410	-

### CORPORATE MILESTONES

DATE	EVENTS
4 August 1999	The Company was admitted to the Official List of Stock Exchange of Singapore Dealing and Automated Quotation System ("SGX-Sesdaq").
20 December 1999	The Company made a bonus issue of 1 new ordinary share credited as fully paid for every 2 existing ordinary shares held in the Company as at 5:pm on 16 December 1999 by capitalising a maximum of \$5,200,000 and \$112,500 from the share premium account and accumulated profits of the Company respectively.
22 December 1999	The new ordinary shares issued pursuant to the bonus issue were listed on SGX-Sesdaq.
13 December 2000	The Company made a bonus issue of 1 new ordinary share credited as fully paid for every 1 existing ordinary share held in the Company as at 5:00 pm on 8 December 2000 by capitalising a sum of \$18,272,000 and \$52,600 from the share premium account and accumulated profits of the Company respectively.
14 December 2000	The new ordinary shares issued pursuant to the bonus issue were listed on SGX-Sesdaq.
6 April 2001	The Company issued 183,246,000 warrants expiring in April 2006 and carrying the right to subscribe for new ordinary shares in the capital of the Company at an issue price of \$0.022 for each warrant on the basis of 1 warrant for every 4 existing ordinary shares held in the Company as at 5:00 pm on 13 March 2001, in conjunction with a transferable loan facility in the principal amount of \$12 million.
11 April 2001	The issued 183,246,000 warrants expiring in April 2006 were listed on SGX-Sesdaq.
2 November 2001	Lantrovision (S) Ltd ("Lantrovision"), a former subsidiary of the Company, was admitted to the Official List of SGX-Sesdaq. Following the listing, the investment in Lantrovision was diluted such that it became the Company's associated company.
4 June 2002	The Company issued 10,024,985 new warrants expiring in April 2006 (the Adjustment Warrants") and carrying the right to subscribe for new ordinary shares of \$0.05 each in the capital of the Company (the "Share") as an adjustment based on 0.05472155 Adjustment Warrant for every outstanding warrants expiring April 2006 held by Warranholders 2006 of the Company as at 5:00 pm on 28 May 2002 in connection with a renounceable rights issue of between a minimum of 146,600,000 and a maximum of 183,246,000 new ordinary shares of \$0.05 each (the "Rights Shares"), with between a minimum of 146,600,000 and a maximum of 183,246,000 free detachable warrants (the "Warrants"), each Warrant carrying a right to subscribe for 1 new Share at the subscription price of \$0.05 for each Right Share payable in full on acceptance and/or application on the basis of 1 Right Share with 1 free detachable Warrant for every 5 existing Shares held by shareholders of the Company as at 5:00 pm on 28 May 2002, fractional entitlements being disregarded.
7 June 2002	The issued 10,024,985 new warrants expiring in April 2006 were listed on SGX-Sesdaq.
21 June 2002	The Company issued 146,603,000 new ordinary shares of \$0.05 each (the "Rights Shares") and 146,603,000 free detachable warrants expiring in Dec 2003 (the "Warrants"), each Warrant carrying a right to subscribe for 1 new ordinary share of \$0.05 each (the "Share") at the subscription price of \$0.05 for each Right Share on the basis of 1 Right Share with 1 free detachable Warrant for every 5 existing Shares held by shareholders of the Company as at 5:00 pm on 28 May 2002, fractional entitlements being disregarded.
24 June 2002	The issued 146,603,000 new ordinary shares of \$0.05 were listed on SGX-Sesdaq.
26 June 2002	The issued 146,603,000 new warrants expiring in Dec 2003 were listed on SGX-Sesdaq.

# GROUP STRUCTURE





## DIRECTORS' REPORT

(Amounts in Singapore dollars unless otherwise stated)

The directors are pleased to present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 30 June 2003.

### DIRECTORS

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

Yeo Jiew Yew  
 Chan Sing En  
 Chua Koh Ming  
 Umar Abdul Hamid  
 Lim Chiao Hak Clement  
 Lum Chue Tat  
 Meno Junichiro (appointed on 30 May 2003)  
 Lew Syn Pau  
 Ravindran Govindan (appointed on 30 May 2003)

### PRINCIPAL ACTIVITIES

The principal activities of the Company are those of provision of mechanical and electrical engineering services and dealing in electrical products. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

### RESULTS FOR THE FINANCIAL YEAR

	Group	Company
	\$	\$
Loss for the year	(26,637,575)	(26,950,439)
Accumulated profits (losses) brought forward	1,829,532	(91,981)
Accumulated losses carried forward	(24,808,043)	(27,042,420)

### MATERIAL MOVEMENTS IN RESERVES OR PROVISIONS

Except as shown in the financial statements, there were no material transfers to or from reserves or provisions during the year.

### ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the financial year, the Group acquired the following subsidiary:

Name of subsidiary	Country of incorporation and place of business	Equity interest acquired	Purchase consideration	Net tangible assets at date of acquisition
		%	\$	\$
<b>Acquired by subsidiary</b>				
Progressive Builders Private Limited	Singapore	100	80,000	-

Except as disclosed above, there were no other acquisitions or disposals of subsidiaries during the financial year.

## DIRECTORS' REPORT

(Amounts in Singapore dollars unless otherwise stated)

### ISSUE OF SHARES AND DEBENTURES

#### The Company

No shares or debentures of the Company were issued during the financial year.

#### The Subsidiaries

The following shares were issued by subsidiaries during the financial year:

- (i) Nete2 Asia Pte Ltd issued 900 ordinary shares of \$1 each at par for cash to provide additional working capital.
- (ii) Progressive Builders Private Limited issued 3,973,492 ordinary shares of \$1 each via the capitalisation of \$3,973,492 amount owing to SPP Limited, its former holding company and a further 3,000,000 ordinary shares of \$1 each, at par for cash to provide additional working capital.
- (iii) Strike Construction Pte Ltd issued 113,220 ordinary shares of \$1 each at par for cash to provide additional working capital.

No other shares or debentures of the Company and its subsidiaries were issued during the financial year.

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

### SHARE OPTIONS OR WARRANTS

During the financial year ended 30 June 2001, the Company issued 183,246,000 warrants ("Warrants 2006") in conjunction with the transferable loan facility granted to the Company. Each Warrant 2006 entitles the holder to subscribe for one new ordinary share at the exercise price of \$0.11 during the Exercise Period. The Exercise Period of Warrants 2006 refers to the period during which the Warrants 2006 may be exercised, commencing after its listing and quotation on the SGX-Sesdaq from 6 April 2001, the date of issue up to 5 April 2006. During the financial year ended 30 June 2002, 10,024,985 new Warrants 2006 were issued as an adjustment in connection with the right issue based on 0.05472155 new Warrant 2006 for every outstanding Warrants 2006 held on 28 May 2002 pursuant to Deed Poll dated 9 March 2001. During the financial year no Warrants 2006 were exercised and converted to ordinary shares. The number of Warrants 2006 outstanding at the end of the financial year 30 June 2003 was 193,239,985 (2002: 193,239,985).

During the financial year ended 30 June 2002, 146,603,000 warrants ("Warrants 2003") were issued in conjunction with the rights issue, with one Warrant 2003 being issued for every one Rights Share subscribed for, fractional entitlements being disregarded. Each Warrant 2003 entitles the holder to subscribe for one new ordinary share at the exercise price of \$0.07 during the Exercise Period. The Exercise Period of Warrants 2003 refers to the period during which the Warrants 2003 may be exercised, commencing on and including 21 June 2002, the date of issue up to 20 December 2003. During the financial year no Warrants 2003 were exercised and converted to ordinary shares. The number of Warrants 2003 outstanding at the end of 30 June 2003 was 146,603,000 (2002: 146,603,000).

Except for the above, no other options or warrants to take up unissued shares of the Company or its subsidiaries were granted and no other shares were issued by virtue of the exercise of options or warrants to take up unissued shares of the Company or any subsidiary. Save as disclosed, there were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

**DIRECTORS' REPORT**

(Amounts in Singapore dollars unless otherwise stated)

**DIRECTOR'S INTERESTS IN SHARES AND DEBENTURES**

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in shares of the Company and related corporations, as stated below:

	Direct interest			Deemed interest		
	1 July 2002	30 June 2003	21 July 2003	1 July 2002	30 June 2003	21 July 2003
<b>The Company</b>						
<b>Ordinary shares of \$0.05 each</b>						
Yeo Jiew Yew	134,640,000	94,640,000	79,640,000	-	-	-
Chua Koh Ming	77,203,200	77,923,200	59,527,200	720,000	-	-
Umar Abdul Hamid	91,108	91,108	91,108	74,606,000	10,491,631	10,491,631
Lew Syn Pau	-	-	-	1,438,281	5,813,999	5,813,999
Lum Chue Tat	15,254,400	15,254,400	15,254,400	16,675,200	16,675,200	16,675,200
<b>The Company</b>						
<b>Warrants 2003 to subscribe for ordinary shares of \$0.05 each</b>						
Yeo Jiew Yew	22,440,000	22,440,000	22,440,000	-	-	-
Chua Koh Ming	12,867,200	12,987,200	12,987,200	120,000	-	-
Umar Abdul Hamid	-	-	-	8,185,000	311,938	311,938
Lew Syn Pau	-	-	-	239,713	968,999	968,999
Lum Chue Tat	2,542,400	2,542,400	2,542,400	2,779,200	2,779,200	2,779,200
<b>Warrants 2006 to subscribe for ordinary shares of \$0.05 each</b>						
Umar Abdul Hamid	819	-	-	3,782,231	973	973
Lew Syn Pau	-	-	-	316,038	1,277,531	1,277,531
Lum Chue Tat	715,101	715,101	715,101	6,300,905	6,300,905	6,300,905

No other directors of the Company had an interest in any shares or debentures of the Company or related corporations either at the beginning or end of the financial year and on 21 July 2003.

**DIRECTORS' CONTRACTUAL BENEFITS**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit or any fixed salary of a full-time employee of the Company included in the aggregate amount of emoluments shown in the financial statements, or any emoluments received from related corporations) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

**DIVIDENDS**

No dividend has been paid, declared or recommended since the end of the Company's previous financial year.

The directors do not recommend the payment of a final dividend in respect of the current financial year.

**BAD AND DOUBTFUL DEBTS**

Before the profit and loss account and balance sheet of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

## DIRECTORS' REPORT

(Amounts in Singapore dollars unless otherwise stated)

### BAD AND DOUBTFUL DEBTS (CONT'D)

At the date of this report, the directors are not aware of any circumstances which would render any amount written off or provided for bad and doubtful debts in the Group inadequate to any substantial extent.

### CURRENT ASSETS

Before the profit and loss account and balance sheet of the Company were made out, the directors took reasonable steps to ascertain that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values or adequate provision had been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

### CHARGES ON ASSETS AND CONTINGENT LIABILITIES

Since the end of the financial year, and up to the date of this report, no charge on the assets of the Company or any corporation in the Group has arisen which secures the liabilities of any other person and no contingent liability has arisen.

### ABILITY TO MEET OBLIGATIONS

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and the Group to meet their obligations as and when they fall due.

### OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or in the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

### UNUSUAL ITEMS

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### UNUSUAL ITEMS AFTER THE FINANCIAL YEAR

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made, except as disclosed in Note 35 to the financial statements.

### CORPORATE GOVERNANCE

The Board of Directors is responsible for the corporate governance and strategy of the Group. The Board comprises an executive chairman, five executive directors and three non-executive directors, of whom two are independent directors. The board meets regularly during the year and at other times as appropriate.

The Board supports the developments to improve corporate governance and confirms compliance with the Singapore Exchange's Best Practices Guide relating to Audit Committees.

## DIRECTORS' REPORT

(Amounts in Singapore dollars unless otherwise stated)

### CORPORATE GOVERNANCE (CONT'D)

The Audit Committee comprises three non-executive directors of whom two are independent directors. The members of the Committee are:

Lew Syn Pau (Chairman)  
Ravindran Govindan  
Meno Junichiro

The Audit Committee carried out its functions in accordance with the Companies Act, Cap. 50 and the Singapore Exchange Securities Trading Limited Listing Manual. In performing those functions, the Audit Committee inter alia reviewed:

- (a) The audit plan of the company's auditors and their evaluation of the system of internal accounting controls;
- (b) the overall scope of external audits and the assistance provided by the Group's officers to the auditors;
- (c) the auditors' evaluation of the system of internal accounting controls arising from their audit;
- (d) interested party transactions for the financial year ended 30 June 2003 in accordance with Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual to satisfy themselves that the transactions are on normal commercial terms; and
- (e) the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2003 before their submission to the board of directors and the auditors' report on those financial statements.

The Audit Committee held 3 meetings during the financial year.

The Audit Committee recommends to the board of directors the nomination of Ernst & Young for re-appointment as auditors at the forthcoming annual general meeting of the Company.

### OTHER INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

No material contracts to which the Company or any subsidiary is a party and which involve directors' interests subsisted at, or have been entered into since the end of the previous financial year.

### AUDITORS

Ernst and Young have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the board of directors,

**Yeo Jiew Yew**  
Director

**Chua Koh Ming**  
Director

Singapore  
22 October 2003

## STATEMENT BY DIRECTORS

Pursuant to Section 201(15)

We, Yeo Jiew Yew and Chua Koh Ming, being two of the directors of Strike Engineering Limited, do hereby state that, in the opinion of the directors,

- (i) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated cash flow statement together with notes thereto, set out on pages 15 to 51 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2003 and of the results and changes in equity of the business of the Company and of the Group and cash flows of the Group for the year then ended, and
- (ii) 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 authorised these financial statements for issue on 22 October 2003.

On behalf of the board of directors,

**Yeo Jiew Yew**

Director

**Chua Koh Ming**

Director

Singapore

22 October 2003

## AUDITORS' REPORT

To the Members of Strike Engineering Limited

We have audited the financial statements of Strike Engineering Limited "the Company" and consolidated financial statements of the Company and its subsidiaries ("the Group") set out on pages 15 to 51. The financial statements comprise the balance sheets of the Company and of the Group as at 30 June 2003, the profit and loss accounts and the statements of changes in equity of the Company and of the Group for the year ended 30 June 2003 and statement of cash flows of the Group for the year ended 30 June 2003, and notes thereto. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Without qualifying our opinion, we draw attention to Note 2 to the financial statements. As at 30 June 2003, the Company and the Group were in net current liability positions of \$2,702,498 and \$3,977,491 respectively. The net loss of the Group attributable to shareholders amounted to \$26,637,575 and \$883,774 for the years ended 30 June 2003 and 2002 respectively. In addition, financial covenants were breached by the Company in respect of a transferable loan facility granted as disclosed in Note 23 to the financial statements. As disclosed in note 23, the bank is aware of the breach in covenants and has not exercised their right under the loan agreement. The financial statements of the Company and the consolidated financial statements of Group have been prepared on a going concern basis on the assumption that the Company and the Group will be able to achieve profitable operations in the future and that sufficient funding will be made available through normal operations and proposed divestments such that the Company and the Group will be able to meet their liabilities as and when they fall due. If the Company and the Group are unable to continue in operational existence for the foreseeable future, the Company and the Group may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Company and the Group may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. The financial statements of the Company and the consolidated financial statements of the Group do not include any such adjustments.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act (the "Act") and Statements of Accounting Standard in Singapore and so as to give a true and fair view of:
  - (i) the state of affairs of the Company and of the Group as at 30 June 2003 and of the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended; and
  - (ii) the other matters required by section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records, and the registers 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.

## AUDITORS' REPORT

To the Members of Strike Engineering Limited

We have considered the financial statements and auditors' reports of the subsidiaries of which we have not acted as auditors and the financial statements of a subsidiary which is not required to be audited under the laws of its country of incorporation, being financial statements included in the consolidated financial statements. The names of these subsidiaries are disclosed in Note 7 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any material qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

ERNST & YOUNG  
Certified Public Accountants

Singapore  
22 October 2003



**BALANCE SHEETS**

As at 30 June 2003 (Amounts in Singapore dollars)

	Note	Group		Company	
		2003 \$	2002 \$	2003 \$	2002 \$
<b>Equity</b>					
Share capital	3	43,980,900	43,980,900	43,980,900	43,980,900
Reserves	4	(20,839,088)	6,199,380	(23,249,878)	3,702,325
		23,141,812	50,180,280	20,731,022	47,683,225
Minority interests		1,655,608	4,014,110	-	-
		24,797,420	54,194,390	20,731,022	47,683,225
<b>Fixed assets</b>	5	10,699,790	12,210,446	6,531,482	7,825,724
<b>Investment properties</b>	6	1,039,638	1,420,716	-	-
<b>Investment in subsidiaries</b>	7	-	-	3,006,370	9,760,558
<b>Joint venture</b>		-	263,875	-	-
<b>Associated companies</b>	8	14,650,343	12,745,978	16,860,667	15,625,000
<b>Goodwill on consolidation</b>	9	5,687,343	8,667,088	-	-
<b>Quoted investments, non-current</b>	10	-	1,798,125	-	1,798,125
<b>Other investments</b>		82,929	82,929	-	-
<b>Current assets</b>					
Development properties	11	29,394,324	46,110,225	-	-
Finished goods, less provision for stock obsolescence \$Nil (2002: \$Nil)		317,297	614,840	25,038	25,505
Projects-in-progress	12	7,516,199	11,141,280	2,665,355	6,326,923
Trade debtors	13	3,971,144	5,809,996	95,629	181,602
Loan to subsidiaries	14	-	-	5,487,942	18,082,576
Other debtors, deposits and prepayments	15	6,885,909	756,147	536,323	287,875
Due from subsidiaries (trade)		-	-	1,729,246	537,507
Due from subsidiaries (non-trade)	16	-	-	1,138,191	1,397,219
Due from an associated company (trade)		-	-	49,326	73,306
Due from an affiliated company (non-trade)	16	-	1,648	-	1,648
Due from an associated company (non-trade)	16	-	29,167	-	-
Fixed deposits	17	66,936	290,000	-	-
Cash and bank balances		4,284,832	2,229,634	529,314	1,084,464
		52,436,641	66,982,937	12,256,364	27,998,625

## BALANCE SHEETS

As at 30 June 2003 (Amounts in Singapore dollars)

	Note	Group		Company	
		2003 \$	2002 \$	2003 \$	2002 \$
<b>Current liabilities</b>					
Trade creditors		4,326,240	4,521,748	1,261,624	1,150,462
Progress billings in excess of costs	18	7,474,734	535,895	301,979	348,763
Other creditors and accruals	19	1,896,326	1,090,010	262,714	426,552
Due to minority shareholders of subsidiaries	16	1,787,522	1,457,908	-	-
Due to an associated company (trade)		35,789	345,177	-	-
Provision for tax		351,454	368,175	15,243	83,030
Short term bank loans (unsecured)	20	1,500,000	2,000,000	1,500,000	2,000,000
Short term bank loans (secured)	21	8,750,000	8,750,000	-	-
Lease obligations, current portion	22	58,412	49,211	7,956	7,956
Bank term loans, current portion (secured)	23	21,917,350	6,012,612	3,737,493	3,551,856
Bills payable to banks (unsecured)		2,717,034	1,045,723	2,717,034	1,045,723
Bank overdrafts (unsecured)		5,599,271	44,102	5,154,819	17
		<b>56,414,132</b>	<b>26,220,561</b>	<b>14,958,862</b>	<b>8,614,359</b>
<b>Net current (liabilities) assets</b>		<b>(3,977,491)</b>	<b>40,762,376</b>	<b>(2,702,498)</b>	<b>19,384,266</b>
<b>Non-current liabilities</b>					
Lease obligations, non-current portion	22	126,514	161,961	5,324	13,280
Bank term loans, non-current portion (secured)	23	3,191,202	23,533,980	2,926,875	6,664,368
Deferred tax		67,416	61,202	32,800	32,800
		<b>3,385,132</b>	<b>23,757,143</b>	<b>2,964,999</b>	<b>6,710,448</b>
		<b>24,797,420</b>	<b>54,194,390</b>	<b>20,731,022</b>	<b>47,683,225</b>

The accounting policies and explanatory notes on pages 23 to 51 form an integral part of the financial statements.

## STATEMENTS OF PROFIT AND LOSS

As at 30 June 2003 (Amounts in Singapore dollars)

	Note	Group		Company	
		2003 \$	2002 \$	2003 \$	2002 \$
<b>Turnover</b>	24	<b>44,536,319</b>	57,473,960	<b>10,343,476</b>	15,090,128
Cost of sales		<b>(45,329,166)</b>	(46,048,463)	<b>(12,355,800)</b>	(13,765,501)
<b>Gross (loss) profit</b>		<b>(792,847)</b>	11,425,497	<b>(2,012,324)</b>	1,324,627
Other operating income	25	<b>937,193</b>	253,599	<b>2,917,422</b>	1,312,257
Distribution & selling expenses		<b>(1,912,178)</b>	(2,087,920)	<b>(18,300,472)</b>	(61,553)
Administrative expenses		<b>(7,495,028)</b>	(10,435,348)	<b>(1,643,499)</b>	(1,942,263)
Other operating expenses		<b>(20,526,956)</b>	(1,250,023)	<b>(7,977,016)</b>	(367,958)
<b>(Loss) profit from operations</b>	26	<b>(29,789,816)</b>	(2,094,195)	<b>(27,015,889)</b>	265,110
Financial income	29	<b>12,522</b>	65,170	<b>811,058</b>	642,003
Financial expenses	29	<b>(507,369)</b>	(408,398)	<b>(700,291)</b>	(929,685)
		<b>(30,284,663)</b>	(2,437,423)	<b>(26,905,122)</b>	(22,572)
Share of results of associated companies		<b>2,096,739</b>	2,741,542	-	-
<b>(Loss) profit before tax</b>		<b>(28,187,924)</b>	304,119	<b>(26,905,122)</b>	(22,572)
Tax	30	<b>(872,128)</b>	(1,516,273)	<b>(45,317)</b>	61,838
<b>(Loss) profit after tax</b>		<b>(29,060,052)</b>	(1,212,154)	<b>(26,950,439)</b>	39,266
Minority interests		<b>2,422,477</b>	328,380	-	-
<b>(Loss) profit attributable to shareholders</b>		<b>(26,637,575)</b>	(883,774)	<b>(26,950,439)</b>	39,266
Loss per share (cents)					
- Basic and diluted	31	<b>(3.03)</b>	(0.12)		

The accounting policies and explanatory notes on pages 23 to 51 form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2003 (Amounts in Singapore dollars)

Group	2003	2002
	\$	\$
<b>Share capital</b>		
Balance at beginning of year	43,980,900	36,650,000
Rights issue of 146,603,000 ordinary shares of \$0.05 each with 146,603,000 detachable free Warrants 2003 for cash	-	7,330,150
Issue of 15,000 ordinary shares of \$0.05 each upon exercise of Warrants 2006 at \$0.11 per share	-	750
Balance at end of year	<u>43,980,900</u>	<u>43,980,900</u>
<b>Share premium</b>		
Balance at beginning of year	2,542	1,312
Issue of 15,000 ordinary shares of \$0.05 each upon exercise of Warrants 2006 at \$0.11 per share	-	1,230
Proceeds from sale of rights shares	36	-
Balance at end of year	<u>2,578</u>	<u>2,542</u>
<b>Capital reserve</b>		
Balance at beginning of year	3,921,325	3,803,445
Issue of 15,000 ordinary shares of \$0.05 each upon exercise of Warrants 2006 at \$0.11 per share	-	(330)
Expenses in connection with the Warrants 2006 issue	(1,800)	(11,351)
Arising from allotment of additional shares in a subsidiary at Nil consideration	-	129,561
Balance at end of year	<u>3,919,525</u>	<u>3,921,325</u>
<b>Asset revaluation reserve</b>		
Balance at beginning of year	520,114	520,114
Impairment of fixed assets	(449,816)	-
Balance at end of year	<u>70,298</u>	<u>520,114</u>
<b>Translation reserve</b>		
Balance at beginning of year	(74,133)	516,078
Foreign currency translation differences	50,687	(590,211)
Balance at end of year	<u>(23,446)</u>	<u>(74,133)</u>
<b>Accumulated losses</b>		
Balance at beginning of year	1,829,532	2,713,306
Net loss for the year	(26,637,575)	(883,774)
Balance at end of year	<u>(24,808,043)</u>	<u>1,829,532</u>
<b>Total equity</b>	<u>23,141,812</u>	<u>50,180,280</u>

## STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2003 (Amounts in Singapore dollars)

Company	2003	2002
	\$	\$
<b>Share capital</b>		
Balance at beginning of year	43,980,900	36,650,000
Rights issue of 146,603,000 ordinary shares of \$0.05 each with 146,603,000 detachable free Warrants 2003 for cash	-	7,330,150
Issue of 15,000 ordinary shares of \$0.05 each upon exercise of Warrant 2006 at \$0.11 per share	-	750
Balance at end of year	<u>43,980,900</u>	<u>43,980,900</u>
<b>Share premium</b>		
Balance at beginning of year	2,542	1,312
Issue of 15,000 ordinary shares of \$0.05 each upon exercise of Warrants 2006 at \$0.11 per share	-	1,230
Proceeds from sale of rights shares	36	-
Balance at end of year	<u>2,578</u>	<u>2,542</u>
<b>Capital reserve</b>		
Balance at beginning of year	3,791,764	3,803,445
Issue of 15,000 ordinary shares of \$0.05 each upon exercise of Warrants 2006 at \$0.11 per share	-	(330)
Expenses in connection with the Warrants 2006 issue	(1,800)	(11,351)
Balance at end of year	<u>3,789,964</u>	<u>3,791,764</u>
<b>Revenue reserve</b>		
Balance at beginning of year	(91,981)	(131,247)
Net (loss) profit for the year	(26,950,439)	39,266
Balance at end of year	<u>(27,042,420)</u>	<u>(91,981)</u>
<b>Total equity</b>	<u>(20,731,022)</u>	<u>47,683,225</u>

The accounting policies and explanatory notes on pages 23 to 51 form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2003 (Amounts in Singapore dollars)

	Note	2003	2002
		\$	\$
<b>Cash flows from operating activities</b>			
(Loss) profit before tax		(28,187,924)	304,119
Adjustments:			
Amortisation of goodwill on consolidation		1,024,351	1,006,807
Goodwill written off		950,212	-
Bad trade debts written off/(recovered)		874,693	(50,334)
Depreciation of fixed assets		456,313	749,659
Fixed assets written off		3,616	355
(Gain) loss on disposal of quoted investments		(721,219)	94,263
Loss on disposal of fixed assets		10,441	15,838
Preliminary expenses written off		-	26,123
Provision for doubtful trade debts		424,635	1,051,774
Provision for lower of cost and market value of quoted and other investments		-	359,625
Provision for project losses on development project		4,257,422	-
Provision for impairment loss on development property		14,101,583	-
Provision for foreseeable project losses		47,940	-
Provision for impairment in value of fixed assets		1,468,458	-
Provision for impairment in value of investment properties		422,678	-
Share of results of associated companies		(2,096,739)	(2,741,542)
Interest expense		494,467	379,002
Interest income		(12,522)	(65,170)
Translation adjustment		-	(542,679)
<b>Operating (loss) profit before working capital changes</b>		(6,481,595)	587,840
(Increase) decrease in:			
Development properties		(7,811,692)	(2,874,236)
Stocks		297,542	448,629
Projects-in-progress, net of progress billings		16,974,594	3,164,585
Trade debtors		738,678	2,308,747
Other debtors, deposits and prepayments		(6,134,916)	(1,836,438)
Increase (decrease) in:			
Trade creditors		(14,254)	(4,843,990)
Other creditors and accruals		806,325	(1,651,743)
Intercompany balances, net		(731,448)	1,655,385
Due to minority shareholders of subsidiaries		299,396	724,977
Bills payable to banks		1,671,311	1,343,079
<b>Cash used in operations</b>		(386,059)	(973,165)
Interest income received		12,522	65,170
Interest paid		(494,467)	(379,002)
Income taxes paid		(482,663)	(2,377,501)
<b>Net cash used in operating activities</b>		(1,350,667)	(3,664,498)

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2003 (Amounts in Singapore dollars)

	Note	2003	2002
		\$	\$
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		86,672	399,132
Purchase of fixed assets	B	(971,845)	(786,340)
Purchase of interest in joint venture		263,875	(263,875)
Purchase of investment properties		-	(643,380)
Purchase of transferable licenses		-	(67,929)
Net proceeds from sale of quoted investments		731,422	638,488
Net proceeds from disposal of shares in associated company		8,424,250	-
Acquisition of associated company		(5,940,000)	-
Net dividend received from an associated company		-	865,215
Net cash flow from acquisition of subsidiaries	C	(80,000)	151,944
<b>Net cash generated from investing activities</b>		<b>2,514,374</b>	<b>293,255</b>
<b>Cash flows from financing activities</b>			
Proceeds from term loans		1,233,932	340,935
Net proceeds from issue of shares, net of expenses		-	7,331,800
Expenses on issue of warrants		(1,800)	(11,351)
Contributions from minority shareholders of subsidiaries		113,757	79,852
Repayment of hire purchase liabilities		(60,661)	(13,038)
Repayment of term loans		(6,171,971)	(3,500,262)
<b>Net cash (used in) generated from financing activities</b>		<b>(4,886,743)</b>	<b>4,227,936</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(3,723,036)</b>	<b>856,693</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>2,475,532</b>	<b>12,655,842</b>
<b>Less: Cash and cash equivalents at beginning of year attributable to a subsidiary, now an associated company</b>		<b>-</b>	<b>(11,037,003)</b>
<b>Cash and cash equivalents at end of year</b>	A	<b>(1,247,504)</b>	<b>2,475,532</b>

### A. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2003	2002
	\$	\$
Cash and bank balances	4,284,832	2,229,634
Fixed deposits	66,936	290,000
Bank overdrafts, unsecured	(5,599,272)	(44,102)
<b>Cash and cash equivalents</b>	<b>(1,247,504)</b>	<b>2,475,532</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2003 (Amounts in Singapore dollars)

### B. Fixed assets

During the financial year, the Group acquired fixed assets with an aggregate cost of \$1,006,260 (2002: \$841,960) of which \$34,415 (2002: \$55,620) was acquired by means of finance leases. Cash payments of \$971,845 (2002: \$786,340) were made to purchase fixed assets.

### C. Acquisition of subsidiaries

The attributable net assets of subsidiary acquired during the year are as follows:

	2003	2002
	\$	\$
Fixed assets and investment property	-	56,786
Other investment	-	13,500
Cash and bank balances	-	78,944
Fixed deposit	-	144,000
Trade debtors	-	132,251
Stocks	-	156,870
Other debtors, deposits and prepayments	-	3,417
Trade creditors	-	(420,970)
Other creditors and accruals	-	(2)
Due to directors, net	-	(37,437)
Net assets acquired	-	127,359
Add: Goodwill on consolidation	<b>80,000</b>	6,047
Minority interests	-	(62,406)
Total purchase consideration satisfied via cash	<b>80,000</b>	71,000
Less: Cash and bank balances of subsidiaries	-	(222,944)
Net cash flow (used in) from acquisition of subsidiaries	<b>(80,000)</b>	151,944

The accounting policies and explanatory notes on pages 23 to 51 form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

## 1. CORPORATION INFORMATION

The financial statements of Strike Engineering Limited for the year ended 30 June 2003 were authorised for issue in accordance with a resolution of the Directors on 22 October 2003. Strike Engineering Limited is a limited liability company incorporated in Singapore.

The registered office and principal place of business of Strike Engineering Limited is located at 22 Tagore Lane, Singapore 787480.

The principal activities of the Company are those of provision of mechanical and electrical engineering services and dealing in electrical products. The principal activities of the subsidiaries are as shown in Note 7 to the financial statements.

The Group and Company employed 395 and 105 employees as of 30 June 2003 (2002: 300 and 75 respectively).

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Company and of the Group which are expressed in Singapore dollars, have been prepared under the historical cost convention in accordance with Singapore Statements of Accounting Standard ("SAS") and applicable requirements of the Singapore Companies Act modified by the revaluation of freehold land and building.

The accounting policies which have been consistently applied by the Group and the Company are consistent with those used in the previous year.

As at 30 June 2003, the Company and the Group were in net current liability positions of \$2,702,498 and \$3,977,491 respectively. The net loss of the Group attributable to shareholders amounted to \$26,637,575 and \$883,774 for the years ended 30 June 2003 and 2002 respectively.

The financial statements of the Company and the consolidated financial statements of the Group have been prepared on a going concern basis on the assumption that the Company and the Group will inter alia be able to achieve profitable operations in the future and that sufficient funding will be made available through normal operations and proposed divestments such that the Company and the Group will be able to meet their liabilities as and when they fall due.

In concluding that it is appropriate to adopt the going concern basis in preparing these financial statements, the directors have considered the Group's plans, action steps, cash flow forecast and availability of future funding. In respect of the covenants breached by the Company as stated in Note 23 to the financial statements, the bank is aware of the breach and has not exercised their rights under the loan agreement upon breach of obligations or undertakings by the Company.

The financial statements of the Company and the consolidated financial statements of the Group do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Company and its subsidiaries be unable to continue as going concerns.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The results of subsidiaries acquired or sold during the year are consolidated for the periods from or to the date of acquisition or disposal. All intercompany balances and any unrealised profit or loss on intercompany transactions are eliminated on consolidation.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method. The financial statements of foreign associated companies are translated into Singapore dollars at rates of exchange ruling at the balance sheet date. Any unrealised profit or loss arising from transactions with associated companies is eliminated to the extent of the portion attributable to the Group.

When subsidiaries or associated companies are acquired, any difference between the consideration paid and the fair values of the net assets acquired is amortised to the consolidated profit and loss account in equal instalments over a period of 5 to 10 years.

Assets and liabilities of the foreign subsidiaries are translated into Singapore dollars at the exchange rates ruling at balance sheet date. The results of foreign subsidiaries are translated into Singapore dollars at the average exchange rates applicable for the financial year. Foreign currency translation adjustments arising on consolidation are accumulated as a separate component of equity.

#### (c) Subsidiaries and associated companies

A subsidiary is defined as a company, in which the Group has a long-term interest of more than 50% of the equity or in whose financial and operating policy decisions the Group controls.

An associated company is a company, not being a subsidiary, in which the Group has an interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

Investments in subsidiaries and associated companies are stated in the Company's balance sheet at cost and provision is made for impairment in values that is other than temporary.

#### (d) Affiliated company

An affiliated company is a company, not being a subsidiary or an associated company, in which one or more of the directors or shareholders of the Company have a significant equity interest or exercise significant influence.

#### (e) Foreign currencies

Foreign currency transactions are converted into Singapore dollars at exchange rates closely approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities outstanding at the balance sheet date are converted into Singapore dollars at the rates of exchange approximating those ruling at that date. All exchange differences arising on conversion are included in the profit and loss account.

#### (f) Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation and any impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (g) Depreciation

Depreciation is calculated on the straight line method to write off the cost or valuation of fixed assets except for freehold land over their estimated useful lives. The estimated useful lives of fixed assets are as follows:

Freehold properties	30 years
Leasehold properties	Over the leasehold period
Building	50 years
Machinery, tools and equipment	3 - 9 years
Motor vehicles	5 - 6 years
Computers	2 - 3 years
Office equipment	4 - 8 years
Furniture and fittings	5 - 10 years
Renovation	5 - 6 years

Leasehold properties are depreciated over their remaining lease period of 30 to 65 years. No depreciation is charged for freehold land.

There is no fixed policy with respect to the frequency of valuation of fixed assets. Fixed assets are revalued as and when deemed appropriate by the directors.

Where fixed assets are revalued, any surplus on revaluation is credited to asset revaluation reserve. A decrease in the net carrying amount of the asset revaluation reserve arising on revaluation of fixed assets is charged to the profit and loss account to the extent that it exceeds any surplus held in reserve relating to a previous revaluation of the same assets.

Fully depreciated assets are retained in the accounts until they are no longer in use.

#### (h) Preliminary expenses

Preliminary expenses are written off directly to the profit and loss account.

#### (i) Development properties

Development properties refer to those properties that are intended for sale in the ordinary course of business. They include completed properties and properties in the course of development and are stated at the lower of cost and net realisable value less progress payments received. Development properties consist of land stated at cost and development expenditure incurred to date. Development expenditure includes finance charges and all expenditure incurred in connection with the development of the properties. Finance charges are not capitalised once the development is completed. A development is considered complete on the date of issue of the temporary occupation permit. All known or anticipated losses on the development projects are provided for in the year in which such losses are determined.

#### (j) Investment property

Investment property is that which is held for its investment potential and income. Rental income is recognised on an accrual basis.

Investment property is stated at cost. Cost comprises the purchase price of the investment property. Repairs and maintenance costs are charged to the profit and loss account in the period in which they are incurred.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (k) Quoted investments

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis.

Dividend income is recorded on a receipt basis.

#### (l) Stocks

Stocks are stated at the lower of cost (determined on a first-in, first-out basis) and net realisable value.

Net realisable value is the estimated normal selling price, less estimated costs necessary to make the sale.

Provision is made for deteriorated, damaged, obsolete and slow-moving stocks.

#### (m) Projects-in-progress

Projects-in-progress are valued at cost plus attributable profits net of progress billings and provision for foreseeable losses. Cost includes cost of materials, direct labour and indirect overheads incurred in connection with the contracts.

Provision for foreseeable losses on uncompleted contracts are made in the period in which such losses are determined.

#### (n) Cash and cash equivalents

Cash consists of cash on hand and cash with banks, including bank overdrafts.

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

#### (o) Trade and other receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised and carried at original invoice amounts less an allowance for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Receivables from subsidiaries are recognised and carried at cost less an allowance for any uncollectible amount.

#### (p) Trade and other payables

Liabilities for trade and other amounts payable which are normally settled on 30 - 90 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (q) Impairment of assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment losses are treated as a revaluation decrease for fixed assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset. The remaining impairment losses are recognised in the profit and loss account.

An impairment loss is only reversed 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. All reversals of impairment are recognised in the profit and loss account.

#### (r) Provisions

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

#### (s) Leases

Fixed assets acquired under finance leases are capitalised and depreciated over their estimated useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to income over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account.

#### (t) Employee benefits

Defined contribution plan

As required by law, the Group makes contributions to the state pension scheme. These contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (u) Revenue recognition

Revenue from projects is recognised as work progresses, using the percentage-of-completion method. The percentage of completion for a given project is determined after considering the relationship of value of work done to-date to total contract revenue for the project.

Costs of projects include raw materials, direct labour and other project related expenses incurred during the project period. The project is considered complete when all significant identifiable costs attributable to the project have been incurred. Provision is made for any foreseeable losses as soon as they are known.

Revenue from sale of goods is recognised upon delivery of goods and acceptance by customers.

Maintenance revenue is recognised on a pro-rated basis over the period of the maintenance contract.

Interest income is recognised on an accrual basis. Dividend income is recognised gross on a receipt basis.

Dividend income is recognised when the right to receive payment is established.

Group turnover excludes intercompany transactions.

#### (v) Transferable loan facility ("TLF")

The discount on TLF is taken to the profit and loss account over the life of the TLF using the effective interest rate method.

#### (w) Loans and borrowings

Loans and borrowings (other than the TLF) are recognised initially at cost net of transaction costs.

#### (x) Income tax

Income tax expense is determined on the basis of tax effect accounting, using the liability method, and is applied to all temporary differences at the balance sheet date between the carrying amounts of assets and liabilities and the amounts used for tax purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax liabilities are not provided on undistributed earnings of foreign subsidiaries to the extent the earnings are intended to remain indefinitely invested in those entities. Deferred tax liabilities are recognised for all taxable temporary differences unless the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity, including a change in carrying amount arising from the revaluation of buildings and investment properties, an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of a fundamental error and exchange differences arising on the translation of the financial statements of foreign subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (y) Segments

For management purposes, the Group is organised on a world-wide basis into six major operating businesses. The divisions are the bases on which the Group reports its primary segment information.

Segment revenue, expenses and results include transfers between business segments and between geographical segments. Such transfers are accounted for on an arm's length basis.

### 3. SHARE CAPITAL

	Group and Company	
	2003 \$	2002 \$
Authorised: 2,000,000,000 (2002: 2,000,000,000) ordinary shares of \$0.05 each	<b>100,000,000</b>	100,000,000
Issued and fully paid: 879,618,000 (2002: 879,618,000) ordinary shares of \$0.05 each	<b>43,980,900</b>	43,980,900

### 4. RESERVES

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Share premium	2,578	2,542	2,578	2,542
Capital reserve	3,919,525	3,921,325	3,789,964	3,791,764
Asset revaluation reserve	70,298	520,114	-	-
Translation reserve	(23,446)	(74,133)	-	-
Revenue reserve	(24,808,043)	1,829,532	(27,042,420)	(91,981)
	<b>(20,839,088)</b>	6,199,380	<b>(23,249,878)</b>	3,702,325

The share premium account may be applied only for the purposes specified in the Companies Act. The balance is not available for distribution of dividends except in the form of shares.

The capital reserve comprises a renounceable rights issue of Warrants 2006 carrying the right to subscribe for new ordinary shares of \$0.05 each in the capital of the Company at an issue price of \$0.022 for each Warrant 2006 on the basis of one Warrant 2006 for every four ordinary shares held by the shareholders.

Asset revaluation reserve comprises the surplus arising from revaluation of freehold land and building of a subsidiary.

In accordance with Statement of Accounting Standard No.1 (Revised 1999), movements in reserves of the Group and the Company are set out in the Statement of Changes in Equity of the Group and the Company respectively.

	Group	
	2003 \$	2002 \$
Accumulated losses are retained in:		
- the Company	(27,042,420)	(91,981)
- subsidiaries	(3,095,498)	(2,786,655)
- associated companies	5,329,875	4,708,168
	<b>(24,808,043)</b>	1,829,532

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 5. FIXED ASSETS

Group	At cost							At valuation		
	Leasehold properties	Machinery, tools and equipment	Motor vehicles	Computers	Office equipment	Furniture and fittings	Renovation	Building	Freehold properties	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost or Valuation										
As at 1.7.2002	1,498,476	300,419	1,259,532	287,422	766,973	156,828	130,646	557,600	9,558,082	14,515,978
Additions	612,041	87,791	167,189	42,276	66,315	30,648	-	-	-	1,006,260
Disposals/write off	-	(92,373)	-	(61,741)	(76,153)	(7,330)	(30,078)	-	-	(267,675)
Transfer to investment properties	-	-	-	-	-	-	-	-	(41,600)	(41,600)
Provision for impairment loss	(253,688)	-	-	-	-	-	-	-	(1,214,770)	(1,468,458)
Impairment loss charged against asset revaluation reserve	-	-	-	-	-	-	-	(119,816)	(330,000)	(449,816)
As at 30.6.2003	1,856,829	295,837	1,426,721	267,957	757,135	180,146	100,568	437,784	7,971,712	13,294,689
Accumulated depreciation										
As at 1.7.2002	174,087	122,552	810,127	232,160	667,348	105,991	95,518	96,632	1,117	2,305,532
Charge for the year	72,756	73,619	180,400	49,540	37,305	16,053	8,705	11,152	6,783	456,313
Disposals/write off	-	(39,673)	-	(61,076)	(48,668)	(4,996)	(12,533)	-	-	(166,946)
As at 30.6.2003	246,843	156,498	990,527	220,624	655,985	117,048	91,690	107,784	7,900	2,594,899
Charge for 2002	89,319	71,534	314,770	117,879	59,413	27,589	26,813	41,746	596	749,659
Net book value										
As at 30.6.2003	1,609,986	139,339	436,194	47,333	101,150	63,098	8,878	330,000	7,963,812	10,699,790
As at 30.6.2002	1,324,389	177,867	449,405	55,262	99,625	50,837	35,128	460,968	9,556,965	12,210,446



## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

## 5. FIXED ASSETS (CONT'D)

Company	At cost					At valuation				
	Leasehold properties	Machinery, tools and equipment	Motor vehicles	Computers equipment	Office equipment	Furniture and fittings	Renovation	Freehold properties	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost										
As at 1.7.2002	249,762	61,290	463,758	128,918	63,671	72,438	11,115	7,516,482	8,567,434	
Additions	-	-	-	-	2,697	-	-	-	2,697	
Write off	-	(12,265)	-	(59,622)	(50,069)	(3,330)	-	-	(125,286)	
Provision for Impairment loss	-	-	-	-	-	-	-	(1,214,770)	(1,214,770)	
As at 30.6.2003	249,762	49,025	463,758	69,296	16,299	69,108	11,115	6,301,712	7,230,075	
Accumulated depreciation										
As at 1.7.2002	61,479	48,507	383,504	115,514	57,583	63,314	10,692	1,117	741,710	
Charge for the year	7,734	5,175	48,318	11,092	2,174	3,091	423	546	78,553	
Write off	-	(11,195)	-	(59,622)	(47,523)	(3,330)	-	-	(121,670)	
As at 30.6.2003	69,213	42,487	431,822	66,984	12,234	63,075	11,115	1,663	698,593	
Charge for 2002	7,685	5,175	90,239	14,412	2,410	4,810	422	596	125,749	
Net book value										
As at 30.6.2003	180,549	6,538	31,936	2,312	4,065	6,033	-	6,300,049	6,531,482	
As at 30.6.2002	188,283	12,783	80,254	13,404	6,088	9,124	423	7,515,365	7,825,724	

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 5. FIXED ASSETS (CONT'D)

#### Group

The Group's freehold land and building stated at valuation were valued by the directors based on appraisals received from an independent firm of professional valuers, Orangetee.com Pte Ltd as at 21 January 2003, on the basis of open market value for existing use. Had the freehold land and building been stated at cost less accumulated depreciation, the net book value of the freehold land and building as at 30 June 2003 would have been approximately \$8,914,000(2002: \$8,926,000).

As at 30 June 2003, the Group had motor vehicles under hire purchase with a net book value of approximately \$258,000(2002: \$277,000).

The Group's leasehold properties with a net book value of approximately HK\$3,300,000 (2002: HK\$4,532,000) are mortgaged to the banks for banking facilities granted to the subsidiaries (Note 23).

The Group's freehold land and building with a net book value of approximately \$8,300,000(2002: \$9,952,000) are mortgaged to certain banks for a transferable loan facility granted to the Company (Note 23).

#### Company

As at 30 June 2003, the Company had motor vehicles under hire purchase with a net book value of approximately \$25,000(2002: \$34,000).

Freehold land with a net book value of approximately \$6,300,000 (2002: \$7,491,000) is mortgaged to certain banks for a transferable loan facility granted to the Company (Note 23).

### 6. INVESTMENT PROPERTIES

	Group	
	2003 \$	2002 \$
Beginning balance	1,420,716	777,336
Additional investment	41,600	643,380
	<b>1,462,316</b>	1,420,716
Less: Provision for impairment loss	<b>(422,678)</b>	-
	<b>1,039,638</b>	1,420,716

Investment property of a subsidiary with a book value of HK\$1,920,100 (S\$433,943) (2002:HK\$3,322,000 (S\$777,336)) is held under a long term lease and is rented out under an operating lease. The property is pledged to a bank for banking facilities granted to the subsidiary (Note 23).

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 7. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries comprises:

	Company	
	2003 \$	2002 \$
Unquoted equity shares at cost	9,760,558	9,760,558
Additional investment	439	-
	9,760,997	9,760,558
Less: Provision for diminution in value of investment, representing movement for the year (Note 26)	(6,754,627)	-
	3,006,370	9,760,558

(b) The Company and the Group had the following subsidiaries as at 30 June 2003:

Name of Company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		Cost of investment by the Company	
			2003 %	2002 %	2003 \$	2002 \$
<b>Held by the Company</b>						
Ligent Engineering Pte Ltd	Electrical contractors, suppliers of electrical hardware and fittings and the provision of electrical engineering services	Singapore	100	100	2,144,423	2,144,423
Victrad Enterprise (Pte) Ltd	Electrical contracting and the provision of project management services	Singapore	100	100	464,303	464,303
Strike Construction Pte Ltd	Building construction and installation, provision of electrical and mechanical engineering services	Singapore	52	61.2	260,439	260,000
Strike Development Pte Ltd	Property development	Singapore	51	51	510,000	510,000

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		Cost of investment by the Company	
			2003 %	2002 %	2003 \$	2002 \$
<b>Held by the Company (cont'd)</b>						
Gredanian Pte Ltd	Property development	Singapore	70	70	700,000	700,000
Nete2 Asia Pte Ltd	Supply, installation and provision of consultancy services for tele-conferencing facilities and development of software and multimedia works.	Singapore	51	51	51,000	51,000
Gordon (H.K.) Designer and Engineer Limited *	Interior architecture, design and decoration services	Hong Kong	51	51	5,630,832	5,630,832
<b>Held by subsidiaries</b>						
Strike Coal and Mineral Pte Ltd	Wholesale trading, including imports and exports	Singapore	100	100	-	-
Development Bank of Strike #	Banking	Myanmar	75	-	-	-
Progressive Builders Private Limited (Acquired on 20 September 2002)	Provision of project management, building construction and installation services and related activities	Singapore	100	-	-	-
Strike Sarana Buana (PT) Asing **	Wholesale trading, including imports and exports	Indonesia	90	90	-	-
PT Sinar Artha Niaga **	Wholesale trading, including imports and exports	Indonesia	51	51	-	-
					<b>9,760,997</b>	<b>9,760,558</b>

\* Audited by Ho Tak Sang & Co, Hong Kong .

\*\* Audited by Gafar Salim & Rekan, Indonesia.

# Not required to be audited under the laws of its country of incorporation.

During the financial year, a subsidiary, Strike Construction Pte Ltd acquired a 100% equity interest in Progressive Builders Private Limited for a cash consideration of \$80,000. The profit after tax of Progressive Builders Private Limited was \$33,788 for the period ended 30 June 2003 (relating to the period from 20 September 2002 to 30 June 2003).

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 8. ASSOCIATED COMPANIES

(a) Investment in associated companies comprises:

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Unquoted equity shares at cost	5,940,000	-	5,940,000	-
Quoted equity shares at cost	10,920,667	15,625,000	10,920,667	15,625,000
Goodwill on acquisition	(7,540,199)	(7,587,190)	-	-
	<b>9,320,468</b>	<b>8,037,810</b>	<b>16,860,667</b>	<b>15,625,000</b>
Share of post-acquisition profits	5,329,875	4,708,168	-	-
	<b>14,650,343</b>	<b>12,745,978</b>	<b>16,860,667</b>	<b>15,625,000</b>

The market value of the quoted equity shares in an associated company as at the end of the financial year is \$18,219,080 (2002: \$28,840,500).

(b) Details of the associated companies are as follows:

Name of Associated Company	Principal activities	Country of incorporation and place of business	Effective equity interests held by the Group	
			2003 \$	2002 \$
Lantrovision (S) Ltd	Supply, design, installation and provision of consultancy services on network integration and structured cabling and those of electrical contractors and suppliers of electrical hardware and fittings	Singapore	29.93	42.83
Mid-Continent Equipment Group Pte Ltd *	Investment holding and supply of equipment, tools and accessories used in the oil drilling business, distribution of tabular products, equipment and spares, provision of environmental and waste management services, fabrication and installation of control systems and testing of valve actuation	Singapore	22.37%	-

\* On 12 April 2003, the Company entered into an agreement with IPCO International Limited ("Vendor") to acquire 54.35% of the issued share capital of Mid-Continent Equipment Group Pte Ltd, in two tranches under the First Tranche and the Second Tranche. The First Tranche of the agreement was completed on 14 April 2003 whereby the Company acquired 22.37% of the issued share capital of Mid-Continent Equipment Group Pte Ltd.

The agreement provides for the consideration of the Second Tranche to be satisfied by way of the allotment and issue of 169,803,000 ordinary shares of \$0.05 each "consideration shares" in the capital of the Company to the Vendor. The agreement for the sale and purchase of Second Tranche is subject to the approval of the Company and the Vendor's shareholders in general meetings and the approval-in-principle for the listing and quotation of the consideration shares on the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System (SGX-SESDAQ) having been obtained and such approval being in full force and effect. In the event that the Second Tranche cannot proceed, the completion of the First Tranche will be unwound in accordance with the agreement.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 9. GOODWILL ON CONSOLIDATION

	Group	
	2003 \$	2002 \$
Goodwill on consolidation arising from acquisition of subsidiaries and associated companies, net of reserve on consolidation	9,759,459	11,771,310
Less: Attributable to a subsidiary now an associated company	-	(2,070,096)
Less: Attributable to disposal of shares in an associated company	(1,931,996)	-
Less: Accumulated amortisation	(1,189,908)	(1,034,126)
Less: Goodwill written off	(950,212)	-
	<b>5,687,343</b>	<b>8,667,088</b>

Movements in accumulated amortisation during the year are as follows:

At beginning of year	1,034,126	1,435,411
Amortisation for the year	1,024,351	1,006,807
Attributable to acquisition of subsidiaries	-	6,046
Attributable to disposal of shares in associated company	(868,569)	-
Less: Attributable to a subsidiary now an associated company	-	(1,414,138)
At end of year	<b>1,189,908</b>	<b>1,034,126</b>

### 10. QUOTED INVESTMENTS, NON-CURRENT

	Group and Company	
	2003 \$	2002 \$
Cost at beginning of year	1,798,125	9,000,000
Disposal during the year	(1,798,125)	(2,257,031)
	-	6,742,969
Provision for lower of cost and market value	-	(4,944,844)
Balance at end of year	-	1,798,125

Analysis of provision for lower of cost and market value of quoted investments:

	Group and Company	
	2003 \$	2002 \$
Balance at beginning of year	4,944,844	6,120,000
Provision for the year	-	359,625
Provision utilised	(4,944,844)	(1,534,781)
Balance at end of year	-	4,944,844
Market value of quoted investments	-	1,798,125

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 11. DEVELOPMENT PROPERTIES

	Group	
	2003 \$	2002 \$
Cost of land	37,540,727	37,540,727
Interest capitalised	4,724,155	3,325,640
Development and related costs	6,822,999	5,392,546
	<b>49,087,881</b>	46,258,913
Less: Progress billings	(202,980)	(103,480)
Less: Attributable loss	(1,131,572)	(45,208)
Less: Provision for project losses	(4,257,422)	-
Less: Provision for impairment loss	(14,101,583)	-
	<b>29,394,324</b>	46,110,225
Interest capitalised during the year	<b>1,398,515</b>	1,903,494

### 12. PROJECTS-IN-PROGRESS

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Project costs	56,699,145	101,044,730	20,327,508	67,962,635
Attributable profits	6,309,803	11,540,344	2,662,273	8,464,704
Less: Provision for foreseeable project losses	(47,940)	(509,184)	-	(509,184)
	<b>62,961,008</b>	112,075,890	<b>22,989,781</b>	75,918,155
Less: Progress billings received and receivable	(55,444,809)	(100,934,610)	(20,324,426)	(69,591,232)
	<b>7,516,199</b>	11,141,280	<b>2,665,355</b>	6,326,923
Analysis of provision for foreseeable losses:				
Balance at beginning of year	509,184	636,644	509,184	585,394
Charge during the year	47,940	-	2,247,011	-
Provision utilised	(509,184)	(127,460)	(2,756,195)	(76,210)
	<b>47,940</b>	509,184	-	509,184

Included in projects-in-progress during the year are personnel expenses of the Group and the Company amounting to \$4,257,430 and \$1,390,802 respectively (2002: \$3,194,775 and \$1,583,095 respectively) as disclosed in Note 27.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 13. TRADE DEBTORS

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Trade debtors	4,395,779	6,861,770	95,629	181,602
Less: Provision for doubtful trade debts	(424,635)	(1,051,774)	-	-
	<b>3,971,144</b>	<b>5,809,996</b>	<b>95,629</b>	<b>181,602</b>

Analysis of provision for doubtful trade debts:

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Balance at beginning of year	1,051,774	1,032,563	-	-
Charge during the year	424,635	1,051,774	-	-
Attributable to a subsidiary now an associated company	-	(1,032,563)	-	-
Written off against provision	(1,051,774)	-	-	-
	<b>424,635</b>	<b>1,051,774</b>	<b>-</b>	<b>-</b>

### 14. LOAN TO SUBSIDIARIES

These amounts are unsecured, bears interest ranging from 4.1% to 5.7% (2002: 3.9% to 5.7%) per annum and are repayable on demand.

### 15. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Other debtors	972,034	495,639	256,393	-
Advance payment to sub-contractors	5,593,170	-	-	-
Deposits	308,028	138,787	30,431	11,625
Prepayments	7,153	20,391	-	4,959
Advances to staff	5,524	101,330	5,464	27,256
Tax recoverable	-	-	244,035	244,035
	<b>6,885,909</b>	<b>756,147</b>	<b>536,323</b>	<b>287,875</b>

Advances to staff are unsecured, interest free and is repayable monthly via salary deduction.



## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 16. DUE FROM SUBSIDIARIES (NON-TRADE)/AN AFFILIATED COMPANY (NON-TRADE)/AN ASSOCIATED COMPANY (NON-TRADE)/DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

These amounts are unsecured, interest-free and are repayable on demand.

### 17. FIXED DEPOSITS

Fixed deposits have an average maturity of 90 days and bears interest of 12.5% (2002: 0.7315% to 17%) per annum.

### 18. PROGRESS BILLINGS IN EXCESS OF COSTS

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Progress billings received and receivable	46,574,017	23,186,136	16,582,470	21,391,345
Less: Project costs	(36,149,354)	(19,705,848)	(15,508,604)	(18,264,779)
Less: Attributable profits	(2,949,929)	(2,944,393)	(771,887)	(2,777,803)
	<b>7,474,734</b>	<b>535,895</b>	<b>301,979</b>	<b>348,763</b>

### 19. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Other creditors	312,031	113,949	34,753	27,605
Accrued operating expenses	1,310,748	795,597	227,961	398,947
Rental deposits received	16,604	13,364	-	-
Advance from customers	43,750	6,825	-	-
Deferred revenue	213,193	160,275	-	-
	<b>1,896,326</b>	<b>1,090,010</b>	<b>262,714</b>	<b>426,552</b>

### 20. SHORT TERM BANK LOANS (UNSECURED)

The short term bank loans are unsecured and bear interest at approximately 3% to 3.38% (2002: 3% to 4.51%) per annum.

### 21. SHORT TERM BANK LOANS (SECURED)

Short term bank loans of a subsidiary amounting to \$8,750,000 (2002: \$8,750,000) bear interest at 1.5% per annum above the bank's cost of funds ranging from 2.20% to 4.324% (2002: 2.56% to 4.06%) per annum and are repayable on a monthly basis. The loans are secured by:

- (i) a first legal mortgage over the subsidiary's development property;
- (ii) a legal assignment of the last 15% of the sale proceeds of the development property; and
- (iii) a corporate guarantee from the Company.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 22. LEASE OBLIGATIONS

Group	Minimum Payments	Interest	Present value of payments
	\$	\$	\$
<b>2003</b>			
1 year to 5 years	138,276	(15,082)	123,194
Later than 5 years	4,170	(850)	3,320
	142,446	(15,932)	126,514
Not later than 1 year	67,244	(8,832)	58,412
	209,690	(24,764)	184,926
<b>2002</b>			
1 year to 5 years	180,540	(21,899)	158,641
Later than 5 years	4,170	(850)	3,320
	184,710	(22,749)	161,961
Not later than 1 year	59,638	(10,427)	49,211
	244,348	(33,176)	211,172
<b>Company</b>			
<b>2003</b>			
1 year to 5 years	6,094	(770)	5,324
Not later than 1 year	9,156	(1,200)	7,956
	15,250	(1,970)	13,280
<b>2002</b>			
1 year to 5 years	15,250	(1,970)	13,280
Not later than 1 year	9,156	(1,200)	7,956
	24,406	(3,170)	21,236

Lease terms range from 1 year to 7 years. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The effective interest rate of these leases range from 2.50% to 4.68% (2002: 2.50% to 4.68%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 23. BANK TERM LOANS (SECURED)

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Bank loans	18,444,184	19,330,368	-	-
Transferable loan facility	6,664,368	10,216,224	6,664,368	10,216,224
	<b>25,108,552</b>	<b>29,546,592</b>	<b>6,664,368</b>	<b>10,216,224</b>
Due within one year	21,917,350	6,012,612	3,737,493	3,551,856
	<b>3,191,202</b>	<b>23,533,980</b>	<b>2,926,875</b>	<b>6,664,368</b>
Due after one year or more				

#### Bank loans

- (a) A bank loan of \$17,000,000 (2002: \$18,000,000) bears interest at the bank's prevailing prime lending rate of 5% (2002: 5%) per annum. The loan is secured by:
- a first legal mortgage over a subsidiary's development property;
  - legal assignment of all rights, title interest and benefits of the subsidiary in the development property; and
  - a corporate guarantee from the Company.
- (b) A bank loan of \$574,867 (2002: \$340,935) bears interest at 1% per annum above the bank's prime lending rate of 6.5% (2002: 6.5% to 7%) per annum and is repayable on 31 January 2004. The loan is secured by:
- a first legal mortgage over a subsidiary's development property;
  - a legal assignment of the last 15% of the sale proceeds of the development property; and
  - a corporate guarantee from the Company.
- (c) A bank loan of HK\$3,846,540 (2002: HK\$4,378,024) is secured by way of a fixed charge over a subsidiary's investment property and leasehold land and buildings with a net book value of approximately HK\$1,920,100 and HK\$3,300,000 respectively (2002: HK\$3,322,000 and HK\$4,532,000 respectively). The loan bears interest at 1% below the bank's prevailing prime rate and is repayable over 120 monthly instalments. The final instalment is repayable on maturity in 2010.

#### Transferable loan facility

The transferable loan facility of \$12,000,000 was granted to the Company at a discount of 12% amounting to approximately \$1,440,000. The discount, being the difference between the principal amount of the transferable loan facility and its present value on recognition, is expensed over 4 years (the duration of the transferable loan facility) using the effective interest rate method through the profit and loss account.

The loan is secured by way of a legal mortgage on the Group's freehold land and building with a net book value of approximately \$8,300,000 (2002: \$9,952,000).

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 23. BANK TERM LOANS (SECURED) (CONT'D)

	Group	
	2003 \$	2002 \$
Present value of the transferable loan facility	6,664,368	10,216,224
Value of interest discount	335,632	783,776
	<b>7,000,000</b>	<b>11,000,000</b>

The interest charged on the transferable loan facility is as follows:

Year	Rate of interest
1	Swap Offered Rate minus 1% p.a.
2	Swap Offered Rate minus 0.75% p.a.
3 & 4	Swap Offered Rate minus 0.5% p.a.

The loan is repayable in 12 equal quarterly instalments of \$1,000,000 commencing 9 May 2003.

As at 30 June 2003, the Company has not complied with the loan covenants as set out in the loan agreement. The Company continues to meet scheduled repayment. The bank is aware of the breach and has not exercised their rights under the loan agreement upon breach of obligations or undertakings by the Company.

### 24. TURNOVER

Turnover comprises the following:

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Revenue from projects	36,757,098	43,987,358	7,593,397	13,639,655
Sale of goods and services	7,779,221	13,486,602	2,750,079	1,450,473
	<b>44,536,319</b>	<b>57,473,960</b>	<b>10,343,476</b>	<b>15,090,128</b>

### 25. OTHER OPERATING INCOME

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Dividend income	-	-	-	1,109,250
Gain(loss) on disposal of shares in quoted investments	721,219	(94,263)	2,653,214	(88,313)
Management fees	63,447	55,985	179,638	241,756
Rental Income	62,224	117,363	24,000	25,229
Others	90,303	174,514	60,570	24,335
	<b>937,193</b>	<b>253,599</b>	<b>2,917,422</b>	<b>1,312,257</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 26. (LOSS) PROFIT FROM OPERATIONS

This is determined after charging (crediting) the following:

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Amortisation of goodwill on consolidation	1,024,351	1,006,807	-	-
Auditors' remuneration				
- auditors of the Company	74,700	75,477	40,000	44,000
- other auditors	8,580	50,686	-	-
Non-audit fees				
- auditors of the Company	-	35,800	-	26,700
Bad trade debts written off	874,693	-	4,896,381	-
Bad trade debts recovered	-	(50,334)	-	-
Depreciation of fixed assets	456,313	749,659	78,553	125,749
Directors' remuneration				
- directors of the Company	615,700	729,920	615,700	653,360
- directors of subsidiaries	646,218	1,340,676	-	-
Fixed assets written off	3,616	355	3,616	-
Foreign exchange loss (gain) - net	16,607	34,302	(887)	1,034
Goodwill written off	950,212	-	-	-
(Gain) loss on disposal of quoted investments	(721,219)	94,263	(2,653,214)	-
Provision for diminution in value of investment in subsidiaries	-	-	6,754,627	-
Loss on sale of fixed assets	10,441	15,838	-	3,568
Operating lease expenses	360,326	535,989	1,880	1,919
Preliminary expenses written off	-	26,123	-	-
Preliminary expenses directly charged to the profit and loss account	79,063	88,472	-	-
Provision for doubtful trade debts	424,635	1,051,774	-	-
Provision for foreseeable project losses	47,940	-	2,247,011	-
Provision for lower of cost and market value of quoted investments	-	359,625	-	359,625
Provision for project losses on development project	4,257,422	-	-	-
Provision for impairment loss on development property	14,101,583	-	-	-
Provision for impairment in value of fixed assets	1,468,458	-	1,214,770	-
Provision for impairment in value of investment properties	422,678	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 27. PERSONNEL EXPENSES

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Wages, salaries and bonuses	<b>6,255,008</b>	7,310,752	<b>1,753,020</b>	1,937,216
Pension fund contributions	<b>413,524</b>	643,280	<b>205,859</b>	210,294
Other personnel expenses	<b>204,660</b>	567,660	-	109,504
Directors' remuneration	<b>1,261,918</b>	2,070,596	<b>615,700</b>	653,360
	<b>8,135,110</b>	10,592,288	<b>2,574,579</b>	2,910,374

Included in personnel expenses are the following amounts included as part of projects-in-progress and progress billings in excess of costs as disclosed in Notes 12 and 18 respectively.

Wages, salaries and bonuses	<b>3,866,899</b>	2,724,004	<b>1,258,863</b>	1,362,576
Pension fund contributions	<b>253,637</b>	266,845	<b>128,553</b>	129,022
Other project staff costs	<b>136,894</b>	203,926	<b>3,386</b>	91,497
	<b>4,257,430</b>	3,194,775	<b>1,390,802</b>	1,583,095

### 28. DIRECTORS' REMUNERATION

The remuneration of directors of the Company in the various remuneration bands is as follows:

	2003			2002		
	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total
\$500,000 and above	-	-	-	-	-	-
\$250,000 to \$499,999	-	-	-	-	-	-
\$0 to \$249,999	6	8	14	4	4	8
	<b>6</b>	<b>8</b>	<b>14</b>	<b>4</b>	<b>4</b>	<b>8</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 29. FINANCIAL INCOME AND EXPENSES

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
<b>Interest income</b>				
- bank balances	6,751	22,387	-	-
- fixed deposits	5,771	42,783	-	401
- subsidiaries	-	-	811,058	641,602
	<b>12,522</b>	<b>65,170</b>	<b>811,058</b>	<b>642,003</b>
<b>Interest expense</b>				
- hire purchase	(11,016)	(31,187)	(1,200)	(5,047)
- term loans	(424,942)	(276,528)	(503,242)	(698,963)
- bank overdrafts	(36,667)	(62,624)	(162,409)	(208,081)
- bills payable to banks	(21,842)	(8,663)	(21,843)	(8,663)
- bank charges	(12,902)	(29,396)	(11,597)	(8,931)
	<b>(507,369)</b>	<b>(408,398)</b>	<b>(700,291)</b>	<b>(929,685)</b>

### 30. TAX

	Group		Company	
	2003 \$	2002 \$	2003 \$	2002 \$
<b>Current tax</b>				
- current year	820,597	1,704,518	-	36,693
- Under (over)provision in respect of prior year	45,317	(203,567)	45,317	(98,531)
<b>Deferred tax</b>				
- current year	6,214	15,322	-	-
	<b>872,128</b>	<b>1,516,273</b>	<b>45,317</b>	<b>(61,838)</b>

A reconciliation of the statutory tax rate to the Group and the Company's effective tax rate applicable to income from continuing operations for the year ended 30 June is as follows:

	2003 \$	2002 \$	2003 \$	2002 \$
Accounting (loss) profit	(28,187,924)	304,119	(26,905,122)	(22,572)
Tax at the applicable tax rate of 22%	(6,201,343)	66,906	(5,919,127)	(4,966)
- tax effect of expenses that are not deductible in determining taxable profit	2,446,879	419,346	5,830,099	171,323
- tax effect of income that are not taxable in determining taxable profit	(583,707)	-	(583,707)	-
- (over) under provision in respect of prior year	45,317	(203,567)	45,317	(98,531)
- deferred tax asset not recognised/(recognised)	4,130,781	100,276	672,735	(129,664)
- effect of different tax rates in other countries	250,004	86,684	-	-
- tax losses from subsidiaries not available for offset	784,197	1,046,628	-	-
	<b>872,128</b>	<b>1,516,273</b>	<b>45,317</b>	<b>(61,838)</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 30. TAX (CON'T)

#### The Company

The Company has unutilised tax losses of approximately \$2,471,000 (2002: \$Nil) available for offset against future taxable profits, subject to compliance with the relevant provisions of the tax legislation and agreement by the Inland Revenue Authority of Singapore. The potential deferred tax assets arising from these unutilised tax losses have not been recognised in the financial statements in accordance with the accounting policy as stated in Note 2 to the financial statements.

#### The Group

The Group has unutilised tax losses and unabsorbed capital allowances of approximately \$18,990,000 and \$423,000 respectively (2002: \$834,000 and \$497,000) available for offset against future taxable profits, subject to compliance with the relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate and agreement with the tax authorities. The potential deferred tax assets arising from these unutilised tax losses and unabsorbed capital allowances have not been recognised in the financial statements in accordance with the accounting policy as stated in Note 2 to the financial statements.

### 31. LOSS PER SHARE

Basic earnings per share is calculated by dividing the Group's loss attributable to shareholders of \$26,637,575 (2002: \$883,774) by the weighted average number of shares in issue during the year of 879,618,000 shares (2002: weighted average of 737,017,918 shares).

Diluted earnings per share is the same as basic earnings per share as the effects of anti-dilutive potential ordinary shares are ignored in calculating diluted earnings per share.

### 32. OPERATING LEASE COMMITMENTS

The Group leases certain properties under lease agreements that are non-cancellable within a year. The leases contain renewable options and does not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing. Future minimum lease payments with initial or remaining lease terms of one year or more are as follows:

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>
Within 1 year	<b>247,027</b>	210,000
After 1 year but not more than 5 years	<b>52,302</b>	68,000
	<b>299,329</b>	278,000

### 33. CONTINGENT LIABILITIES (UNSECURED)

Contingent liabilities not provided for in the financial statements:

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Performance bonds indemnity	<b>2,340,348</b>	1,381,782	<b>583,429</b>	1,211,859
Corporate guarantee	<b>16,200,000</b>	16,777,380	<b>16,200,000</b>	16,777,380
	<b>18,540,348</b>	18,159,162	<b>16,783,429</b>	17,989,239



## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 34. CAPITAL COMMITMENT

	Group	
	2003 \$	2002 \$
Capital expenditure not provided for in the financial statements - commitments in respect of capital contribution in a subsidiary	203,000	793,000

### 35. SUBSEQUENT EVENTS

Subsequent to the financial year,

- (a) A subsidiary, Gordon (H.K.) Designer and Engineer Limited, disposed of its Land and Buildings for a consideration of HK\$3,300,000.
- (b) On 12 July 2003, a subsidiary, Strike Coal and Mineral Pte Ltd applied to the Registrar of Companies to have its name struck off the register under Section 344 of the Singapore Companies Act Cap. 50.

The application was approved by the directors of Strike Coal and Mineral Pte Ltd on 16 June 2003.

- (c) A subsidiary, Gredanian Pte Ltd disposed of its development property for a consideration of \$17,400,000 and recorded a loss on disposal of \$14,101,583 (provided for as at 30 June 2003). Proceeds from the sale are applied towards the redemption of the related bank term loan.

### 36. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party information disclosed elsewhere in the financial statements, significant transactions with related parties, on terms agreed between the parties, were as follows:

	Group	
	2003 \$	2002 \$
<b>Associated company</b>		
Sales	-	253,866
Purchases	182,575	488,084
Management fee income	-	84,586
<b>Affiliated company</b>		
Management fee income	-	8,640

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 37. SEGMENT INFORMATION

#### (a) Business segments

The Group is organised on a worldwide basis into six main operating segments, namely:

- Electrical engineering
- Building and Mechanical engineering
- Information technology cabling
- Networking
- Architecture and design
- Property development
- Oilfield equipment supply and services & others

Inter-segment pricing is on an arm's length basis.

2003	Electrical engineering	Building and mechanical engineering	Information technology cabling	Net- working	Architecture and design	Property development	Oilfield equipment supply and services	Others	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover	10,471	21,924	-	2,856	4,354	2,185	-	2,746	44,536
(Loss) profit from operations	(4,161)	(25)	(894)	(102)	(4,914)	(19,435)	-	(259)	(29,790)
Financial expenses - net									(495)
Share of results of associated companies									2,097
Tax									(872)
Minority interests									2,422
Loss after tax									(26,638)
Assets	6,874	14,394	14,190	1,200	11,805	29,475	5,222	1,369	84,529
Other investments	-	-	-	-	-	-	-	68	68
									84,597
Liabilities	(6,969)	(14,592)	-	(461)	(9,978)	(26,948)	-	(432)	(59,380)
Unallocated liabilities									(419)
									(59,799)
Capital expenditure	35	73	-	53	118	-	-	727	1,006
Depreciation and amortisation	73	152	894	85	228	-	-	49	1,481

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 37. SEGMENT INFORMATION (CONT'D)

2002	Electrical engineering	Building and mechanical engineering	Information technology cabling	Net- working	Architecture and design	Property development	Others	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover	14,438	16,427	17,892	2,802	5,284	221	410	57,474
Profit (loss) from operations	432	14	2,077	(285)	(3,705)	(94)	(534)	(2,095)
Financial expenses - net								(343)
Share of results of associated companies								2,742
Tax								(1,516)
Minority interests								328
Loss after tax								(884)
Assets	15,590	17,737	12,746	1,162	8,174	46,016	602	102,027
Other investments								1,881
Joint venture								264
								104,172
Liabilities	(8,432)	(9,593)	-	(568)	(2,437)	(27,929)	(590)	(49,549)
Unallocated liabilities								(429)
								(49,978)
Capital expenditure	281	320	-	40	120	-	81	842
Depreciation and amortisation	119	136	1,269	101	113	-	18	1,756

#### (b) Geographical segments

Turnover is based on the location of customers regardless of where the goods are produced. Assets and additions to property, plant and equipment are based on the location of those assets.

	Turnover		Assets		Capital expenditure	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Singapore	37,436	47,441	72,247	95,319	162	721
Malaysia	-	2,903	-	-	-	-
Hong Kong	4,354	907	11,772	-	117	-
China	5	5,395	3	8,174	693	121
Others	2,741	828	575	679	34	-
	44,536	57,474	84,597	104,172	1,006	842

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 38. FINANCIAL INSTRUMENTS

#### Financial risk management and policies

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

#### *Interest rate risks*

The Group's debts includes bank borrowings and leasing arrangements. The Group seeks to minimise its interest expense through interest rate swaps, where appropriate, over the duration of its borrowings.

Surplus funds are placed with reputable banks which generate interest income for the Group. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings including leasing obligations.

#### *Liquidity risks*

In the management of liquidity risks, the Group monitors and maintains a level of cash and bank balance deemed sufficient to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

#### *Credit risks*

The carrying amount of cash and cash equivalents, trade debtors and other debtors represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk.

#### *Foreign currency risks*

The foreign currency risk of the Group arises mainly from subsidiaries operating in foreign countries, which generate revenue and incur costs denominated in foreign currencies. In addition to transactional exposures, the Group is also exposed to foreign exchange movement on its net investment in the foreign subsidiaries. It is not the Group's policy to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

As at balance sheet date, the management did not consider the foreign currency exposure significant. Therefore, the Group did not enter into any foreign exchange contracts.

#### Fair value of financial instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair values of each class of financial instruments.

#### *Cash and cash equivalents and other current receivables and payables*

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2003 (Amounts in Singapore dollars)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### *Quoted and unquoted investments*

The fair values of quoted investments are estimated based on quoted market prices for these investments. The carrying values of quoted investments approximate the fair values. For unquoted investments, it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

#### *Lease obligations*

The fair values of lease obligations are determined by discounting the relevant cash flow using the current interest rates for similar instruments at balance sheet date. There are no material differences between the fair values and carrying values.

#### *Long term borrowings*

The fair values of long-term loans are determined by discounting the relevant cash flows using current interest rates for similar instruments at balance sheet date. All the long-term loans approximate fair values as these instruments bear interest at variable rates.

### 39. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

## GROUP PROPERTIES

As at 30 June 2003

### INVESTMENT PROPERTY

Location	Description	Title	Land Area sq m	Usage
<b>Hong Kong</b>				
Unit F 5th Floor CNT Tower No. 338 Hennessy Road Hong Kong	A commercial building	Leasehold (999 years from 26 Dec 1860)	137.2	Rent out for rental
<b>China</b>				
Unit F, 3rd Floor and Car Parking Space No.220, Beijing Regent Court, No. 8B, Jian Guo Men Wai Dai Jie, Beijing, China	A residential building	Leasehold (until 20 Nov 2062)	296.75	Vacant

### FIXED ASSETS

Location	Description	Title	Land Area sq m	Usage
<b>Singapore</b>				
No 422 Tagore Industrial Avenue Singapore 787806	A single-storey detached factory building with mezzanine level	Freehold	2,100.6	Office/ Warehouse
No 22 Tagore Lane Singapore 787480	A single-storey intermediate terrace factory building with mezzanine level	Freehold	499.2	Office/ Warehouse
<b>China</b>				
Unit No 101 Building No.B1 Jin Mao District Funan, Hainan	Apartments	Leasehold	132.7	Staff Apartment
Unit No 102 Building No.B1 Jin Mao District Funan, Hainan	Apartments	Leasehold	132.7	Staff Apartment

**GROUP PROPERTIES**

As at 30 June 2003

**FIXED ASSETS (CONT'D)**

Location	Description	Title	Land Area sq m	Usage
<b>Hong Kong</b>				
Unit 209 2nd Floor New East Ocean Centre No 9 Science Museum Road Kowloon, Hong Kong	A commercial building	Leasehold (59 years from 29 Jul 1988)	171.84	Office
<b>Indonesia</b>				
Ketaping, Padang Pariaman, Sumatera Barat	Land	Freehold	10,000	Vacant

**DEVELOPMENT PROPERTIES**

Description	Address	Title	Site Area sq m	Gross Floor Area sq m	Interest Held in property %	Approximate Percentage Completion %	Expected Completion Date
<b>Singapore</b>							
Chiverton (Development of a block of 16-storey comprising 15 units of residential apartments)	50 Ewe Boon Road (Lots 600C and 601M TS 26 Ewe Boon Road)	Freehold	967.4	2,012.9	51	79	Dec 2003
Proposed development of a block of 12-storey comprising 34 units of residential apartments with communal facilities	40 Stevens Road (Lots 400A and 538L TS 26 Stevens Road)	Freehold	2,801.3	4,482.08	70	-	-

# CORPORATE GOVERNANCE REPORT

Strike Engineering Limited is committed to ensuring the standard of corporate governance within the Group to protect the interests of shareholders and to promote investors' confidence within constraints of the Group's operations and size, and supports full compliance of Code of Corporate Governance ("Code") as required by the Singapore Exchange Securities Trading Limited (SGX-ST).

## 1. Board of Directors (The "Board")

### Board's Conduct of its Affairs

The Board assumes responsibility for the overall corporate governance of the Group. Their principal functions include :

- (a) Approving broad policies, strategies and financial objectives for the Group;
- (b) Approving the nominations of board members and key managerial personnel;
- (c) Approving budgets, major funding proposals, investment and divestment proposals;
- (d) Reviewing the Group's financial performance; and
- (e) Monitoring the performance of management

The day-to-day management of the Group's businesses and affairs, the development of various business activities and the formulation of corporate strategies have been entrusted to the executive directors. This is to facilitate effective management.

Certain functions have been delegated to various board committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC").

The Board meets at least four times a year, with additional meetings convened when circumstances require. The Company does not have a formal training programme for new directors. However, to assist the directors in discharging their duties, a new director will be given briefing on the business of the Group and regulatory issues. Directors of the Company will also be updated from time to time of any new or changes to companies and securities legislations, rules and regulations.

The number of Board, AC, NC and RC meetings held for the financial year ended 30 June 2003 and the attendance of every board member at those meetings is given on page 59.

### Board Composition and Balance

The Board currently comprises 9 members, 6 executive directors including the Chairman and 3 non-executive directors, of whom two are independent directors. Together, the Directors bring with them a wide range of business and financial experience, skills and expertise to meet the Company's targets.

New appointments to the Board, its composition and effectiveness, and independence of directors, are reviewed annually by NC. Mr Yeo Jiew Yew is currently the Chairman of the Board and the Managing Director of the Company. NC recognises the Company's financial constraints. As no individual or small group of individuals dominates the Board. NC views the current Board composition and size appropriate for the Group's present scope of operations.

The Chairman schedules the meeting and prepares the meeting agenda of the Board, and reviews the Board papers prepared by management staff to ensure complete and timely information are provided to the Board members. In addition, the Chairman also assists to ensure the company's compliance with the Code.

### Access to Information

All Directors have access to information within the Company's senior management and to the advice and services of the Company Secretary as and when required, either through emails or phone, to effectively fulfill their responsibilities.

The Company Secretary attends all Board meetings and records all decisions and conclusions of the Board meeting in minute's book. The Company Secretary ensures that Board procedures are duly complied with.



## CORPORATE GOVERNANCE REPORT

### 2. Nominating Committee ("NC")

Lew Syn Pau (Chairman)  
Ravindran Govindan  
Yeo Jiew Yew

#### Board Membership and Board Performance

NC was set up on 28 February 2003 and comprises three members, 2 members including the Chairman are Independent Non-Executive Directors and 1 member is an Executive Director.

NC has adopted specific terms of reference and its principal functions are as follows:

- (a) Identify candidates and review all nominations on appointments and re-appointment of directors for recommendations to the Board.
- (b) Review the Board structure, size and composition regularly.
- (c) Determine the independence of directors annually.
- (d) To assess the effectiveness of the Board as a whole and the Committees of the Board and the contribution of each individual director to an effective Board.

The Board, through the NC, reviews annually the effectiveness of the Board as a whole and its required mix of skills and experience and other qualities, including core competencies, which directors should bring to the Board.

Pursuant to Article 78 of the Company's Articles of Association, new directors would be required to submit themselves for re-election at the forthcoming AGM. Article 96(2) of the Company's Articles of Association requires that one-third of the Directors retire by rotation at every Annual general Meeting ("AGM"). However, the Managing Director is not subject retirement by rotation. In accordance with the Company's Articles of Association, Mr Umar Abdul Hamid and Mr Chua Koh Ming will retire pursuant to Article 96(2) and Mr Meno Junichiro and Mr Ravindran Govindan will retire pursuant to Article 78 at the forthcoming AGM.

NC meets at least once a year. Additional meetings can be scheduled if considered necessary by the Chairman of NC. NC has held 1 meeting in September 2003 to adopt the specific terms of reference and to recommend the re-election of directors retiring pursuant to Articles 78 and 96(2).

### 3. Audit Committee ("AC")

To ensure that corporate governance is effectively practiced, the Directors have established self regulatory and monitoring mechanisms, including the establishment of the AC.

The members of the AC at the date of this report are:

Lew Syn Pau (Chairman)	Independent Non-Executive Director
Ravindran Govindan	Independent Non-Executive Director
Meno Junichiro	Non-Executive Director

2 members of AC have in-depth years of professional experiences in the field of financial management and/or accounting. The Board is of the view that AC members have sufficient financial management expertise and experience to discharge their responsibilities.

The AC held three meetings during the financial year ended 30 June 2003. The AC carried out its functions in accordance with the Companies Act Cap. 50 and SGX-ST Listing Manual. In performing those functions, the Audit Committee inter alia reviewed:

- (a) the overall scope of external audits and the assistance provided by the Group's officers to the auditors;
- (b) the auditors' evaluation of the system of internal accounting controls arising from their audit;
- (c) interested person transactions in accordance with the SGX-ST Listing Manual to satisfy themselves that the transactions are on normal commercial terms; and
- (d) the financial statements of the Company and the consolidated financial statements of the Group and the auditors' report on those financial statements before their submission to the Board of Directors.

## CORPORATE GOVERNANCE REPORT

### 3. Audit Committee ("AC") (CONT'D)

Apart from the duties listed above, the AC has the power to conduct or authorise investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The AC has full access to and co-operation of the management and the external auditors have unrestricted access to the AC. The AC meets with the external auditors, without the presence of the management, at least once a year. The AC also conducts an annual review of the independence and objectivity of external auditors annually.

The AC has recommended the re-appointment of Messrs Ernst & Young as external auditors of the Company for the ensuing financial year.

The aggregate value of interested person transactions ("IPT"), entered into during the financial year ended 30 June 2003 is as follows:

**Aggregate value of all interested person transactions  
during the financial year ended 30 June 2003  
(excluding transactions less than S\$100,000 and  
transactions conducted under shareholders'  
mandate pursuant to Rule 920)**

**Name of interested Person**

Lantrovision (S) Ltd  
- Purchase

S\$182,575

There is no interested person transaction conducted during the financial year ended 30 June 2003 under shareholders' mandate pursuant to Rule 920.

Upon review of the IPT, AC is satisfied that these IPT were carried out on an arm's length basis.

#### Internal Controls and Internal Audit

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investments, the Company's assets, and the need to review the adequacy and integrity of those systems regularly. It also recognises that the system of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

The Executive Directors have ensured that a adequate system of internal controls is in place and is effective by the active involvement in the day-to-day operations and management of the Group. In addition, internal controls systems are reviewed from time to time to ensure its effectiveness in the current changing business environment.

In accordance with the scope laid out in the audit plan, the External Auditors carry out a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management in the course of their annual statutory audit. There are no material non-compliance and internal control weaknesses noted during their audit for the financial year ended 30 June 2003.

An Internal Audit Team ("IAT") of 3 members and headed by Ms Chan Bee Fong was formed on 20 September 2002. The IAT reports directly to the Chairman of AC. It also reports functionally and administratively to the Managing Director. AC reviews and approves the annual IAT's plan and resources. During the financial year ended 30 June 2003, it had conducted audits of two of the Group's subsidiaries.

The Board, based on the findings by external auditors, internal auditors and management controls in place, is satisfied that there are adequate internal controls in the Company.

## CORPORATE GOVERNANCE REPORT

### 4. Remuneration Committee ("RC")

Lew Syn Pau (Chairman)  
Ravindran Govindan  
Yeo Jiew Yew

#### Procedures for Developing Remuneration Policies Level and Mix of Remuneration Disclosure on Remuneration

RC comprises 3 members, 2 members including the Chairman are Independent Non-Executive Directors and 1 member is an executive director.

RC has adopted specific terms of reference and its principal functions are as follows:

- To review and recommend to the Board a framework of remuneration for directors and key executives to ensure the package is sufficient to attract and retain people of required quality to run the Company successfully.
- To determine the specific remuneration packages for executive directors and key executives based on performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry.
- Review directors' remuneration packages annually to recommend appropriate adjustments.

Fees are payable only to non-executive directors and the level of fees shall commensurate with the level of responsibilities undertaken by them. Such fees are recommended and endorsed by the Board for approval by the shareholders of the Company at its AGM. RC recommended that fees of S\$50,000 be payable to Independent Non-executive Directors for the financial year ended 30 June 2003, for their participation in the various sub-committees. The Board duly accepted RC's recommendation and proposed the same for approval by the shareholders at the forthcoming AGM.

RC meets at least once a year. Additional meetings can be scheduled if considered necessary by the Chairman of RC. RC has held 1 meeting in September 2003 to adopt the specific terms of reference and to recommend the amount of directors' fees for approval at the forthcoming AGM.

A breakdown of the level and mix of remuneration paid or payable to each director are as follows :

Name		Salaries	Bonus	Director	Other	Total
		%	%	fees	benefits	%
<b>Less than \$250,000</b>						
Yeo Jiew Yew	Executive	92.2	-	-	7.8	100
Chua Koh Ming	Executive	92.6	-	-	7.4	100
Umar Abdul Hamid	Executive	92.6	-	-	7.4	100
Lim Chiao Hak Clement	Executive	86.2	-	-	13.8	100
Chan Sing En	Non-Executive	-	-	100	-	100
Meno Junichiro	Non-Executive	-	-	-	-	100
Lew Syn Pau	Non-Executive	-	-	100	-	100
Ravindran Govindan	Non-Executive	-	-	-	-	100
Khoo Tiam Hock Vernon *	Executive	86.2	-	-	13.8	100
Tan Boon Tiong *	Non-Executive	-	-	100	-	100

\* Resigned during the financial year ended 30 June 2003

RC and the Board are of the opinion that the remuneration of the Directors for the financial year ended 30 June 2003 are adequate but not excessive in order to attract, retain and motivate them to run the Group successfully.

## CORPORATE GOVERNANCE REPORT

### 5. Communication with Shareholders

#### Accountability and Audit Communication with Shareholders

The Board acknowledges the importance of regular communication with shareholders and investors through which shareholders can have an overview of the Group's performance and operation. This is made via the Company's annual report, circulars to shareholders and half-yearly financial reports and the various announcements made during the year.

At each AGM, shareholders are given opportunity to meet and communicate with the Board and to vote on all resolutions.

### 6. Securities Transactions

The Company has adopted an Internal Code of Conduct to provide guidance to its directors and employees on their dealings in its securities. This was modelled along the Best Practices Guide in the SGX-ST Listing Manual.

### 7. Corporate Disclosure

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. Hence, the Company is committed to provide a high level of disclosure in all public announcements, press releases and annual reports.

## CORPORATE GOVERNANCE REPORT

### 8. Meetings Compliance

Each director attended the following meetings during the financial year ended 30 June 2003 while a member of the Board:

Director	Board Membership	Board		AC		NC (7)		RC (7)	
		No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Yeo Jiew Yew	Managing Director	10	9	-	-	1	1	1	1
Chan Sing En (2)	[appointed on 17.09.02] Executive Director	8	6	1	1	-	-	-	-
Chua Koh Ming (1)	Executive Director	10	10	2	2	-	-	-	-
Umar Abdul Hamid	Executive Director	10	8	-	-	-	-	-	-
Lim Chiao Hak Clement	[appointed on 26.09.02] Executive Director	7	6	-	-	-	-	-	-
Lum Chue Tat	Non-Executive Director	10	3	-	-	-	-	-	-
Meno Junichiro (3)	[appointed on 30.05.03] Non-Executive Director	-	-	-	-	-	-	-	-
Lew Syn Pau (4)	Independent Non-Executive Director	10	9	3	3	1	1	1	1
Ravindran Govindan (5)	[appointed on 30.05.03] Independent Non-Executive Director	-	-	-	-	1	1	1	1
Lim Soon Hock	[resigned on 31.08.02]								
Then Khek Koon	[resigned on 31.08.02]								
Khoo Tiam Hock Vernon (6)	[appointed on 26.09.02, resigned on 12.05.03] Executive Director	7	3	-	-	-	-	-	-
Tan Kim Chew	[retired on 26.11.02] Independent Non-Executive Director	4	2	1	1	-	-	-	-
Tan Boon Tiong	[appointed on, 17.09.02 resigned on 16.05.03] Independent Non-Executive Director	8	7	1	1	-	-	-	-

#### Notes

- (1) Stepped down as a member of AC on 28 February 2003.
- (2) Appointed as an independent non-executive director on 17 September 2002 and as a member of AC, NC and RC on 28 February 2003. Became an executive director on 4 August 2003. Stepped down as a member of AC on 8 August 2003 and as a member of both NC and RC on 16 September 2003.
- (3) Appointed as a member of AC on 8 August 2003.
- (4) Appointed as a member and chairman of both NC and RC on 28 February 2003.
- (5) Appointed as a member of AC on 8 August 2003 and as a member of both NC and RC on 16 September 2003.
- (6) Appointed as an executive director on 26 September 2002. Became a non-executive director on 13 February 2003.
- (7) The NC and RC was set up on 28 February 2003 and had their first meeting on 19 September 2003.

## STATISTICS OF SHAREHOLDERS

As At 28 October 2003

Authorised share capital	:	\$100,000,000
Issued and fully paid-up capital	:	\$43,980,900
Class of shares	:	Ordinary share of \$0.05 each
Voting rights	:	One vote per share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 999	5	0.08	2,930	0.00
1,000 - 10,000	2,262	37.74	13,221,051	1.50
10,001 - 1,000,000	3,677	61.35	306,759,040	34.88
1,000,001 and above	50	0.83	559,634,979	63.62
<b>TOTAL</b>	<b>5,994</b>	<b>100.00</b>	<b>879,618,000</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

As at 28 October 2003 as recorded in the Register of Substantial Shareholders:-

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Yeo Jiew Yew	79,640,000 <sup>(1)</sup>	9.054	-	-
Sim Yew Heng	69,000,000	7.844	-	-
Chua Koh Ming	59,527,200	6.767	-	-

Notes:

<sup>(1)</sup> All held in the name of Citibank Nominees Singapore Pte Ltd as a custodian

## STATISTICS OF SHAREHOLDERS

As At 28 October 2003

### TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Citibank Nominees Singapore Pte Ltd	83,760,000	9.52
2	Sim Yew Heng	69,000,000	7.84
3	Chua Koh Ming	59,527,200	6.77
4	United Overseas Bank Nominees Pte Ltd	43,521,600	4.95
5	Ng Gek Noi	29,006,400	3.30
6	Chan Bee Fong	28,187,000	3.20
7	Southern Nominees (S) Sdn Bhd	27,470,269	3.12
8	Tan Poh Hin	24,000,000	2.73
9	Mayban Nominees (S) Pte Ltd	20,468,000	2.33
10	Citibank Consumer Nominees Pte Ltd	17,841,200	2.03
11	Lum Chue Tat	15,254,400	1.73
12	Phillip Securities Pte Ltd	14,671,000	1.67
13	Chan Thye Yuan	13,334,400	1.52
14	DBS Nominees Pte Ltd	10,864,600	1.24
15	OCBC Securities Private Ltd	8,553,000	0.97
16	Kim Eng Securities Pte Ltd	8,089,000	0.92
17	UOB Kay Hian Pte Ltd	8,038,000	0.91
18	KB Nominees Pte Ltd	7,680,000	0.87
19	Raffles Nominees Pte Ltd	6,840,000	0.78
20	Oversea-Chinese Bank Nominees Pte Ltd	6,010,710	0.68
	<b>TOTAL</b>	<b>502,116,779</b>	<b>57.08</b>

### PUBLIC FLOAT

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public. The Company confirmed that it has complied with this requirement.

## STATISTICS OF WARRANTHOLDERS 2003

As At 28 October 2003

Warrants 2003 issued	:	146,603,000
Warrants 2003 exercised	:	<u>0</u>
Outstanding issued Warrants 2003	:	<u>146,603,000</u>
Issue price	:	Free
Exercise price	:	\$0.07
Subscription rights	:	One ordinary share per Warrant 2003

### DISTRIBUTION OF WARRANTHOLDINGS

Size of Holdings	No. of Warrantholders	%	No. of Warrants	%
1 - 999	38	3.43	24,013	0.02
1,000 - 10,000	674	60.94	3,381,200	2.30
10,001 - 1,000,000	378	34.18	25,465,223	17.37
1,000,001 and above	16	1.45	117,732,564	80.31
<b>TOTAL</b>	<b>1,106</b>	<b>100.00</b>	<b>146,603,000</b>	<b>100.00</b>

### SUBSTANTIAL WARRANTHOLDERS 2003

As at 28 October 2003 as recorded in the Register of Substantial Warrantholders 2003:-

	Direct Interest		Deemed Interest	
	No. of Warrants 2003	%	No. of Warrants 2003	%
Yeo Jiew Yew	22,440,000 <sup>(1)</sup>	15.31	-	-
Sim Yew Heng	14,000,000	9.55	-	-
Chua Koh Ming	12,987,200	8.86	-	-
Low Siew Kheng Denis	47,000	0.03	8,647,440 <sup>(2)</sup>	5.90

Notes:

<sup>(1)</sup> All held in the name of Citibank Nominees Singapore Pte Ltd as a custodian

<sup>(2)</sup> 3,600,000 held in the name of HL Bank Nominees (S) Pte Ltd  
5,047,440 held in the name of Southern Nominees (S) Sdn Bhd

8,647,440



**STATISTICS OF WARRANTHOLDERS 2003**

As At 28 October 2003

**TWENTY LARGEST WARRANTHOLDERS**

No.	Name	No. of Warrants	%
1	Phillip Securities Pte Ltd	28,296,800	19.30
2	Citibank Nominees Singapore Pte Ltd	22,462,000	15.32
3	Sim Yew Heng	14,000,000	9.55
4	Chua Koh Ming	12,987,200	8.86
5	United Overseas Bank Nominees Pte Ltd	6,859,500	4.68
6	Tan Poh Hin	4,845,000	3.30
7	Ng Gek Noi	4,834,400	3.30
8	UOB Kay Hian Pte Ltd	4,669,800	3.19
9	Southern Nominees (S) Sdn Bhd	4,010,664	2.74
10	Citibank Consumer Nominees Pte Ltd	3,023,200	2.06
11	Lum Chue Tat	2,542,400	1.73
12	Loh Poh Lim	2,519,000	1.72
13	Chan Thye Yuan	2,222,400	1.52
14	HL Bank Nominees (S) Pte Ltd	1,830,200	1.25
15	Ramesh s/o Pritamdas Chandiramani	1,490,000	1.02
16	Raffles Nominees Pte Ltd	1,140,000	0.78
17	Lee Song	1,000,000	0.68
18	Lee Lin Sung	800,000	0.55
19	Tan Chee Peng	750,000	0.51
20	Kim Eng Securities Pte Ltd	741,700	0.51
	<b>TOTAL</b>	<b>121,024,264</b>	<b>82.57</b>

## STATISTICS OF WARRANTHOLDERS 2006

As At 28 October 2003

Warrants 2006 issued	:	183,246,000
Warrants 2006 exercised	:	(31,000)
		<hr/>
Outstanding issued Warrants 2006	:	183,215,000
Adjustments pursuant to Deed Poll dated 9 March 2001	:	10,024,985
		<hr/>
		193,239,985
		<hr/>
Issue price	:	\$0.02
Exercise price	:	\$0.11
Subscription rights	:	One ordinary share per Warrant 2006

### DISTRIBUTION OF WARRANTHOLDINGS

Size of Holdings	No. of Warrantholders	%	No. of Warrants	%
1 - 999	140	7.55	69,512	0.04
1,000 - 10,000	515	27.79	1,797,767	0.93
10,001 - 1,000,000	1,169	63.09	105,906,525	54.80
1,000,001 and above	29	1.57	85,466,181	44.23
	<hr/>			
<b>TOTAL</b>	<b>1,853</b>	<b>100.00</b>	<b>193,239,985</b>	<b>100.00</b>

### SUBSTANTIAL WARRANTHOLDERS 2006

As at 28 October 2003, there is no substantial warrant holders 2006 as recorded in the Register of Substantial Warrant holders 2006.

**STATISTICS OF WARRANTHOLDERS 2006**

As At 28 October 2003

**TWENTY LARGEST WARRANTHOLDERS**

No.	Name	No. of Warrants	%
1	United Overseas Bank Nominees Pte Ltd	17,414,505	9.01
2	Ng Gek Noi	6,373,682	3.30
3	Chan Thye Yuan	6,357,861	3.29
4	Phillip Securities Pte Ltd	5,916,834	3.06
5	Tan Seng Hock	4,818,486	2.49
6	G K Goh Stockbrokers Pte Ltd	4,753,030	2.46
7	Southern Nominees (S) Sdn Bhd	4,136,439	2.14
8	OCBC Securities Private Ltd	3,644,246	1.89
9	Lim Ser Heng	2,900,000	1.50
10	Citibank Consumer Nominees Pte Ltd	2,752,173	1.42
11	DBS Vickers Securities (S) Pte Ltd	2,572,474	1.33
12	Lee Song	2,360,350	1.22
13	Ang Chin Chuan Edwin	2,109,443	1.09
14	UOB Kay Hian Pte Ltd	1,769,895	0.92
15	Hong Leong Finance Nominees Pte Ltd	1,554,304	0.80
16	Raffles Nominees Pte Ltd	1,502,978	0.78
17	Kim Toh Lai	1,371,138	0.71
18	Deok Lai Heng	1,265,665	0.65
19	Lim & Tan Securities Pte Ltd	1,232,890	0.64
20	Low Siew Kheng Denis	1,201,402	0.62
	<b>TOTAL</b>	<b>76,007,795</b>	<b>39.32</b>

## NOTICE OF ANNUAL GENERAL MEETING

### STRIKE ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Strike Engineering Ltd ("the Company") will be held at No.422 Tagore Industrial Avenue, Singapore 787806 on Friday, 28 November 2003 at 9.30 am for the following purposes:

#### AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2003 together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect the following Directors retiring pursuant to Articles 96(2) and 78 of the Company's Articles of Association:-
 

Mr Umar Abdul Hamid	[Retiring under Article 96(2)]	<b>(Resolution 2)</b>
Mr Chua Koh Ming	[Retiring under Article 96(2)]	<b>(Resolution 3)</b>
Mr Ravindran Govindan	[Retiring under Article 78]	<b>(Resolution 4)</b>
Mr Meno Junichiro	[Retiring under Article 78]	<b>(Resolution 5)</b>

Mr Ravindran Govindan will, upon re-election as Director of the Company, remain as member of the Nomination, Remuneration and Audit Committees and will be considered independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.
3. To approve the payment of Directors' fees of S\$50,000.00 for the year ended 30 June 2003 (previous year: S\$50,000.00). **(Resolution 6)**
4. To re-appoint Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

#### AS SPECIAL BUSINESS

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

6. **Authority to allot and issue shares up to 50 per centum (50%) of issued capital**

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the maximum potential issued share capital of the Company at the time of the passing of this resolution ("Maximum Share Capital"), of which the aggregate number of shares to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the Maximum Share Capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's 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 earlier." [See Explanatory Note] **(Resolution 8)**

By Order of the Board

Wong Siew Chuan  
Secretary  
Singapore, 12 November 2003

#### Explanatory Note:

The Ordinary Resolution 8 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares in the Company. The number of shares that the Directors may allot and issue under this Resolution would not exceed fifty per centum (50%) of the Maximum Share Capital of the Company at the time of the passing of this resolution. For issue of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued shall not exceed twenty per centum (20%) of the Maximum Share Capital of the Company.

The Maximum Share Capital is the maximum potential share capital of the Company at the date the proposed Ordinary Resolution is passed (taking into account the conversion or exercise of any convertible securities and employee share options on issue at the time this proposed Ordinary Resolution is passed, which were issued pursuant to previous shareholders' approval).

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a Member of the Company.
2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 22 Tagore Lane, Singapore 787480 not less than forty-eight (48) hours before the time for holding the Meeting.

**PROXY FORM****STRIKE ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

**PROXY FORM**

(Please see notes overleaf before completing this form)

**IMPORTANT**

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

I/We, \_\_\_\_\_ (Name)

of \_\_\_\_\_ (address)

being a member/members of STRIKE ENGINEERING LIMITED (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Friday, 28 November 2003 at 9.30 am and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Accounts for the year ended 30 June 2003		
2.	Re-election of Mr Umar Abdul Hamid as a Director		
3.	Re-election of Mr Chua Koh Ming as a Director		
4.	Re-election of Mr Ravindran Govindan as a Director		
5.	Re-election of Mr Meno Junichiro as a Director		
6.	Approval of Directors' fees amounting to S\$50,000		
7.	Re-appointment of Messrs Ernst & Young as Auditors		
8.	Authority to allot and issue new shares		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2003

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

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

## PROXY FORM

### Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 22 Tagore Lane, Singapore 787480 not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

### General:

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



進工程建設有限公司  
**STRIKE ENGINEERING LIMITED**

22 Tagore Lane, Singapore 787480

Tel: +65 6455 3922 Fax: +65 6455 7322