

ROTARY ENGINEERING LIMITED

# MANAGING FOR EXCELLENCE

ANNUAL REPORT  
**2004**  
Limited Edition

Everything you  
need to know about  
**Rotary Engineering  
Limited.** We do more  
than deliver, we make  
it happen!

## **YOUR ESSENTIAL GUIDE TO**

- Leading Effectively
- Thinking Strategically
- Managing Efficiently

## **Our Vision**

We aspire to be an excellent global engineering, procurement and construction company.

## **Our Mission**

Our mission is to provide quality services that consistently meet our clients' needs and expectations through excellence in our operations.

## **Our Core Values**

**S**

**SAFETY** above all, to protect our equipment, the environment and ourselves.

**T**

**TEAMWORK** to achieve quality products and services.

**R**

**RECOGNITION** of employees' contribution and development of their potential.

**I**

**INCULCATION** of continuous work improvement as our culture.

**D**

**DEVELOPMENT** of pride and ownership in our work.

**E**

**EXCELLENCE** in all efforts to meet our vision.

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## Corporate Information

### BOARD OF DIRECTORS

Chia Kim Piow  
*Chairman & Managing Director*

Wong Liang Feng

Chia Kim Chua

Lam Khin Khui

Quek Wee Hong

Keith Tay Ah Kee

Wong Oi Moi

Chee Eu Kee  
*(resigned wef 17 September 2004)*

### AUDIT COMMITTEE

Keith Tay Ah Kee  
*Chairman*

Lam Khin Khui

Quek Wee Hong

### NOMINATING COMMITTEE

Quek Wee Hong  
*Chairman*

Chia Kim Piow

Wong Liang Feng

Lam Khin Khui

Keith Tay Ah Kee

### REMUNERATION COMMITTEE

Lam Khin Khui  
*Chairman*

Wong Liang Feng

Quek Wee Hong

Keith Tay Ah Kee

### COMPANY SECRETARY

Shirley Lim Keng San

### REGISTERED OFFICE

17 Tuas Avenue 20  
Singapore 638828  
Tel: (65) 6861 1155  
Fax: (65) 6862 1319

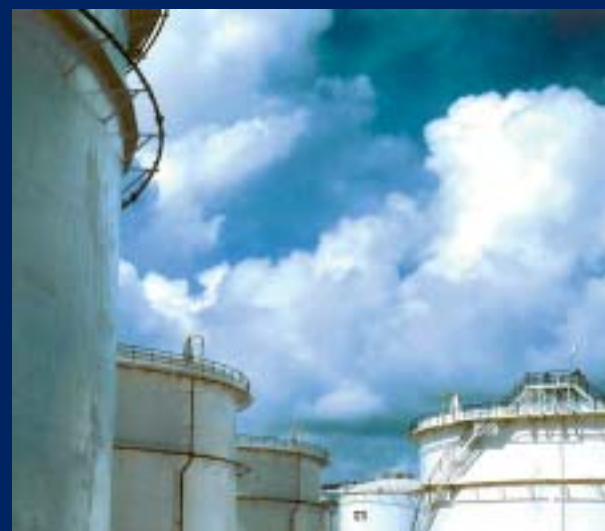
### SHARE REGISTRAR

**Lim Associates (Pte) Ltd**  
10 Collyer Quay  
#19-08 Ocean Building  
Singapore 049315  
Tel: (65) 6536 5355

### AUDITORS

**Ernst & Young**  
Audit Partner: Cheng Heng Tan  
*(since financial year 2002)*

## Rotary at a Glance



Rotary Engineering Limited is one of the region's leading players in offering a fully integrated engineering, procurement, construction and maintenance (EPCM) services to the oil-and-gas, petroleum, petrochemical and pharmaceutical industries in Singapore and beyond. Over the last 30 years, the Group has undertaken and successfully completed many turnkey projects in Singapore and around the region. With a total workforce of about 2000, the Group has more than 30 subsidiaries, associates and affiliates companies operating across more than 5 countries.

# MANAGING FOR EXCELLENCE

*To our customers, partners, shareholders and suppliers,  
our thanks for your support and contribution.*

*And to our staff, for making it happen. We appreciate your energy, passion and  
commitment towards the Group's growth and success.*



**ROTARY ENGINEERING LIMITED**  
Annual Report 2004

*“Thanks to the commitment of the management team and our employees, we enjoyed a solid operational performance in 2004.”*

**Chia Kim Piow**  
*Chairman & Managing Director*



# LEADING EFFECTIVELY

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## Chairman's Message

*Effective leadership goes beyond setting goals and directions. The effective leader drives the organization in a continuous process to transform, adapt and meet evolving challenges.*

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Oil prices have been volatile in 2004, experiencing record-breaking prices throughout the year, due to demand and supply concerns. This has led to a growing demand in engineering equipment and services related to oil exploration, production services, logistics and infrastructure.

After a period of downturn in the oil-and-gas sector, Singapore is showing signs of recovery with increasing interest in the industry. With news of prospective oil traders establishing oil storage facilities in Singapore, the Group is seeing renewed interest in the oil-and-gas market.

In addition to the increasing demand for oil storage facilities in the coming year, liquefied natural gas (LNG) has also been highlighted and debated in recent times. The emerging new dynamics of the LNG industry, coupled with additions of new buyers in the market, such as China and India, are setting the pace for LNG to becoming the next mass market fuel.

This is indeed an exciting time for all of us in the Group.

## Financial Review

Thanks to the commitment of the management team and our employees, we enjoyed a solid operational performance in 2004. The Group's turnover increased by 88% to S\$172 million, brought about by the successful execution of contracts secured in China and Thailand in the second half of 2003. During the year, the Group managed to secure contracts totaling S\$83 million, and by the end of 2004, the order book value was at S\$109 million.

In line with the increased business activities, there was a rise of 21% to S\$21.5 million in administrative costs and reduction in our cash balance from S\$44 million to S\$31.2 million, which was mainly used to finance the increases in debtors, stocks and contracts-in-progress. Gross profit margin decreased to 18% from 26% last year, largely due to the exceptionally high escalation of steel prices and increase in labour costs in China.

Nonetheless, overall net profit rose by 76% to S\$5.6 million while net current assets increased to S\$51.2 million, thanks to the management's strong focus on managing costs.

## Chairman's Message

### Operations Review

For most part of the year, China was our main business focus, where we have three major EPC projects, namely in Shanghai, Tianjin and Guangdong. Due to the slowdown in the petrochemical and oil-and-gas industry in Singapore throughout the year, the Group took the opportunity to translate our expertise to the projects in China.

Through expatriating our Singapore project team to China, we were able to bring project expertise to our China team members and assimilate them to the Group's culture, policies and quality standards. This translation of knowledge and experience was, and still is, instrumental in ensuring better control over the progress and quality of work – values that our clients have come to expect from us.

Meanwhile, Singapore still remains as one of our core markets, where in 2004, there were signs of recovery in the oil-and-gas industry.

### Business Review

In line with our internationalization strategy, turnover from overseas operations contributed 75% of the total revenue in 2004. Led by the outstanding performance of our China operations, there was a tremendous jump in turnover from a mere S\$3.9 million to S\$77.8 million. Our Thailand operations also recorded a very commendable performance with an increase in turnover from S\$26.9 million to S\$41.9 million.

In contrast, the Group recorded a decline of 19% in turnover from our Singapore operations to S\$42.3 million. This was mainly due to the continued slowdown in new investments and projects, as well as highly competitive market conditions.

### Outlook

Overseas operations and Singapore's increasing prospects will spur us to continue pursue major EPC contracts in the oil-and-gas, petrochemical and pharmaceutical industries more aggressively.

The Group's China team has obtained a 2nd Class Construction License from the Chinese government, thus allowing the team to facilitate construction activities for EPC projects. With this license, we are able to increase our capabilities and flexibilities in

project execution, while maintaining control on the schedule and progress throughout the phases of the project in its entirety. In this manner, we are able to assure the timely completion and quality standard as promised to our clients.

Encouraged by the opportunities in the maintenance business in China, the Group intends to set up an Integrated Maintenance Center in the Petrochemical Industrial Zone in Shanghai. This will facilitate the existing chemical hub with a fully equipped and reliable one-stop maintenance service center. This concept emulates the Group's Integrated Maintenance Center in Jurong Island.

On the local front, we are encouraged by the increasing demand in the oil-and-gas industry. In addition, we are also excited at the opportunity of being involved in the feasibility study for Singapore's first LNG terminal. As a Group, we are well positioned to seize the prospects in the changing market environment.

As we embark on our global expansion programme, we will continue to seek strategic investments and business alliances.

### Conclusion

In upholding good corporate governance, the Group persists to focus on managing the business with integrity, accountability and transparency, all of which form the bedrock of our *modus operandi*.

We are fortunate to be governed by a strong Board of Directors and management team who are committed to the Group's local and global strategies, as well as long-term success.

I wish to thank our Board of Directors, for their insight and guidance, our employees for their contributions and resolve, and most importantly, our shareholders for their continued support.

**Chia Kim Piow**  
Chairman & Managing Director

## Board of Directors



### Chia Kim Piow

*Chairman & Managing Director*

Mr Chia Kim Piow is the Founder, Chairman and Managing Director of the Rotary Group of Companies. With more than 30 years of experience in plant and facility design and construction, he has been instrumental in developing the Group from a sub-contractor to a multi-national turnkey engineering design and construction group. Under his stewardship, the Group has gained the recognition as one of the region's leading players in the oil-and-gas, petroleum, petrochemical and pharmaceutical industries.



### Wong Liang Feng

*Executive Director*

Mr Wong Liang Feng has been associated with the Rotary Group of Companies since 1983. Prior to joining the Group, he held a senior position in a multi-national oil company from 1966 to 1981. He was a member of the VITB Mechanical Engineering and Trade Advisory Committee from 1980 to 1983. He holds a Bachelor in Mechanical Engineering from University of Malaya and is a registered professional engineer. He is also a member of the Institute of Engineers in Singapore.



### Chia Kim Chua

*Executive Director*

Mr Chia Kim Chua was appointed to the Board in 1982. Since then, he had served as the head of the Project Management Department and has overseen many major EPC projects in Singapore as well as overseas. He is also the management representative for the Group's ISO 9001 certification and is currently working on achieving ISO 14000. He holds a Diploma from the Singapore Polytechnic.

## Board of Directors



### Lam Khin Khui

*Independent Director*

Mr Lam Khin Khui was appointed to the Board in 1993. He brought with him a wealth of experience from the many years of working in both the private and government sectors and has served on the boards of government-linked companies. He is currently a partner with an international management-consulting firm. He holds a Bachelor in Chemical Engineering from University of Melbourne and a Diploma in Business Administration from National University of Singapore.



### Quek Wee Hong

*Independent Director*

Mr Quek Wee Hong was appointed to the Board in 1993. He relinquished his executive position in 1995 and has since remained as a non-executive member of the Board. He was previously the Company Secretary and member of the Audit Committee from 1993 to 1995. In 2001, he was re-appointed as a member of the Audit Committee. Prior to joining the Group, he held senior management positions in accounting, finance and management of both local and multi-national companies. He holds a Master Degree in Business and is a Certified Public Accountant. He is also a Chartered Secretary & Administrator.



### Keith Tay Ah Kee

*Independent Director*

Mr Keith Tay is a Chartered Accountant by profession and was formerly Chairman and Managing Partner of an international accounting firm. He was President of the Institute of Certified Public Accountants of Singapore from 1982 to 1992.

Mr Tay is currently Chairman of Stirling Coleman Capital Ltd and holds directorship in several other companies. He is also on the Board of the Singapore International Chamber of Commerce, of which he was Chairman from 1995 to 1997. A Founder Member and Vice-Chairman of the Singapore Institute Of Directors, he has also served as Adjunct Professor in the School Of Accountancy and Business of the Nanyang Technological University.



### Wong Oi Moi

*Director*

Mdm Wong Oi Moi has been associated with the Group since 1975. She is currently a Non-Executive and Non-Independent Director of the Board.

# THINKING STRATEGICALLY

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## Operations Review

*Future-focused, strategic leadership perpetuates the success of an organization. The strategic leader drives growth with foresight, integrating short-term results with long-term goals.*

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### SINGAPORE

The slowdown in Singapore's oil-and-gas industry continued for the year 2004. Faced with dearth of new projects and fierce competition, segmental revenue from our Singapore operations declined by 19% to S\$42.3 million from S\$52.5 million in 2003.

For most part of the year, our Singapore project team was mobilized to China where we have three major EPC projects in progress. This has enabled us to share project and construction management expertise with the China team members. Meanwhile, we continue to receive repeat orders from our existing clients in Singapore, mainly for addition and alteration works on their facilities.

Looking ahead, the overall outlook for local oil-and-gas industry is finally showing positive signs of recovery after years of slowdown. Since the beginning of 2004, there has been a surge in interest from international oil traders who consider setting up their storage facilities here to capitalize on Singapore's thriving oil trading hub status. Separately, there has also been an increase in international companies exploring the options of starting their plants in Jurong Island.

In addition, the emerging new dynamics of LNG have led to the increase in potential business opportunities in the oil-and-gas industry. In January 2005, the Group joined Tokyo Gas Engineering (TGE), Sumitomo Mitsui Banking Corporation, Lovells Lee & Lee, ICF Consulting and ERM, in conducting a feasibility study on the first Singapore's LNG terminal. The study is being led by TGE and the Group's scope involves the study on infrastructure requirements and site selection.

On the marketing front, efforts were intensified during the year. The Group took part in its first trade exhibition in Abu Dhabi last October. We had the opportunity to introduce the Group's services to the oil-and-gas companies operating in the Middle East.

In December, the Group and its subsidiaries – Rotary IMC, Supermec and Powell Industries Asia – took part in OSEA 2004 held in Singapore. The four-day exhibition led to the establishment of many new contacts with the oil-and-gas operators in the Asia Pacific region.

## Operations Review



### Ang Chiap Heong

*Director, Rotary Electrical Company (Pte) Ltd*

Ang Chiap Heong first joined the company as a project manager in 1986. Then, he was responsible for overseeing projects in the discipline of electrical and instrumentation for both the oil-and-gas and marine industries. Thereafter, he was seconded to REC as its general manager responsible for the commercial aspects of the subsidiary. In recognition of his good performance, he was promoted to head REC as its director in 2004.

### Hoon Mai Hong

*General Manager, Rotary Electrical Company (Pte) Ltd*

Hoon Mai Hong joined the company in 1974 and has since been involved in a number of key electrical and instrumentation projects. He has a wealth of experience in the successful undertaking and completion of many turnkey electrical and instrumentation installation projects in both Singapore and overseas. He currently serves as the general manager of REC, responsible for the operational and construction aspects of the business.

### Sharline Halim

*General Manager, Rotary Automation Pte Ltd*

Sharline Halim holds a degree in Chemical Engineering from NSW University and first joined the company as a business development manager in 1999. She was later promoted to head Rotary Automation as its general manager in 2002. Prior to joining the company, she held various senior positions in multi-national corporations dealing with oil-and-gas in Indonesia, among which included her role as a director in PT Stream Flo Indonesia Corp.

### Rotary Electrical Company (Pte) Ltd ("REC")

### Rotary Automation Pte Ltd ("Rotary Automation")

REC continued to gain recognition for its expertise in providing electrical and instrumentation (E&I) engineering services for offshore marine structures. Known for its pool of E&I engineering experts, REC supplied specialized personnel to several projects involving both offshore and onshore structures during the year.

The year 2004 saw the formation of Rotary Automation Pte Ltd, following the purchase of shares held by Honeywell in the Honeywell-Rotary joint venture.

#### Q1: What were the operationally significant events in 2004?

##### *Ang Chiap Heong:*

Though there was a continued slowdown in the Singapore market, we were deeply encouraged by the recent developments, whereby many exploration and production (E&P) companies have increased their capital expenditure budgets to build offshore structures and drilling rigs.

##### *Hoon Mai Hong:*

Having successfully completed many E&I projects on such structures, we are confident that REC is well positioned to capitalize on these latest developments.

##### *Sharline Halim:*

The formation of "Rotary Automation Pte Ltd", which is now a wholly-owned subsidiary of the Rotary Group of Companies. Business-wise, we continue to provide the technology and expertise in instrumentation and control systems such as PLC, DCS and Plantscape.

#### Q2: What were the key challenges faced in 2004?

##### *Hoon Mai Hong:*

Due to the lack of projects available in Singapore, we had to re-deploy excess manpower to our overseas operations such as Malaysia, China and an on-going project in Baku, Azerbaijan.

##### *Sharline Halim:*

Previously, it was easier to gain access to our target market as many of the customers perceived us to be part of Honeywell, the majority of these customers have installed bases of the Honeywell systems. Now, we have to convince these customers apart from our capabilities, we still provide the same services as before.



**Q3: How did the operating environment in 2004 support, challenge or alter your business strategies?**

***Ang Chiap Heong:***

As REC continues to gain recognition as a reliable partner in providing E&I engineering services to offshore structures, we are confident that this segment could be our key contributor in the coming years.

***Sharline Halim:***

We are now able to work with other system providers such as Yokogawa, Invensys and Fisher Rosemount, which means greater business potential for us. Before, we were limited to working mostly with Honeywell systems.

**Q4: How was the business performance in 2004? What is the outlook for 2005?**

***Ang Chiap Heong:***

The lack of activities and developments in Singapore's oil-and-gas industry had definitely affected our earnings in 2004, but with various cost-cutting measures, we were able to sustain our profit margin.

Looking ahead, efforts are already being increased to raise REC's profile in new markets such as the Middle East and Central Asia.

***Sharline Halim:***

We achieved more than 90% of the targeted revenue for 2004, while overhead costs were kept to below the allocated budget.

Moving forward, we aim to become a reputable automation company across the Southeast Asia region in the oil-and-gas, petrochemical and pharmaceutical industries.

## Operations Review

### Rotary IMC Pte Ltd (“RIMC”) Centralized Warehouse Department (“CWD”)

Year 2004 saw a continuation of difficult market condition with declining maintenance works from many process plants. Nevertheless, thanks to RIMC’s focus on delivering high quality total integrated services coupled with competitive pricing, many repeat orders were received from existing clients such as Tankstore, Oiltanking, Invista and Lonza.

CWD also had a challenging but rewarding year in 2004. As the Group’s main buying house for materials and equipment, CWD was responsible for all procurement requirements for most of the major EPC projects in China and Thailand.

**Q1: What were the operationally significant events in 2004?**

#### *Joseph Khow:*

Last year was yet another breakthrough year for RIMC. We were engaged by Oiltanking Singapore to upgrade one of their existing storage tanks to Aluminum Geodesic Dome Roof, the first of such retrofit in Oiltanking worldwide. We had also added Shell Eastern into our valuable customer list, and became one of their resident service providers in Pulau Bukom refinery.

Our service agency rights with Bornemann Pumps had also expanded beyond Singapore to include the Southeast Asia region. Our trained specialists were deployed to offshore platforms off Malaysia waters to perform OEM support and commissioning.

#### *Kellin Tham:*

The overall performance of CWD saw a significant jump in turnover last year as we continued to serve the Group as the main and central buying house for materials and equipment.

**Q2: What were the key challenges faced in 2004?**

#### *Joseph Khow:*

As there were substantially fewer contracts available in Singapore, we were faced with stiffer competition. Nonetheless, our established reputation as a reliable third-party maintenance service provider has enabled us to secure a record number of contracts resulting in a better turnover.

#### *Kellin Tham:*

One of the key challenges faced was the rising material cost, due to a global supply and demand imbalance. Rapid growth in infrastructure in fast-developing nations like China and India has led to the multi-fold increase in



#### **Joseph Khow**

*Managing Director, Rotary IMC Pte Ltd*

Joseph Khow holds a Diploma (Mechanical) from Singapore Polytechnic, a Bachelor degree in Mechanical Engineering (Honours) from Nanyang Technological University, and a MSc in Industrial and Systems Engineering from National University of Singapore. He is a member of Institute of Engineers in Singapore (IES), and has served as President of the Association of Process Industry from July 2002 to June 2004. Prior to joining the company in 2000, he served the multinational oil majors as engineer, and subsequently led two local contracting companies in the capacity as general manager/director. Since joining Rotary, he has successfully led RIMC into becoming a leading player in third-party maintenance service provider for the oil-and-gas, petroleum and petrochemical industries in Singapore. In 2004, he was promoted to Managing Director to spearhead the business into one of the region’s leading players.

#### **Kellin Tham**

*General Manager, Centralized Warehouse Department*

Kellin Tham first joined the Group in 2001 as head of CWD, the unit responsible for all the Group’s procurement needs, both local and overseas. She brings with her a wealth of experience in supply chain management and procurement. She is also the managing director of the Group’s subsidiary, Supermec Pte Ltd.



material costs. Thankfully, due to our insistence in advance planning and adopting a transparent approach with our customers, we were able to hedge ourselves and therefore minimize the impact of the increase of material costs on our bottom line.

**Q3: How did the operating environment in 2004 support, challenge or alter your business strategies?**

*Joseph Khow:*

Operationally, our diversified capabilities in undertaking varying scope of work had gained the industry's confidence. Existing maintenance contracts were renewed, and there was an increase in the scope of work for most of these contracts.

With the Manpower Ministry's policy on reducing foreign workers dependency, RIMC's sustainable growth allowed us to support and join Singapore Workforce Development Agency (WDA) in their Place & Train scheme in recruiting and training Singaporeans with the necessary skills, thereby adding on to a more versatile workforce.

*Kellin Tham:*

Our one-stop concept of incorporating materials and consumables supplies within the maintenance contract has made many of our customers see the real benefits in engaging us for their procurement needs.

**Q4: What were the new services offered to attract new customers, and promote customer loyalty?**

*Joseph Khow:*

We are constantly in pursuit to add more specialist services and maintenance solutions to our portfolio,

that will not only ensure existing customers' confidence in us, but also attract new customers. In some instances, we have also expanded our scope to include Operations & Maintenance (O&M) in an effort to better optimize the utilization of resources and manpower flexibility.

*Kellin Tham:*

By leveraging on our worldwide network of reputable suppliers, we are able to ensure quality, competitive pricing and timely delivery of the materials and equipment.

**Q5: How was the business performance in 2004? What is the outlook for 2005?**

*Joseph Khow:*

In 2004, there was a tremendous growth in revenue, yet operating costs were kept within the industry standards.

We are upbeat about the future outlook of RIMC, in view that the process industry in Singapore is experiencing further growth. We are also embarking on our internationalization efforts more aggressively. With many of our existing customers being multi-national corporations with extensive international presence, we could then be able to leverage on this existing working relationships by offering the same high quality standard and hassle-free third-party maintenance services to their overseas facilities.

## Operations Review

### CHINA

In 2004, our China operations recorded a tremendous jump in segmental revenue from a mere S\$3.9 million to S\$77.8 million, following the award of three major EPC contracts in second half of 2003. Hence, a large proportion of the project team was involved in these projects, namely CSPC's spherical tank terminal in the Petrochemical Complex in Daya Bay, Guangdong, Vopak Shanghai Logistics' storage terminal in Shanghai Chemical Industry Park in Caojin and Vopak Ethylene Terminal in Tianjin, for most part of the year. All projects are still in progress and are expected to complete on schedule.

The year marked a milestone achievement for Rotary Engineering Shanghai Ltd (RESL), which obtained a 2nd Class Construction License from the Chinese government. This license will now allow RESL to undertake the construction portion of an EPC contract, therefore enabling the project team to exercise better control on the construction schedule and progress. We will be able to ensure timely completion, without compromising on safety and quality.

In December, the Group was awarded a lump-sum turnkey contract worth over US\$20 million for the BP Zhuhai Phase II expansion project for its Jiufeng LPG storage facility. The project involves two underground storage caverns with a capacity to handle 1.2 million metric tons of LPG per annum. Our scope involves the EPC of all aboveground and jetty topside works, which includes the provision of process systems for import, heating and storage of LPG and installation of marine loading arms.



### Loh Eng Kee

*Managing Director, Thai Rotary Engineering Ltd*

Loh Eng Kee first joined the company in 1985. Since then, he has moved from being a construction superintendent to general manager of Rotary Mechanical & Construction Co. Pte Ltd. In 1997, he was seconded to head the Group's operations in Thailand. Under his leadership, TREL has gained recognition as one of the leading players in turnkey EPC tank farm construction and as a main contractor for all disciplines in oil-and-gas, petrochemical and industrial projects in Thailand as well as the African continent. He also led TREL in achieving ISO 9000-2000 certification in 2004.

### Sarjit Singh

*General Manager, Rotary MEC (M) Sdn Bhd*

Sarjit Singh holds a Bachelor (Hons) degree in Mechanical Engineering from the United Kingdom. He is a registered professional engineer with the Institution of Engineers and also a member of the Board of Engineers in Malaysia. He joined RMEC in 2001 and brought with him over 20 years of experience in engineering and project management from various companies in the engineering field. He has been instrumental in RMEC's profitability and making it the subcontracting company of choice of international EPCC contractors such as Kellogg Brown & Root.





## THAILAND

Thai Rotary Engineering Ltd (TREL) also recorded an increase in segmental revenue from S\$27 million to S\$42 million, largely brought about by the local market's recognition of TREL as one of Thailand's most reliable engineering and contracting companies in the oil-and-gas, as well as petrochemical and pharmaceutical industries.

Following the successful completion of its earlier tank farm project, Siam Cement Group awarded TREL with a further four more contracts involving the engineering, procurement and construction of its tank farms. TREL also continued to receive orders from Thai Tank Terminal for its on-going expansion project, and from other repeat customers such as Repco and Petrofac International, during the year.

TREL obtained the ASME "U", "S" and "R" stamp accreditations in 2004. Through these accreditations, TREL can now market its capability in manufacturing pressure vessels, thereby enhancing the range of services offered to its clients.

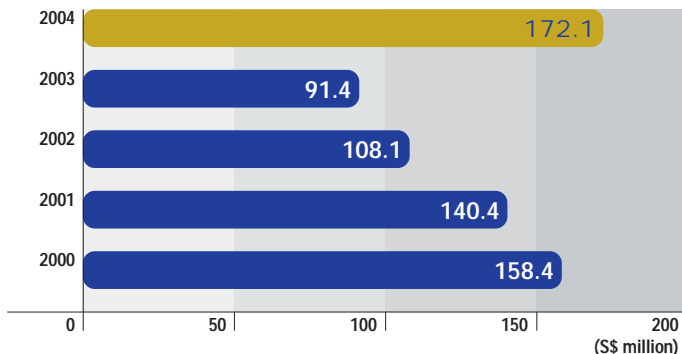
## MALAYSIA

Despite difficult market conditions, Rotary MEC (M) Sdn BHD (RMEC) managed to report an increase in segmental revenue from \$2.8 million to S\$3.5 million. Due to the lack of projects available and stiffer competition, conscientious efforts were made to reduce operational costs, among which included the consolidation of manpower headcount, in order for the business to remain viable and competitive.

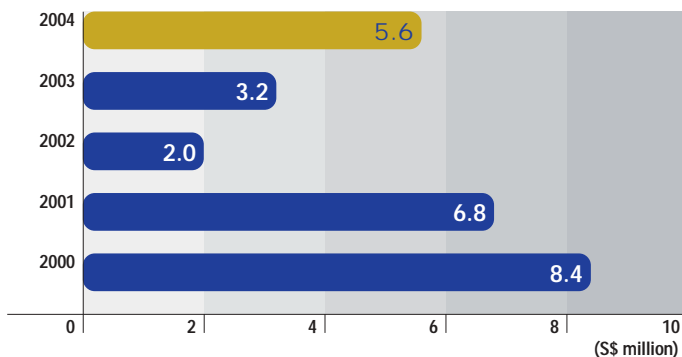
Aligned with the Group's commitment towards quality, RMEC achieved its ISO 9001 certification in 2004. This will further enhance its commitment towards rendering only the best in quality workmanship and achieving zero incident, while meeting contractual specifications.

## Financial Highlights

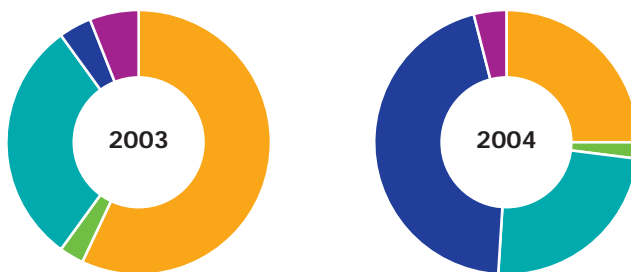
### TURNOVER



### NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS



### TURNOVER BY REGION



	2003 (%)	2004 (%)
■ Singapore	57	25
■ Malaysia	3	2
■ Thailand	30	24
■ China	4	45
■ India & Others	6	4

# MANAGING EFFICIENTLY

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## Financial Report 2004

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## Code of Corporate Governance

### INTRODUCTION

Rotary Engineering Limited (the "Company") is committed to achieving high standards of corporate conduct and has generally complied with the Principles of the Code of Corporate Governance. We have outlined our policies and practices covering each of the principles in the sections that follow.

### BOARD OF DIRECTORS

#### Principles 1, 2, 4 and 6

The Board of Directors is accountable to the shareholders and is responsible for maintaining a high standard of corporate governance and promoting continuing improvements in Board effectiveness. The Group strives to be consistent with the Code of Corporate Governance.

The Board comprises eight Directors, three are independent, and five are non-independent, of whom four are Executive Directors and one non-executive. The Board is made up of individuals from different professional, technical and financial backgrounds. Their core competencies, qualifications, skills and experience are extensive and complementary. Key information on Directors is set out on pages 5 to 6 of the Annual Report.

The Board oversees the management of the business and affairs of the Group; approves the Group's corporate and strategic directions, appoints Directors to the Board and approves the appointment of key managerial personnel, major funding, investment proposals and divestment, and reviews the financial performance of the Group. Where necessary, additional Board meetings are held to address significant issues or approve major transactions.

The four Executive Directors form the Executive Committee that acts for the Board in supervising the management of the Group's business and affairs. Monthly business review meetings, presided by at least one Executive Director, are held to review the progress of projects and operational performance. Major issues are highlighted for follow-up and corrective actions.

To facilitate effective management, certain functions have been assigned to various Board committees, each of which has its own written terms of reference. The composition of the Board and Board Committees are:

Director	Nature of Board Member	Audit	Committee Membership	
			Nominating	Remuneration
Chia Kim Piow	Chairman & Managing Director		Member	
Wong Liang Feng	Executive Director		Member	Member
Chia Kim Chua	Executive Director			
Chee Eu Kee*	Executive Director			
Wong Oi Moi	Non-Executive Director			
Lam Khin Khui	Independent Director	Member	Member	Chairman
Quek Wee Hong	Independent Director	Member	Chairman	Member
Keith Tay Ah Kee	Independent Director	Chairman	Member	Member

\* resigned w.e.f. 17 September 2004

## Code of Corporate Governance

The Board of Directors is familiar with the Group's business and governance practices. Notwithstanding, they receive updates and relevant training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. There is a programme to ensure new Directors receive relevant training and orientation before appointment to the Board.

All Directors have direct access to senior management and to the Company Secretary. The Company Secretary attends all Board meetings and ensures that the Board procedures are followed. The Company Secretary is responsible to ensure that the Company complies with the Companies Act. Working hand in hand with management, the Company Secretary also ensures that the Company complies with other applicable rules and regulations.

The Company's Articles will be amended to allow for telephonic and videoconference meetings. The number of Board meetings held in the year and the attendance of every Board member at those meetings are as follows:

Meetings of:	Board	Audit Committee	Nominating Committee	Remuneration Committee
<b>No. of Meetings held in 2004:</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>1</b>
<b><u>Name &amp; Attendance of Director</u></b>				
Chia Kim Piow	4		1	
Wong Liang Feng	4		1	1
Chia Kim Chua	4			
Chee Eu Kee *	3			
Wong Oi Moi	4			
Quek Wee Hong	4	3	1	1
Lam Khin Khui	4	3	1	1
Keith Tay Ah Kee	4	3	1	1

\* resigned w.e.f. 17 September 2004

### CHAIRMAN AND MANAGING DIRECTOR

#### Principle 3

Mr. Chia Kim Piow who is both Chairman and Managing Director of the Company leads the Board. This practice has been carried on since inception and he leads the Board meetings because of his in-depth knowledge of the Group's operations as well as his excellent relationship with customers, suppliers and other external parties that carry on business with the Group. The Board members unanimously support Mr. Chia's role as both Chairman and Managing Director.

### NOMINATING COMMITTEE

#### Principle 5

The Nominating Committee comprises Mr. Quek Wee Hong, Mr. Keith Tay Ah Kee, Mr. Lam Khin Khui, Mr. Chia Kim Piow and Mr. Wong Liang Feng. Mr. Quek, as Chairman of the Committee, Mr. Lam and Mr. Tay, are Independent Directors.

## Code of Corporate Governance

The Committee, which has written terms of reference approved by the Board, recommends to the Board any new Board appointments and nominates Directors for re-election. In line with this, it also determines the independence of Board members. Further, it sets objective performance criteria and the measurement processes to evaluate the performance of the Board and the contributions from the Directors on a year-to-year basis. The Committee conducted an evaluation of the Board's performance as a whole for the year ended 31 December 2004.

Information on Directors' age, position, date of initial appointment and date of last re-election are listed below.

Director	Age	Position	Date of Initial Appointment	Date of Last Re-election
Chia Kim Piow	56	Chairman & Managing Director	02-Dec-1980	N.A.
Wong Liang Feng	63	Executive Director	01-Feb-1993	29-May-2002
Chia Kim Chua	54	Executive Director	01-Mar-1982	21-May-2003
Chee Eu Kee*	62	Executive Director	01-Feb-2001	27-Apr-2004
Wong Oi Moi	48	Non-Executive Director	04-May-1983	21-May-2003
Lam Khin Khui	56	Independent Director	01-Feb-1993	27-Apr-2004
Quek Wee Hong	63	Independent Director	01-Jan-1993	27-Apr-2004
Keith Tay Ah Kee	60	Independent Director	01-Feb-1993	29-May-2002

\* resigned w.e.f. 17 September 2004

Pursuant to the Company's Articles of Association, other than the Managing Director, all Directors submit themselves for re-election at least once every three years.

In accordance with Article 100, one-third of the Directors are subject to re-election at every Annual General Meeting. The Committee has recommended the nominations of Mr. Wong Liang Feng and Mr. Keith Tay Ah Kee for re-election as Directors of the Company at the forthcoming Annual General Meeting.

### REMUNERATION COMMITTEE

#### Principles 7 and 8

The Remuneration Committee comprises Mr. Lam Khin Khui as Chairman, Mr. Quek Wee Hong, Mr. Keith Tay Ah Kee and Mr. Wong Liang Feng. Except for Mr. Wong, all are non-Executive Directors, independent of management. The Committee, when required, has access to expert advice, both within and outside the Company.

The role of the Committee, which has written terms of reference approved by the Board, is to review and recommend to the Board a framework of remuneration for the Board of Directors and key executives of the Group. It determines specific remuneration packages for each Executive Director and reviews the terms of their service contracts. In line with the above, it considers and approves guidelines on salary, bonus, and other terms and conditions for members of senior management, as well as the granting of share options in accordance with the rules of the Company's Share Option Scheme.

## Code of Corporate Governance

In setting remuneration packages for Directors and key executives of the Group, the pay and employment conditions within the industry and in comparable companies are taken into consideration. The Committee seeks to establish and maintain an appropriate and competitive level of remuneration to attract, retain and motivate key executives. The Committee also ensures that the remuneration policies support the Company's objectives and strategies.

The Managing Director and the Executive Directors have service contracts and do not receive Director's fees. Their compensations consist of salary, bonuses, options and performance awards that are dependent on the performance of the Group. The performance-related awards form a significant portion of their compensation. This is to align their interests with those of the shareholders and link rewards to corporate and individual performance.

Executive Directors are on services contracts which are subjected to review every three years. The Remuneration Committee is of the view that the Directors' service contracts are not excessively long or with onerous removal clauses.

The Independent Directors are compensated through Director's fees. The fees take into account the level of contribution and responsibilities of the Directors. These fees are subject to shareholders' approval at the Annual General Meeting.

The remuneration policy for key executives follows the guidelines laid down by the National Wages Council. Further, the Company's performance, the responsibility and performance of individual key executive are taken into consideration. Both the Committee and the Chairman of the Board recommend the remuneration packages of key executives for Board's approval.

The Directors' annual remuneration is set out below. Directors' interests and the Executives' Share Option Scheme are set out in the Directors' Report.

DIRECTORS	SALARY		BONUS		FEES		OTHER BENEFITS		TOTAL	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
<b>Above S\$500,000</b>										
Chia Kim Piow	51%	65%	46%	33%	-	-	3%	2%	100%	100%
Wong Liang Feng	42%	57%	54%	40%	-	-	4%	3%	100%	100%
<b>From \$250,000 to \$500,000</b>										
Chia Kim Chua	74%	86%	22%	11%	-	-	4%	3%	100%	100%
<b>Below \$250,000</b>										
Lam Khin Khui	-	-	-	-	100%	100%	-	-	100%	100%
Quek Wee Hong	-	-	-	-	100%	100%	-	-	100%	100%
Keith Tay Ah Kee	-	-	-	-	100%	100%	-	-	100%	100%

## Code of Corporate Governance

The annual remuneration for key executives is as follows:

KEY EXECUTIVES	SALARY		BONUS		OTHER BENEFITS		TOTAL	
	2004	2003	2004	2003	2004	2003	2004	2003
<b>Below \$250,000</b>								
Chee Eu Kee	78%	94%	12%	0%	10%	6%	100%	100%
Ang Chiap Heong	83%	85%	11%	9%	6%	6%	100%	100%
Hoon Mai Hong	83%	86%	13%	9%	4%	5%	100%	100%
Khow Chong Lam, Joseph	80%	85%	14%	10%	6%	5%	100%	100%
Loh Eng Kee	84%	86%	16%	9%	0%	5%	100%	100%
Tan Teck Seng	87%	-	8%	-	5%	-	100%	-
Tham Sow Chee, Kellin	66%	74%	33%	25%	1%	1%	100%	100%
Yeo Meng Teck	96%	-	0%	-	4%	-	100%	-

There was no employee related to Directors or, substantial shareholders of the Company whose remuneration exceeded \$150,000 each during the year.

### AUDIT COMMITTEE

#### Principle 11

The Audit Committee, which has written terms of reference approved by the Board, comprises Mr. Keith Tay Ah Kee as Chairman, Mr. Lam Khin Khui and Mr. Quek Wee Hong. All are Independent Directors. Two of the members, including the Chairman, are qualified accountants.

The Committee reviews the scope of work, as set out in section 201 B(5) of the Companies Act, Cap 50, of both internal and external auditors and the assistance given by the Company's officers to the auditor. It meets with the Company's internal and external auditors to review their audit plans and discussed the results of their respective examinations and their evaluation of the Group's operations and system of internal accounting controls. The Committee also reviews the financial statements of the Group for each financial year as well as the Auditor's report thereon, and the interim and annual results announcements, before submitting to the Board for approval. With the assistance of the auditors, the Committee reviews the interested persons transactions for the Group. The Committee recommends the appointment or re-appointment of external auditors and the audit fees.

Apart from formal meetings held during the financial year, the Chairman and various members of the Committee held informal meetings and discussions with the management from time to time. Members of the Committee have independent access to both external and internal auditors. The Committee met with both internal and external auditors without the presence of management.

The Committee has reviewed the nature and volume of non-audit services to the Group by the external auditors, are satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors. The Committee recommends the re-nomination of the external auditors for shareholders' approval at the forthcoming Annual General Meeting.

The Company has complied with the Best Practices Guide in relation to the roles and responsibilities of the Audit Committee issued by SGX-ST.

## Code of Corporate Governance

### ACCOUNTABILITY

#### Principle 10

The Board is accountable to the shareholders while management is accountable to the Board. Management presents half-year and full-year financial statements to the Audit Committee and the Board for review and approval. The Board approves the results and authorizes the release of results to SGX-ST and the public via SGXNET.

### INTERNAL CONTROLS & INTERNAL AUDIT

#### Principles 12 and 13

The Group has its own internal audit function until the middle of 2004 when the internal auditor resigned. In view of the difficulty in recruiting and retaining good internal audit personnel, decision has been taken to outsource the internal audit function.

The Group has in place a system of internal controls to ensure that assets are safeguarded, proper accounting records are maintained and financial information used within the business and for publication is reliable. The controls include the documentation of key procedures and rules relating to the delegation of authorities. The Audit Committee, assisted by the auditors, has reviewed the effectiveness of these controls and the Board has deemed them to be adequate within the Group's guidelines.

### COMMUNICATION WITH SHAREHOLDERS

#### Principles 14 and 15

Price-sensitive information relating to the Group is released through SGXNET onto the SGX website which is available to the public in general. Similarly, interim, full year results and annual reports announced or issued within the mandatory period are also released through the SGXNET. The Company's Annual Report is available at its website [www.rotaryeng.com.sg](http://www.rotaryeng.com.sg).

All shareholders of the Group will receive the Annual Report and notice of Annual General Meeting. At Annual General Meetings, shareholders will be given opportunity to voice their views and to direct questions regarding the Group to senior management or Directors, including the Chairman of each of the Board committees.

All Directors are encouraged to be present at all general meetings of the Company. The external auditors were present at the last Annual General Meeting.

### RISK MANAGEMENT

The Company's risk management policies are summarized as follows:

#### Contract pricing and execution

The ability to secure projects depends on competitive pricing, fulfilling the technical and commercial requirements, and delivery.

The Tender Review Committee comprising of at least one Director, Project Manager, Engineering Manager and Business Development Manager reviews the technical and commercial terms and conditions, as well as quantity and pricing, before approval is given for the submission of the tender proposal.

## Code of Corporate Governance

Upon receipt of contract, the Contract Review Committee comprising of at least one Director, Project Manager, Engineering Manager and Business Development Manager reviews the changes to the technical and commercial terms and conditions, as well as quantity and pricing, before accepting the contract.

The Project Manager monitors the progress and the productivity of the contract on a regular and continuous basis to ensure technical specifications are met, delivery on schedule and costs are under control.

### Information system

The Company has a disaster recovery plan and a maintenance programme for its accounting and management information system. Adequate resources are dedicated to ensure the systems are running smoothly and, if there is a disruption, a quick resumption of services is assured.

### Foreign currencies

The Group operates in several countries and is exposed to movements in foreign currency rates. It identifies foreign currency needs for all contracts. The currency outflows are matched against the inflows. Hedging is used only when there is a material discrepancy between the flows.

### Key executives

The Company is a service provider. Therefore, its business development and profitability depends on its ability to attract and retain qualified personnel. Besides the basic human resource programmes, the key executives are offered remuneration packages that are competitive within the industry, employees' share option scheme and a challenging work environment.

### Material prices

The Company depends on its suppliers for materials such as steel plates, pipes and fittings. Changes in prices affect the cost of construction. This is managed by forward planning of requirements, sourcing for alternate supply, and obtaining sufficient quantity at competitive prices.

### Source of revenue

Significant part of Group's turnover is derived from Singapore. Therefore, it is susceptible to a slowdown of Singapore economy. It has sought and continues to seek projects from outside of Singapore to diversify revenue stream.

## SECURITIES TRANSACTIONS

The Group has adopted the SGX-ST Best Practices Guide with respect to dealings in securities for the guidance of Directors and officers. In line with the guidelines, Directors, management and officers of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's shares during the periods commencing one month before the announcement of the Group's annual or half-year results and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group.

## MATERIAL CONTRACTS

Since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving the interests of Directors or controlling shareholders, and no such material contract subsisted at end of the financial year.

## Report of the Directors

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Rotary Engineering Limited (the Company) and its subsidiaries (the Group) for the financial year ended 31 December 2004 and balance sheet of the Company as at 31 December 2004.

### Directors

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

Chia Kim Piow (Chairman and Managing Director)  
 Wong Liang Feng  
 Wong Oi Moi  
 Chia Kim Chua  
 Quek Wee Hong  
 Keith Tay Ah Kee  
 Lam Khin Khui

In accordance with the Company's Article of Association, Mr. Wong Liang Feng and Mr. Keith Tay Ah Kee retire and, being eligible, offer themselves for re-election.

### Arrangements to enable Directors to acquire shares and debentures

Except as described below, 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 or debentures of the Company or any other body corporate.

### Directors' 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 as stated below:

	Held in the name of director		Deemed interest	
	At 1.1.2004	At 31.12.2004	At 1.1.2004	At 31.12.2004
<b>Rotary Engineering Limited</b>				
Ordinary shares of \$0.10 each				
Chia Kim Piow	39,049,440	15,393,440	204,462,000	119,179,023
Wong Liang Feng	19,388,640	43,687,390	209,721,680	42,994,349
Wong Oi Moi	13,148,640	4,980,640	204,462,000	119,179,023
Chia Kim Chua	5,713,600	15,887,158	-	-
Quek Wee Hong	600,000	800,000	200,000	-
Keith Tay Ah Kee	28,000	328,000	-	-
Lam Khin Khui	302,000	602,000	-	-
Chee Eu Kee	150,000	300,000	-	-

## Report of the Directors

### Directors' interests in shares and debentures (cont'd)

	Held in the name of director		Deemed interest	
	At 1.1.2004	At 31.12.2004	At 1.1.2004	At 31.12.2004
<b>Rotary Engineering Limited</b>				
Options to subscribe for ordinary shares of \$0.10 each				
Chia Kim Chua	600,000	-	-	-
Quek Wee Hong	300,000	-	-	-
Keith Tay Ah Kee	300,000	-	-	-
Lam Khin Khui	300,000	-	-	-
Chee Eu Kee	150,000	-	-	-

By virtue of Section 7 of the Companies Act, Mr. Chia Kim Piow, Mr. Wong Liang Feng and Mdm. Wong Oi Moi are deemed to have an interest in the subsidiaries of the Company at the beginning and at the end of the financial year.

There are no changes in the above interests between the end of the financial year and 21 January 2005.

No Director who held office at the end of the financial year had an interest in shares, share options or debentures of the Company and its subsidiary companies, other than that stated above.

### Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

### Share options

The Rotary Engineering Employees' Share Option Scheme ("the ESOS") was approved at the Company's Extraordinary General Meeting on 15 December 2000.

The ESOS is a share incentive scheme to give recognition to employees whose contributions have been essential to the well-being and prosperity of the Group, i.e. referring to Rotary Engineering Limited and its subsidiaries and associated companies.

On 26 October 2001, a total of 6,480,000 options to subscribe for ordinary shares of \$0.10 each in the Company ("Grant 1") were granted to an Executive Director, Independent Directors, Managerial Staff and Selected Employees ("the Grantees").

No option was granted during the financial year.

## Report of the Directors

### Share options (cont'd)

The exercise price for Grant 1 was fixed at 18.66 cents per share, and is exercisable between 27 October 2001 and 26 October 2011.

These options do not entitle the holder to participate, by virtue of the options, in any share issue of any other corporation. 2,580,000 options have been exercised as at the date of this report. No unissued shares other than those referred to above, are under option as at date of this report.

Details of the options to subscribe for ordinary shares of \$0.10 each of the Company granted to employees of the Group pursuant to the scheme are as follows:

Name of participant	Exercise period	Options granted during financial year	Aggregate options granted since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate option cancelled since commencement of scheme to end of financial year	Aggregate option outstanding as at end of the financial year	Exercise price
<b>Directors of the Company</b>							
Chia Kim Chua	2001 - 2011	-	600,000	(600,000)	-	-	S\$0.1866
Quek Wee Hong	2001 - 2011	-	300,000	(300,000)	-	-	S\$0.1866
Keith Tay Ah Kee	2001 - 2011	-	300,000	(300,000)	-	-	S\$0.1866
Lam Khin Khui	2001 - 2011	-	300,000	(300,000)	-	-	S\$0.1866
Chee Eu Kee	2001 - 2011	-	300,000	(300,000)	-	-	S\$0.1866
<b>Managerial staff</b>	2001 - 2011	-	3,770,000	(2,835,000)	(770,000)	165,000	S\$0.1866
<b>Specially selected staff</b>	2001 - 2011	-	910,000	(800,000)	(80,000)	30,000	S\$0.1866
Total			6,480,000	(5,435,000)	(850,000)	195,000	

### Audit Committee

The Audit Committee performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

## **Report of the Directors**

### **Auditors**

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors:

**Chia Kim Piow**  
Director

**Wong Liang Feng**  
Director

Singapore  
18 March 2005

## Statement by Directors

We, Chia Kim Piow and Wong Liang Feng, being two of the Directors of Rotary Engineering Limited, do hereby state that, in the opinion of the Directors,

- (a) the accompanying balance sheets, consolidated profit and loss accounts, consolidated statements of changes in equity and consolidated cash flows statement together with the notes thereto 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 31 December 2004 and of the results of the business, changes in equity and cash flows of the Group for the year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

**Chia Kim Piow**  
Director

**Wong Liang Feng**  
Director

Singapore  
18 March 2005

## **Auditor's Report to the Members of**

Rotary Engineering Limited

We have audited the financial statements of Rotary Engineering Limited (the Company) and its subsidiaries (the Group), set out on pages 29 to 66, for the year ended 31 December 2004. 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.

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG  
Certified Public Accountants

Singapore  
18 March 2005

## Balance Sheet

as at 31 December 2004

	Note	Group		Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Fixed assets</b>	8	36,959	40,125	8,534	8,927
<b>Investments</b>					
Subsidiary companies	9	-	-	46,156	38,235
Associated companies	10	8,570	4,624	7,351	3,434
Other investments	11	6,126	6,574	4,855	6,270
<b>Current assets</b>					
Cash at banks and in hand	12	31,178	44,046	20,650	30,776
Debtors	13	90,778	44,113	66,933	37,788
Contracts-in-progress	14	6,216	1,970	2,172	1,744
Stocks	15	11,697	5,427	-	-
		139,869	95,556	89,755	70,308
<b>Current liabilities</b>					
Bank overdraft	12	872	2,241	-	-
Contracts-in-progress	14	12,995	14,675	8,703	9,656
Creditors	16	52,477	28,491	54,466	36,857
Amounts due to bankers	17	22,366	-	14,197	-
		88,710	45,407	77,366	46,513
<b>Net current assets</b>		51,159	50,149	12,389	23,795
<b>Long term liabilities</b>					
Hire purchase creditors	18	211	193	-	-
Deferred taxation	19	1,022	1,354	778	778
		(1,233)	(1,547)	(778)	(778)
		101,581	99,925	78,507	79,883
<b>Share capital and reserves</b>					
Share capital	20	40,544	40,286	40,544	40,286
Reserves	21	58,628	56,381	37,963	39,597
		99,172	96,667	78,507	79,883
<b>Minority interest</b>		2,409	3,258	-	-
		101,581	99,925	78,507	79,883

The accounting policies and explanatory notes on pages 33 to 66 form an integral part of the financial statements.

## Profit and Loss Account

for the year ended 31 December 2004

	Note	Group	
		2004 \$'000	2003 \$'000
<b>Turnover</b>	4	172,061	91,352
Cost of sales		(141,742)	(67,679)
<b>Gross profit</b>		30,319	23,673
Other revenue		1,547	1,616
Administrative costs		(21,556)	(17,815)
Other operating costs		(4,349)	(4,725)
<b>Profit from operating activities</b>		5,961	2,749
Finance costs		(456)	(152)
Share of profit from unconsolidated associates		1,313	1,549
<b>Profit from operations before tax and minority interest</b>	5	6,818	4,146
Taxation	6	(1,329)	(992)
Minority interests, net of tax		130	41
<b>Net profit for the year</b>		5,619	3,195
<b>Earnings per share (cents)</b>			
Basic earnings per share	7	1.4	0.8
Diluted earnings per share	7	1.4	0.8

*The accounting policies and explanatory notes on pages 33 to 66 form an integral part of the financial statements.*

## Statement of Changes in Equity

for the year ended 31 December 2004

Group	Note	2004 \$'000	2003 \$'000
<b>Issued capital <sup>(1)</sup></b>			
Balance at beginning of year		40,286	40,000
Issuance of ordinary shares		258	286
Balance at end of year	20	40,544	40,286
<b>Share premium</b>			
Balance at beginning of year		16,117	15,869
Premium on issuance of ordinary shares		223	248
Balance at end of year		16,340	16,117
<b>Exchange translation loss</b>			
Balance at beginning of year		(2,891)	(4,017)
Addition during the year		(1,010)	1,126
Balance at end of year		(3,901)	(2,891)
<b>Revenue reserve</b>			
Balance at beginning of year		43,127	41,804
Profit for the year		5,619	3,195
Dividends paid	22	(2,585)	(1,872)
Balance at end of year		46,161	43,127
<b>Capital reserve</b>			
Balance at beginning and end of year		28	28
<b>Total equity</b>		99,172	96,667
<b>Net change in equity from non-owner sources excluding net profits</b>		(1,010)	1,126

<sup>(1)</sup> The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

*The accounting policies and explanatory notes on pages 33 to 66 form an integral part of the financial statements.*

## Statement of Cash Flows

for the year ended 31 December 2004

	Note	2004 \$'000	2003 \$'000
<b>Operating income before reinvestment in working capital</b>	24	9,430	6,899
(Increase)/decrease in debtors		(44,558)	1,736
Increase in stocks		(6,892)	(522)
Decrease in contracts-in-progress		(5,921)	(4,061)
Increase in creditors		21,323	446
<b>Cash (used in)/generated from operations</b>		(26,618)	4,498
Interest received		377	454
Interest paid		(456)	(152)
Income tax paid		(1,596)	(1,276)
<b>Net cash (used in)/generated from operating activities</b>		(28,293)	3,524
<b>Cash flow from investing activities</b>			
Acquisition of additional shares in subsidiary from minority shareholders		-	(456)
Increase in investment in associated companies		(4,056)	(501)
(Increase)/decrease in other investments, net		(873)	216
Purchase of fixed assets		(3,221)	(4,998)
Proceeds from disposal of fixed assets		1,972	3,119
Proceeds from disposal of investments		1,535	2,724
Proceeds from disposal of associated companies		594	-
Acquisition of subsidiary, net of cash acquired		37	-
Disposal of subsidiary, net of cash disposal		450	-
<b>Net cash (used in)/generated from investing activities</b>		(3,562)	104
<b>Cash flow generated from financing activities</b>			
Proceeds from issuance of share capital		481	534
Proceed from bank loan and trade facilities		22,366	-
Dividend paid:			
- by the company		(2,585)	(1,872)
- by subsidiaries to minority shareholders		(240)	(117)
- by associated companies		334	713
<b>Net cash flows generated from/(used in) financing activities</b>		20,356	(742)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(11,499)	2,886
<b>Cash and cash equivalents at beginning of year (Note 24)</b>		41,805	38,919
<b>Cash and cash equivalents at end of year (Note 24)</b>		30,306	41,805

The accounting policies and explanatory notes on pages 33 to 66 form an integral part of the financial statements.

## Notes to the Financial Statements

31 December 2004

### 1. Corporate information

Rotary Engineering Limited (the "Company") is a limited liability company, which is incorporated in Singapore. During the year, REL Investments Pte Ltd ceased to be the immediate and ultimate holding company.

The registered office of the Company is located at No. 17, Tuas Avenue 20, Singapore 638828.

The principal activities of the Company are engineering design, procurement and construction services for plants and associated facilities. The principal activities of the Company's subsidiaries are set out in Note 3 below. There have been no significant changes in the nature of these activities during the year.

The Group operates in 16 (2003: 16) countries and the Group and Company employed 1,597 and 267 (2003: 1,461 and 225) employees as of 31 December 2004, respectively.

### 2. Summary of significant accounting policies

#### *(a) Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act.

The financial statements have been prepared on a historical cost basis, and are presented in Singapore dollars ("SGD" or "S\$").

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

#### *(b) Principles of consolidation*

The consolidated financial statements comprise the financial statements of Rotary Engineering Limited ("the Parent Company") and its controlled subsidiaries, after elimination of all material inter-company transactions.

Subsidiaries are consolidated from the date the Parent Company obtains control until such time as control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to conform any dissimilar material accounting policies that may exist.

## Notes to the Financial Statements

31 December 2004

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

#### **(c) Subsidiary companies**

A subsidiary is a company in which the Group, directly or indirectly, holds more than 50% of the issued share capital, or controls the composition of the Board of Directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

#### **(d) Associated companies**

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

The Group's share of the results of associated companies is included in the consolidated profit and loss account. The Group's share of the post-acquisition reserves of associated companies is included in investments in the consolidated balance sheet.

Shares in associated companies are stated in the Company's balance sheet at cost less impairment losses.

Dividend income is recognised when dividends are declared.

#### **(e) Investments**

Investments held on a long-term basis are stated at average cost and any impairment in value.

Dividend income is recognised when dividends are declared. Interest income is accrued on the day-to-day basis.

#### **(f) Revenue recognition**

Revenue from contracts is recognised on the percentage of completion method by reference to the physical progress on each contract and all losses are provided for as they become known. Claims for additional contract compensation are not recognised until resolved.

Revenues from employment, advertising, insurance agencies and procurement are recognised upon the provision of services. Revenues from the sale of goods are recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

#### **(g) Contracts-in-progress**

Contracts-in-progress consists of contract costs incurred and attributable profits less progress billings.

Contract costs include all direct material and labour costs and those indirect costs related to contract performance. General and administrative costs are expensed as incurred.

Progress billings comprise progress claims and claimables based on the percentage of completion on uncompleted contracts. Allowance for foreseeable losses on uncompleted contracts are made in the period in which such losses are determined.

## Notes to the Financial Statements

31 December 2004

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

#### (h) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. 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 accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amount, and if carrying values exceed this recoverable amount, assets are written down.

#### (i) Leased assets

Where assets are financed by lease agreements that give rights approximating to ownership (finance leases), the assets are capitalised under fixed assets as if they had been purchased outright at the values equivalent to the present values of total rental payable during the periods of the leases and the corresponding lease commitments are included under liabilities. Lease payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. Depreciation on the relevant assets is charged to the profit and loss account on the basis outlined in paragraph (j) below.

Annual rental on operating leases is charged to the profit and loss account.

#### (j) Depreciation

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

Leasehold land in People's Republic of China	-	over period of lease of 30 years
Leasehold buildings	-	over the period of the lease of 30 to 50 years
Office renovations	-	10 years
Office equipment, furniture and fittings	-	5 to 10 years
Plant and machinery	-	5 to 10 years
Motor vehicles	-	5 years
Computers (included in office equipment)	-	3 years
Other assets	-	3 to 10 years

Fully depreciated fixed assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

## Notes to the Financial Statements

31 December 2004

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

#### *(k) Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials on a first-in-first-out basis and, in the case of finished products, include direct labour and attributable production overheads based on normal levels of activity. Net realisable value represents the estimated selling price less anticipated cost of disposal and after making allowance for damaged, obsolete and slow-moving items.

#### *(l) Deferred taxation*

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investment in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset 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.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unabsorbed capital allowances, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax losses and unused tax credit can be utilised.

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.

#### *(m) Foreign currency translation*

Transactions in foreign currencies are measured in SGD and recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at balance sheet date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates or, in the case of items carried at fair value, the exchange rates that existed when the values were determined. All resultant exchange differences are recognised in the profit and loss account.

## Notes to the Financial Statements

31 December 2004

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

#### *(m) Foreign currency translation (cont'd)*

Assets and liabilities of foreign entities are translated into SGD equivalents at exchange rates ruling at balance sheet date. Revenues and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. All resultant exchange differences are taken directly to equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the profit and loss account as a component of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquiring entity and are recorded at the exchange rate at the date of the transaction.

#### *(n) 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.

#### *(o) Borrowing costs*

Borrowing costs are recognised as expenses in the period in which they are incurred.

#### *(p) Impairment*

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.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

#### *(q) Cash and cash equivalents*

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investment readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash at banks and in hand less bank overdrafts but exclude secured bank overdrafts which are used for financing activities.

## Notes to the Financial Statements

31 December 2004

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

#### *(r) Employee benefits*

##### *Pensions and other post employment benefits*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

##### *Employee leave entitlement*

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

##### *Employee share incentive plan*

The Company has an employee share incentive plan for the granting of non-transferable options. No compensation cost is recognised upon granting or the exercise of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital and share premium accordingly.

#### *(s) Trade and other debtors*

Trade debtors are recognised and carried at original invoiced amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at cost less an allowance for any uncollectible amounts.

#### *(t) Trade and other creditors*

Liabilities for trade and other amounts payable 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.

Payables to related parties are carried at cost.

## Notes to the Financial Statements

31 December 2004

### 3. Group companies

The subsidiary and associated companies at 31 December 2004 are:

Name of Company (Country of incorporation and place of business)	Principal activities	Cost		Percentage of equity held by the Group	
		2004 \$'000	2003 \$'000	2004 %	2003 %
<b><i>Subsidiary companies held by the Company:</i></b>					
Rotary Electrical Company (Private) Limited (Singapore)	Electrical and engineering contractor and supplier	4,543	4,543	100	100
Rotary Mechanical and Construction Company (Private) Limited (Singapore)	Contractor in mechanical piping and related works	1,544	1,544	100	100
Rotary Scaffolding & Construction Pte Ltd (Singapore)	Contractor in engineering and scaffolding works	500	500	100	100
Rotary Coatings (Singapore) Pte Ltd (##) (Singapore)	Dormant	–	144	–	100
Supermec Pte Ltd (Singapore)	Insurance broker and electrical and engineering material traders	84	84	70	70
Rotary Pharma Pte Ltd (Singapore)	Engineering consultants, designers and builders	973	973	100	100
P.T. Rotary MECOM (####) (Indonesia)	Dormant	225	225	70	70
Rotary Services Pte Ltd (Singapore)	Engineering, design installation and repair services	550	550	100	100
Sixty-six Switchgears Co Pte Ltd (Singapore)	Electrical testing and testing of switchgear	129	129	60	60

## Notes to the Financial Statements

31 December 2004

### 3. Group companies (cont'd)

Name of Company (Country of incorporation and place of business)	Principal activities	Cost		Percentage of equity held by the Group	
		2004	2003	2004	2003
		\$'000	\$'000	%	%
<b><i>Subsidiary companies held by the Company:</i></b>					
Innovative Biotech Pte Ltd (Singapore)	Trading of medical products and equipment	1,939	1,939	52.2	52.2
Fushun Rotary Engineering Co Ltd (#) (People's Republic of China)	Dormant	249	249	90	90
Fushun Rotary Cable Co Ltd (*) <sup>(1)</sup> (People's Republic of China)	Manufacturing of cables and wires	708	708	100	100
Rotary Engineering (Australia) Pty Ltd (***) (****) (Australia)	Dormant	-	-	100	100
Rotary TREL Pte Ltd (Singapore)	Engineering construction	957	957	100	100
P.T. Rotary Engineering Indonesia (*) <sup>(2)</sup> (Indonesia)	Steel fabrication and construction	2,750	2,750	100	100
Rotary MEC Engineering (India) Private Limited (*) <sup>(3)</sup> (India)	Engineering design, procurement and construction services for plants and associated facilities	513	513	100	100
Thai Rotary Engineering Ltd (**) (Thailand)	Engineering design and construction works	2,506 (###)	2,003 (###)	49 49	46.2 46.2

## Notes to the Financial Statements

31 December 2004

### 3. Group companies (cont'd)

Name of Company (Country of incorporation and place of business)	Principal activities	Cost		Percentage of equity held by the Group	
		2004 \$'000	2003 \$'000	2004 %	2003 %
<b><i>Subsidiary companies held by the Company:</i></b>					
Calvert Limited (**) (Thailand)	Investment holding	2	2	90.6	90.6
Rotary IMC Pte Ltd (Singapore)	Provision of integrated maintenance services	20,000	20,000	100	100
Fushun Rotary Cable and Electronics Co Ltd (##) (People's Republic of China)	Dormant	-	141	-	69.1
Rotary Engineering (Shanghai) Limited (####) (People's Republic of China)	Executing turnkey and EPC projects	8,539	1,313	100	100
Rotary International Trading (Shanghai) Ltd (People's Republic of China)	Trading in construction and engineering related materials and equipment as well as provision of trading agency and services	339	-	100	-
Rotary Automation Pte Ltd (Singapore)	Engineering, design, procurement, construction and maintenance service	542	-	100	-
RIMC Services Sdn. Bhd. (Malaysia)	Engineering works	-	-	100	-
		<u>47,592</u>	<u>39,267</u>		

## Notes to the Financial Statements

31 December 2004

### 3. Group companies (cont'd)

Name of Company (Country of incorporation and place of business)	Principal activities	Percentage of equity held by the Group	
		2004 %	2003 %
<i>Held by subsidiaries:</i>			
Biotech Medical Corporation Sdn Bhd (**) (Malaysia)	Trading of medical products and equipment	-	52.2
Thai Rotary Engineering Ltd (**) (Thailand)	Engineering design and construction works	46.2	46.2
Comdale Services Limited (**) (***) (British Virgin Islands)	Investment holding	100	100
Futura Pacific Corporation Pte Ltd (***) (Singapore)	Dormant	52.2	52.2
IMC Equipment Pte Ltd (Singapore)	Marketing, sales, rental, distribution and servicing of heavy machinery and equipment to plant and chemical process industry operators	100	100
RKB Engineering Co Pte Ltd (Singapore)	Engineering works	100	100
Perlite Services Pte Ltd (Singapore)	Provide insulation services and products for the oil and petrochemical industries	51	51
TRC Construction Co Limited (**) (Thailand)	Engineering design and construction works	48.6	48.6
EnRis Pte Ltd (Singapore)	Provision of diagnostic and maintenance services for plants and related facilities	90	90
Rotary-Thai Pharma Pte Ltd (####) (Singapore)	Engineering design, procurement, construction management, validation and consultancy services	100	100

## Notes to the Financial Statements

31 December 2004

### 3. Group companies (cont'd)

- (\*) Audited by other firms.  
 (1) Fushun Certified Public Accountants, China  
 (2) Drs. Sukimto Sjumtuli, Indonesia  
 (3) P.R. Jayakumar & Co., India
- (\*\*) Audited by Ernst & Young in Malaysia and Thailand.  
 (\*\*\*) \$2 share capital.  
 (\*\*\*\*) Not required to be audited under the laws of the country of incorporation.  
 (#) Not required to be audited as the company is dormant since its incorporation.  
 (##) No audited accounts as company is in the process of liquidation/de-registration.  
 (###) The 46.2% is held through a subsidiary of the Company.  
 (####) No audited accounts as company is dormant.

Name of Company (Country of incorporation and place of business)	Principal activities	Cost		Percentage of equity held by the Group	
		2004	2003	2004	2003
		\$'000	\$'000	%	%
<b>Associated companies held by the Company:</b>					
Paper Dimension (S) Pte Ltd (Singapore)	Paper merchant	82	82	41	41
Rotary MEC (M) Sdn Bhd (*) (Malaysia)	Engineering works	253	253	49	49
Rotary Automation Pte Ltd (Singapore)	Engineering, design, procurement, construction and maintenance services	-	245	-	49
Rotary Kellogg Brown & Root Pte Ltd (formerly known as Rotary Brown & Root Pte Ltd (Singapore)	Engineering, construction and maintenance services	50	50	50	50
Powell Industries Asia Pte Ltd (Singapore)	Supply of power control rooms systems	200	250	40	50
Jasinusa Automobile Pte Ltd (Singapore)	Investment holding	2,554	2,554	25	-

## Notes to the Financial Statements

31 December 2004

### 3. Group companies (cont'd)

Name of Company (Country of incorporation and place of business)	Principal activities	Cost		Percentage of equity held by the Group	
		2004	2003	2004	2003
		\$'000	\$'000	%	%
<b>Associated companies held by the Company:</b>					
Tiong Woon China Consortium Pte Ltd (Singapore)	Provision of heavy lift, equipment installation, project engineering, heavy haulage and marine transportation services	2,892	-	25	-
Pipe Rack Holding Company Pte Ltd (Singapore)	Constructing and providing pipe rack and pipelines facilities	1,320	-	40	-
		<u>7,351</u>	<u>3,434</u>		
<b>Held by subsidiary:</b>					
RSK Engineering Pte Ltd (Singapore)	Pipe fabrication services	120	120	40	40
Thyssen Hunnebeck Scaffolding Pte Ltd (#) (Singapore)	Dormant	-	250	-	50
Rotary Techskill India Private Limited (India)	Testing and certification of workers in mechanical works	17	17	30	30
Proscon Asia Pte Ltd (#) (Singapore)	Dormant	-	50	-	50
IMC Heavy Equipment Pte Ltd (Singapore)	Marketing, sales, rental, distribution and servicing of heavy machinery and equipment to plant and chemical process industry operators	500	500	50	50
		<u>7,988</u>	<u>4,371</u>		

(\*) Audited by associated firm of Ernst & Young in Malaysia.

(#) No audited accounts as company is in the process of liquidation.

## Notes to the Financial Statements

31 December 2004

### 4. Turnover

Turnover represents invoiced value of goods supplied, services rendered and progress claims on the percentage of completion of contracts-in-progress analysed as follows:

	Group	
	2004	2003
	\$'000	\$'000
External parties	169,342	88,408
Associated companies	2,719	2,944
	<u>172,061</u>	<u>91,352</u>
Contract revenue	159,006	82,553
Sales of goods and services rendered	13,055	8,799
	<u>172,061</u>	<u>91,352</u>

### 5. Profit from operations before tax and minority interest

This is stated after charging:

	Group	
	2004	2003
	\$'000	\$'000
Auditors' remuneration		
- Auditors of the Company	151	172
- Other auditors of subsidiary companies	11	6
- Under/(over) provision in previous year	2	(61)
- Non-audit services	25	118
- Non-audit services overprovided	-	(150)
Directors' fee		
- Directors of the Company	140	140
- Directors of subsidiary companies	-	4
Directors' performance bonus		
- Directors of the Company	760	422
Directors' remuneration		
- Directors of the Company	980	1,102
- Directors of subsidiary companies	604	570
- The Central Provident Fund	53	82
	<u>53</u>	<u>82</u>

## Notes to the Financial Statements

31 December 2004

### 5. Profit from operations before tax and minority interest (cont'd)

	Group	
	2004	2003
	\$'000	\$'000
And after crediting:		
Gain on disposal of fixed assets	19	474
Gain on disposal of long-term quoted equity investments	118	18
Gross dividends from quoted corporations in Singapore	58	36
Interest income		
- Fixed deposits	344	401
- Associated companies	29	38
Write back of allowance for doubtful debts	189	112
	<u>189</u>	<u>112</u>

### 6. Taxation

Provision for taxation in respect of profit for the year:

	Group	
	2004	2003
	\$'000	\$'000
Current taxation		
- Singapore	1,513	729
- Foreign	268	151
Deferred taxation		
- Foreign	-	10
	<u>1,781</u>	<u>890</u>
Overprovision in respect of previous years	(503)	-
Associated companies	51	102
	<u>1,329</u>	<u>992</u>

## Notes to the Financial Statements

31 December 2004

### 6. Taxation (cont'd)

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December was as follows:

	Group	
	2004	2003
	\$'000	\$'000
Net profit before tax	6,818	4,146
Tax calculated at Singapore statutory income tax rate of 20% (2003: 22%)	1,364	912
Effect of tax rates in foreign jurisdictions	26	(66)
Tax effect of expenses not deductible for tax purposes	402	384
Tax effect of exempt income	(302)	(54)
Tax effect of capital allowances utilised	(140)	(94)
Others	431	192
	1,781	890

### 7. Earnings per share

Basic earnings per share is calculated by dividing the Group's net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The following reflects the income and share data used in the basis and diluted earnings per share computations for the years ended 31 December:

	2004	2003
	\$'000	\$'000
Net profit attributable to ordinary shareholders for basis and diluted earnings per share	5,619	3,195
Weighted average number of ordinary shares on issue applicable to basic earnings per share	404,324	400,616
Effect of dilutive securities:		
Share options	122	799
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	404,446	401,415

Since the end of the financial year, approximately 2,580,000 (2003: 2,855,000) ordinary shares have been issued from the exercise of share options.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

## Notes to the Financial Statements

31 December 2004

### 8. Fixed assets

Group	Leasehold land \$'000	Leasehold buildings \$'000	Office renovations \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Other assets \$'000	Construction- in-progress \$'000	Total \$'000
<b>Cost</b>									
At beginning of year	2,106	35,220	1,082	8,736	3,365	10,861	6,523	1,070	68,963
Additions	-	837	5	496	490	343	596	191	2,958
Disposals	-	(51)	(22)	(200)	(410)	(483)	(356)	(1,196)	(2,718)
Acquisition of subsidiary	-	-	165	14	22	3	-	-	204
Disposal of subsidiary	-	-	(52)	(278)	(83)	(671)	-	-	(1,084)
Currency realignment	(163)	(373)	(18)	(39)	(11)	(193)	58	(28)	(767)
At end of year	1,943	35,633	1,160	8,729	3,373	9,860	6,821	37	67,556
<b>Accumulated depreciation</b>									
At beginning of year	261	6,102	1,018	7,785	2,081	5,758	5,833	-	28,838
Charge for the year	39	1,218	22	468	570	1,220	387	-	3,924
Disposals	-	(1)	(9)	(142)	(328)	(219)	(197)	-	(896)
Acquisition of subsidiary	-	-	62	10	9	3	-	-	84
Disposal of subsidiary	-	-	(45)	(213)	(49)	(394)	-	-	(701)
Currency realignment	(51)	(176)	(19)	(37)	(43)	(243)	(83)	-	(652)
At end of year	249	7,143	1,029	7,871	2,240	6,125	5,940	-	30,597
Charge for 2003	41	1,233	25	577	622	1,278	202	-	3,978
<b>Net book value</b>									
At end of year	1,694	28,490	131	858	1,133	3,735	881	37	36,959
At beginning of year	1,845	29,118	64	951	1,284	5,103	690	1,070	40,125
<b>Company</b>									
Company	Leasehold buildings \$'000	Office renovations \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	Other assets \$'000	Total \$'000			
<b>Cost</b>									
At beginning of year	11,112	271	6,453	842	1,975	20,653			
Additions	-	-	100	4	-	104			
At end of year	11,112	271	6,553	846	1,975	20,757			
<b>Accumulated depreciation</b>									
At beginning of year	2,686	243	6,269	553	1,975	11,726			
Charge for the year	234	13	130	120	-	497			
At end of year	2,920	256	6,399	673	1,975	12,223			
Charge for 2003	233	14	229	119	2	597			
<b>Net book value</b>									
At end of year	8,192	15	154	173	-	8,534			
At beginning of year	8,426	28	184	289	-	8,927			

## Notes to the Financial Statements

31 December 2004

### 8. Fixed assets (cont'd)

(a) Other assets comprise electrical equipment, containers, air conditioners and hand tools.

(b)	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Net book value of fixed assets acquired under hire purchase	201	520	100	149

(c) The following are the major properties of the Group:

#### *Located in Singapore:*

- (i) A 3-hanger workshop building and a 3-storey office building located at 17 Tuas Avenue 20 on a leasehold land area of 19,863 sqm (60 years from 1 January 1992).
- (ii) A JTC Type 4 single-storey corner terrace with extended mezzanine office floor at 2 Gul Street 2 on a leasehold land area of 1,610 sqm (30 years from 6 August 1981).
- (iii) A leasehold land with an area of 27,060 sqm in Jurong Island for industrial use (30 years from 1 April 1999).

#### *Located overseas:*

- (i) A leasehold land and building with a land area of 2,421.3 sqm in Fushun, People's Republic of China for industrial use (30 years from 1994).
- (ii) A leasehold land and building with a land area of 120,000 sqm in Batam, Indonesia for industrial use (30 years from 1996).
- (iii) A freehold land with an area of 70,000 sqm in Huay Pong, Thailand for industrial use.

### 9. Subsidiary companies

	Company	
	2004 \$'000	2003 \$'000
Unquoted equity shares at cost	47,592	39,267
Less: Impairment losses	(1,436)	(1,032)
	46,156	38,235

## Notes to the Financial Statements

31 December 2004

### 9. Subsidiary companies (cont'd)

Details on the subsidiary companies are set out in Note 3 to the financial statements.

	Company	
	2004 \$'000	2003 \$'000
Analysis of impairment losses:		
Balance at 1 January	1,032	305
Charge to profit and loss account	404	727
Balance at 31 December	1,436	1,032

During the year, the Company acquired the remaining 50% of the voting share of a 50% owned associated company, Rotary Automation Pte Ltd. Consideration for the acquisition was \$297,000 and the acquisition was accounted for using the purchase method of accounting.

The Company disposed of Biotech Medical Corporation Sdn Bhd for a consideration of \$487,000.

The fair values of the assets acquired and liabilities assumed of Rotary Automation Pte Ltd and assets disposed and liabilities discharge by Biotech Medical Corporation Sdn Bhd, as at 1 January 2004 and 30 June 2004 respectively, and the cash flow effect of the acquisition and disposal were:

	Acquisition \$'000	Disposal \$'000
Fixed assets	(38)	370
Trade and other debtors	(1,285)	636
Contract work-in-progress	(5)	-
Cash and cash equivalents	(334)	37
Stocks	(223)	845
	(1,885)	1,888
Trade and other creditors	2,476	(1,305)
Net assets	591	583
Goodwill on acquisition/disposal written off	(157)	(96)
Fair value of net assets	434	487
Share of loss for associate taken up	(731)	-
Consideration (paid) received in cash	(297)	487
Cash and cash equivalent	334	(37)
Net cash inflow on acquisition/disposal of subsidiary	37	450

## Notes to the Financial Statements

31 December 2004

### 9. Subsidiary companies (cont'd)

The effects of the acquisition of Rotary Automation Pte Ltd and the disposal of Biotech Medical Corporation Sdn Bhd on the financial position of the Group at 31 December 2004 and their results for the year are shown below:

	Acquisition \$'000	Disposal \$'000
Total assets at 31 December 2004	2,197	1,888
Total liabilities at 31 December 2004	2,501	1,305
Contribution to the Group for the period		
- Turnover	5,320	542
- Profit before tax	375	(110)
- Profit after tax	287	(110)

### 10. Associated companies

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Unquoted equity shares at cost	7,988	4,371	7,351	3,434
Share of results of associated companies	582	253	-	-
	<u>8,570</u>	<u>4,624</u>	<u>7,351</u>	<u>3,434</u>

Details on the associated companies are set out in Note 3 to the financial statements.

### 11. Other investments

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Quoted equity investments at cost	2,319	2,734	2,319	2,734
Less: Impairment losses charged	(739)	(739)	(739)	(739)
	<u>1,580</u>	<u>1,995</u>	<u>1,580</u>	<u>1,995</u>
Unquoted equity investments at cost	2,247	1,226	976	976
Less: Impairment losses charged	(701)	(701)	(701)	(701)
	<u>1,546</u>	<u>525</u>	<u>275</u>	<u>275</u>
Quoted investment, at cost				
- Debts securities and bond	-	4,054	-	4,000
- Mutual fund	3,000	-	3,000	-
	<u>3,000</u>	<u>4,054</u>	<u>3,000</u>	<u>4,000</u>
Total	<u>6,126</u>	<u>6,574</u>	<u>4,855</u>	<u>6,270</u>

## Notes to the Financial Statements

31 December 2004

### 11. Other investments (cont'd)

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Market value of quoted equity investments	1,403	1,721	1,403	1,721
Market value of quoted investments	3,038	4,018	3,038	4,018
Analysis of impairment losses:				
Balance at 1 January	701	592	701	592
Charge to profit and loss account	-	109	-	109
Balance at 31 December	701	701	701	701

### 12. Cash at banks and in hand/bank overdraft

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Fixed deposits	12,264	31,965	11,464	27,177
Cash and bank balances	18,914	12,081	9,186	3,599
	31,178	44,046	20,650	30,776
Bank overdraft, unsecured	872	2,241	-	-
Fixed deposits pledged as securities for banking facilities	9,172	2,871	8,159	1,311

### 13. Debtors

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Trade debtors, (a)	80,066	32,867	38,206	10,386
Associated/related companies, (b)	3,392	3,383	27,175	23,975
Other debtors, (c)	7,320	7,863	1,552	3,427
	90,778	44,113	66,933	37,788
(a) Trade debtors include retention sum of:	3,063	5,891	1,658	4,627
Trade debtors are stated after deducting allowance for doubtful debts of:	1,810	1,032	495	191

## Notes to the Financial Statements

31 December 2004

### 13. Debtors (cont'd)

Analysis of allowance for doubtful debts:

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Balance at 1 January	1,032	580	191	191
Acquisition of subsidiary	62	-	-	-
Charge to profit and loss account	844	564	304	-
Write-back during the year	(128)	(112)	-	-
Balance at 31 December	1,810	1,032	495	191
Bad debts written off directly to profit and loss account	-	38	-	-

#### (b) Associated/related companies

##### **Amounts receivable on current account**

###### *Trade balances*

Subsidiary companies	-	-	1,110	1,390
Associated companies	1,916	1,517	210	134
	1,916	1,517	1,320	1,524

###### *Non-trade balances*

Subsidiary companies	-	-	25,126	19,871
Associated companies	1,476	3,670	729	4,384
	1,476	3,670	25,855	24,255
Less: Allowance for doubtful debts	-	(1,804)	-	(1,804)
	1,476	1,866	25,855	22,451
	3,392	3,383	27,175	23,975

Analysis of allowance  
for doubtful debts:

Balance at 1 January	1,804	1,500	1,804	1,500
Charge to profit and loss account	-	304	-	304
Provision written off	(1,804)	-	(1,804)	-
Balance at 31 December	-	1,804	-	1,804

## Notes to the Financial Statements

31 December 2004

### 13. Debtors (cont'd)

Amounts receivable from subsidiary companies on current account are interest free and unsecured with no fixed terms of repayment except for the following loans which are interest-bearing:

Amount		Interest rate	
2004	2003	2004	2003
\$	\$		
4,000,000	4,000,000	SIBOR + 1%	SIBOR + 1%
-	20,411	Prime Rate + 1%	Prime Rate + 1%
-	298,000	Cost of Fund + 0.75%	Cost of Fund + 0.75%

Amounts receivable from associated companies on current account are interest-free and unsecured with no fixed terms of repayment with the exception of a loan amount of \$560,000 (2003: \$560,000) which bears interest at Prime Rate + 1% (2003: Prime Rate + 1%).

(c) Other debtors comprise the following:

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Accrued interest	-	6	-	6
Staff loans	602	553	487	467
Sundry deposits	283	267	148	151
Prepayments	1,677	242	67	27
Advances to supplier	-	2,140	-	2,140
Recoverables	4,758	4,655	850	636
	7,320	7,863	1,552	3,427

### 14. Contracts-in-progress

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
<b>Current asset</b>				
Being costs and attributable profits in excess of progress billings	6,216	1,970	2,172	1,744
<b>Current liability</b>				
Being progress billings in excess of costs and attributable profits	(12,995)	(14,675)	(8,703)	(9,656)
	(6,779)	(12,705)	(6,531)	(7,912)

This can be analysed as follows:

Costs incurred and attributable profits	192,454	158,088	101,174	90,808
Less: Progress billings	199,233	(170,793)	(107,705)	(98,720)
	(6,779)	(12,705)	(6,531)	(7,912)

## Notes to the Financial Statements

31 December 2004

### 15. Stocks

	Company	
	2004 \$'000	2003 \$'000
Raw materials, supplies and consumables, at cost	10,217	3,921
Medical products, at cost	1,480	1,506
	<u>11,697</u>	<u>5,427</u>

### 16. Creditors

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Related companies, (a)	1,352	343	34,006	27,614
Trade creditors and accruals	38,911	20,370	9,525	3,235
Advances from customers	10,616	6,009	10,616	5,963
Provision for taxation	1,443	1,543	319	-
Hire purchase creditors (Note 18)	155	226	-	45
	<u>52,477</u>	<u>28,491</u>	<u>54,466</u>	<u>36,857</u>

(a) Related companies

#### **Amounts payable on current account**

##### *Trade balances*

Subsidiary companies	-	-	7,043	6,822
Associated companies	1,352	300	60	105
	<u>1,352</u>	<u>300</u>	<u>7,103</u>	<u>6,927</u>

##### *Non-trade balances*

Subsidiary companies	-	-	26,903	20,687
Associated companies	-	43	-	-
	<u>-</u>	<u>43</u>	<u>26,903</u>	<u>20,687</u>
	<u>1,352</u>	<u>343</u>	<u>34,006</u>	<u>27,614</u>

The amounts payable to related companies are interest-free and unsecured with no fixed terms of repayment.

## Notes to the Financial Statements

31 December 2004

### 17. Amounts due to bankers

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Short-term loan - secured	10,087	-	6,811	-
- unsecured	7,386	-	7,386	-
Trade facilities - secured	4,893	-	-	-
	<u>22,366</u>	<u>-</u>	<u>14,197</u>	<u>-</u>

The secured short-term loan and trade facilities are secured by fixed deposit of the Company and Group amounting to \$6,884,000 and \$7,808,000 respectively.

The interest rate on the amounts due to the bankers ranged from 2.83% to 6.5% (2003: Nil) per annum during the year.

### 18. Hire purchase creditors

Group	2004		2003	
	Minimum payments \$'000	Present value of payments \$'000	Minimum payments \$'000	Present value of payments \$'000
Within one year	179	155	250	226
After one year but not more than five years	246	211	225	193
Total minimum lease payments	425	366	475	419
Less: Amounts representing finance charges	(59)	-	(56)	-
Present value of minimum lease payments	366	366	419	419
Amount repayable within one year (Note 16)	(155)	(155)	(226)	(226)
Amount repayable after one year	<u>211</u>	<u>211</u>	<u>193</u>	<u>193</u>

## Notes to the Financial Statements

31 December 2004

### 18. Hire purchase creditors (cont'd)

Company	2004		2003	
	Minimum payments \$'000	Present value of payments \$'000	Minimum payments \$'000	Present value of payments \$'000
Within one year	-	-	47	45
After one year but not more than five years	-	-	-	-
Total minimum lease payments	-	-	47	45
Less: Amounts representing finance charges	-	-	(2)	-
Present value of minimum lease payments	-	-	45	45
Amount repayable within one year (Note 16)	-	-	(45)	(45)
Amount repayable after one year	-	-	-	-

### 19. Deferred taxation

The details are analysed as follows:

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Deferred tax liabilities</b>				
Differences in depreciation	1,516	1,688	735	735
Other deferred tax liabilities	-	22	43	43
Gross deferred tax liabilities	1,516	1,710	778	778
<b>Deferred tax assets</b>				
Other deferred tax assets	(494)	(356)	-	-
Net deferred tax liabilities	1,022	1,354	778	778

## Notes to the Financial Statements

31 December 2004

### 19. Deferred taxation (cont'd)

Tax effect of temporary differences for which no deferred tax is recognised

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Unutilised tax losses	204	517	-	-
Unabsorbed capital allowances	426	4,254	-	-
	630	4,771	-	-

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits of the Companies in which the losses arose.

The use of these unutilised tax losses and unabsorbed capital allowances are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation.

No deferred tax assets have been recognised for all the above temporary differences because of the uncertainty of its recoverability.

### 20. Share capital

	Group and Company	
	2004 \$'000	2003 \$'000
Authorised:		
1,000,000,000 ordinary shares of \$0.10 each	100,000	100,000
Issued and fully paid:		
At beginning of year		
402,855,000 (2003: 400,000,000) ordinary shares of \$0.10 each	40,286	40,000
Issued during the year		
2,580,000 (2003: 2,855,000) ordinary shares of \$0.10 each for cash at a premium of \$0.866 each	258	286
At end of year		
405,435,000 (2003: 402,855,000) ordinary shares of \$0.10 each	40,544	40,286

## Notes to the Financial Statements

31 December 2004

### 21. Reserves

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Revenue reserve</b>				
Balance at beginning of year	43,127	41,804	23,480	26,201
Profit for the year	5,619	3,195	728	(849)
Dividends paid	-	(1,872)	-	(1,872)
Dividends proposed	(2,585)	-	(2,585)	-
Balance at end of year	46,161	43,127	21,623	23,480
<b>Exchange translation loss</b>				
Balance at 1 January	(2,891)	(4,017)	-	-
Addition during the year	(1,010)	1,126	-	-
Balance at 31 December	(3,901)	(2,891)	-	-
<b>Share premium account</b>				
Balance at 1 January	16,117	15,869	16,117	15,869
On issuance of ordinary shares	223	248	223	248
Balance at 31 December	16,340	16,117	16,340	16,117
<b>Capital reserve</b>				
Balance at 1 January and 31 December	28	28	-	-
Total reserves	58,628	56,381	37,963	39,597
<b>Made up of:</b>				
Distributable	42,260	40,236	21,623	23,480
Non-distributable	16,368	16,145	16,340	16,117
	58,628	56,381	37,963	39,597

## Notes to the Financial Statements

31 December 2004

### 22. Dividends paid and proposed

	Group and Company	
	2004	2003
	\$'000	\$'000
Dividends for 2003 and 2002 - paid		
- First and final dividend of 0.8 cents (2003: 0.6 cents) per share of \$0.10 each, less tax of 20% (2003: 22%)	2,585	1,872

The Directors propose a first and final dividend of 0.8 cents per share of \$0.10 each less tax of 20% amounting to \$2,594,784 be paid for the year ended 31 December 2004.

### 23. Related party transactions

The Group and the Company have significant transactions with related companies on terms agreed between the parties, as follows:

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
<b>Subsidiary companies</b>				
Purchase of services	-	-	40,979	13,941
Contract sales and services	-	-	(1,065)	(3,970)
Interest received	-	-	(82)	(69)
Rental received	-	-	(172)	(32)
Recovery of administration expenses	-	-	(1,269)	(2,476)
Accounting fee received	-	-	-	(30)
<b>Associated companies</b>				
Purchase of goods and services	2,334	1,649	-	1,228
Contract sales and services	(2,718)	(2,944)	(258)	(107)
Interest received	(29)	(38)	(29)	(38)
Accounting fee received	(65)	(159)	(65)	(159)
Rental received	(58)	(68)	(58)	(68)

### Directors' and executives' remuneration

Directors' remuneration for the Group and the Company totalled approximately \$1,637,000 (2003: \$2,320,000) and \$996,000 (2003: \$1,692,000) respectively for the year ended.

Executive officers' remuneration for the Group and the Company totalled approximately \$857,000 (2003: \$639,000) and \$297,000 (2003: \$139,000) respectively.

## Notes to the Financial Statements

31 December 2004

### 24. Cash and cash equivalents

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

	Group	
	2004 \$'000	2003 \$'000
Fixed deposits	12,264	31,965
Cash and bank balances	18,914	12,081
Bank overdrafts, unsecured	(872)	(2,241)
	<u>30,306</u>	<u>41,805</u>
<b>Cash flow from operating activities</b>		
Profit before taxation	6,818	4,146
Adjustments for:		
Share of results of associated companies	(1,313)	(1,549)
Depreciation of fixed assets	4,008	3,978
Gain on disposal of fixed assets	(150)	(489)
Gain on disposal of quoted equity investments	(118)	(16)
Gain on disposal of unquoted equity investments	(244)	-
Interest income	(372)	(440)
Interest expense	456	152
Currency realignment	345	1,117
Operating income before reinvestment in working capital	<u>9,430</u>	<u>6,899</u>

### 25. Operating leases

The Group and the Company lease certain properties under lease agreements that are non-cancellable. Future minimum lease payments are as follows:

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Payable within 1 year	743	687	301	279
Payable between 2 to 5 years	3,187	2,926	1,452	1,347
Payable after 5 years	15,300	16,151	7,531	7,933
	<u>19,230</u>	<u>19,764</u>	<u>9,284</u>	<u>9,559</u>

## Notes to the Financial Statements

31 December 2004

### 26. Capital commitments

	Group	
	2004 \$'000	2003 \$'000
Capital expenditure not provided for in the financial statements:		
Other amounts approved by Directors but not committed	5,501	2,748

### 27. Contingent liabilities

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Guarantees and performance bonds				
- secured	3,185	3,291	2,261	2,343
- unsecured	61,665	33,278	55,374	29,289

The guarantees and performance bonds are secured by pledge of fixed deposits of \$9,172,725 (2003: \$2,871,530).

### 28. Subsequent events

Subsequent to the end of the financial year,

- (a) the Company acquired a 20% associated company, Eastlog Holding Pte Ltd.
- (b) the Company acquired 676,000 ordinary shares of a partly-owned subsidiary, Innovative Biotech Pte Ltd, for a consideration of \$338,000. As a result of the additional acquisition, the Company owned 97% of the shareholding in Innovative Biotech Pte Ltd.
- (c) the Company's subsidiary company, Rotary IMC Pte Ltd, acquired the remaining 49% shareholding in a partly-owned subsidiary, Perlite Services Pte Ltd, for a cash consideration of \$1. Perlite Services Pte Ltd became a wholly-owned subsidiary of Rotary IMC Pte Ltd.

## Notes to the Financial Statements

31 December 2004

### 29. Segment information

The following tables present revenue and profit information regarding industry segments for the years ended 31 December 2004 and 2003 and certain assets and liability information regarding industry segments at 31 December 2004 and 2003.

#### Business segments

	Project services		Maintenance, and trading		Eliminations		Consolidated	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<i>Segment revenue</i>								
Sales to external customers	145,610	69,082	26,451	22,270	-	-	172,061	91,352
Intersegment sales	2,730	1,982	47,025	13,913	(49,755)	(15,895)	-	-
Total revenue	148,340	71,064	73,476	36,183	(49,755)	(15,895)	172,061	91,352
Segment result	21,577	16,317	8,742	7,356	-	-	30,319	23,673
Unallocated expenses							(24,358)	(20,924)
Operating profit							5,961	2,749
Finance costs							(456)	(152)
Share of profit of unconsolidated associates							1,313	1,549
Profit before tax							6,818	4,146
Tax expenses							(1,329)	(992)
Minority interests, net of taxes							130	41
Profit after tax							5,619	3,195
Segment assets	139,946	102,779	43,008	39,476			182,954	142,255
Investment in associates	8,570	4,624	-	-			8,570	4,624
Total assets	148,516	107,403	43,008	39,476			191,524	146,879
Total liabilities	78,112	37,290	11,831	9,664			89,943	46,954
Other segment information:								
Capital expenditure	2,706	1,810	456	3,188			3,162	4,998
Depreciation	1,900	1,738	2,108	2,240			4,008	3,978

## Notes to the Financial Statements

31 December 2004

### 29. Segment information (cont'd)

#### Geographical segments

	Sales to external customers		Intersegment sales		Total revenue		Other geographical information			
							Segment assets		Capital expenditure	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Segment revenue</b>										
Singapore	42,295	52,479	51,815	28,879	94,110	81,358	136,365	114,921	762	3,324
Malaysia	3,546	2,753	-	-	3,546	2,753	55	-	-	-
Thailand	41,927	26,937	-	-	41,927	26,937	26,594	18,213	1,860	1,673
China	77,761	3,942	-	-	77,761	3,942	17,182	3,088	384	-
India	326	125	-	-	326	125	6,589	4,901	156	1
Algeria	-	895	-	-	-	895	-	-	-	-
Others	6,206	4,221	-	-	6,206	4,221	4,739	5,756	-	-
Consolidated	172,061	91,352	51,815	28,879	223,876	120,231	191,524	146,879	3,162	4,998
Elimination						(51,815)	(28,879)			
						172,061	91,352			

### 30. Directors' fees, performance bonus and remuneration

Number of directors in remuneration bands:

	Company	
	2004	2003
	\$'000	\$'000
\$500,000 and above	2	1
\$250,000 to \$499,999	1	2
Below \$250,000	4	5
	7	8

## Notes to the Financial Statements

31 December 2004

### 31. Staff costs

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Salaries, wages, bonuses and other costs	13,425	8,016	5,466	5,147
Central Provident Fund	1,251	1,245	806	873
	14,676	9,261	6,272	6,020

### 32. Employee benefits

The Company has an employee share incentive scheme for the granting of non-transferable options to full time employees, including Executive and non-Executive Directors. Options are granted for a term of 10 years to purchase Rotary Engineering Limited ordinary shares. Each share option entitles the employees of the Company to subscribe for one new ordinary share of \$0.10 cents each in the Company.

The exercise price has been set at \$0.1866 cents per share option, is based on the average of the last dealt price of the share for the three market days prior to the date of grant.

The number of shares to be offered to an eligible person under the scheme shall be determined at the discretion of the Remuneration Committee.

The number of share options outstanding under the scheme are as follow:

	Share options 2004	Exercise price 2004	Share options 2003	Exercise price 2003
Outstanding at beginning of year	2,785,000	\$0.1866	6,480,000	\$0.1866
Exercisable at year end	195,000	\$0.1866	2,785,000	\$0.1866

The following table summaries information about options outstanding at 31 December 2004:

Date of grant	Option period	Shares subject to options	Exercise price
26 October 2001	27 October 2001 - 26 October 2011	195,000	\$0.1866

There were no options granted at a discount.

## Notes to the Financial Statements

31 December 2004

### 33. Financial risk management objectives and policies

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

#### *Interest rate risk*

Surplus funds are placed with reputable banks and/or are invested in marketable securities.

#### *Credit risk*

The carrying amount of related company receivables, trade and other receivables and cash represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk and cash is placed with reputable financial institutions.

#### *Liquidity risk*

The Group does not foresee the necessity of raising any external funds in the near future as it has sufficient funds to finance its normal operating activities, unless there are any unforeseen future circumstances that require substantial funding.

#### *Foreign currency risk*

The Group operates in several countries and is exposed to movements in foreign currency exchange rates. It identifies foreign currency needs for all contracts. The currency outflows are matched against the inflows. Hedging is used only when there is a material discrepancy between the flow.

#### *Fair values*

In the Directors' opinion, it is not practicable to determine the values of the unquoted equity investment held as long-term investments and carried at cost as disclosed in Note 10 and 11 of the financial statements. The expected cash flows from these investments are believed to be in excess of their carrying amounts.

The carrying amounts of financial assets and financial liabilities of the Group and Company approximate their fair values due to their short-term nature.

### 34. Authorisation of financial statements

The financial statements for the year ended 31 December 2004 were authorised for issue in accordance with a resolution of the Directors' on 18 March 2005.

## Statistics of Shareholdings

Class of Shares : 405,435,000 ordinary shares of \$0.10 fully paid

Voting Rights : One vote per share

### DISTRIBUTION OF SHAREHOLDINGS AS AT 8 MARCH 2005

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	3	0.04	2,000	0.00
1,000 - 10,000	5,643	74.18	27,684,000	6.83
10,001 - 1,000,000	1,941	25.52	78,432,000	19.34
1,000,001 and above	20	0.26	299,317,000	73.83
<b>Total</b>	<b>7,607</b>	<b>100.00</b>	<b>405,435,000</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS AS AT 8 MARCH 2005

S/No.	Name	No. of Shares	%
1	REL Investments Pte Ltd	118,179,023	29.15
2	Wong Liang Feng	43,687,390	10.78
3	Chaung Swee Khim	42,994,349	10.60
4	Chia Kim Chua	15,887,158	3.92
5	Chia Kim Piow	15,393,440	3.80
6	Raffles Nominees Pte Ltd	14,382,000	3.55
7	Citibank Nominees Singapore Pte Ltd	7,147,000	1.76
8	United Overseas Bank Nominees Pte Ltd	6,815,151	1.68
9	Wong Oi Moi	4,980,640	1.23
10	DBS Nominees Pte Ltd	4,910,849	1.21
11	OCBC Securities Private Ltd	4,398,000	1.08
12	UOB Kay Hian Pte Ltd	4,250,000	1.05
13	Morgan Stanley Asia (Singapore) Securities Pte Ltd	3,677,000	0.91
14	Phillip Securities Pte Ltd	2,941,000	0.73
15	Kim Eng Securities Pte Ltd	2,456,000	0.61
16	OCBC Nominees Singapore Pte Ltd	2,125,000	0.52
17	DBS Vickers Securities (Singapore) Pte Ltd	1,605,000	0.40
18	Citibank Consumer Nominees Pte Ltd	1,237,000	0.30
19	G K Goh Stockbrokers Pte Ltd	1,231,000	0.30
20	HSBC (Singapore) Nominees Pte Ltd	1,020,000	0.25
<b>Total</b>		<b>299,317,000</b>	<b>73.83</b>

### PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 39.47% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

## Statistics Of Shareholdings

### SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Chia Kim Piow <sup>1</sup>	15,393,440	3.80	124,159,663.00 <sup>3</sup>	30.62
Wong Oi Moi <sup>1</sup>	4,980,640	1.23	134,572,463.00 <sup>3</sup>	33.19
Wong Liang Feng <sup>2</sup>	43,687,390	10.78	42,994,349.00	10.60
Chaung Swee Khim <sup>2</sup>	42,994,349	10.60	43,687,390.00	10.78
REL Investments Pte Ltd	118,179,023	29.15	-	-

<sup>1,2</sup> Spouses

<sup>3</sup> Deemed interest in REL Investments Pte Ltd and spouse's direct interest

## Notice of Annual General Meeting

### ROTARY ENGINEERING LIMITED

(Co. Reg. No. 198000255E)

(Incorporated in Singapore)

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of ROTARY ENGINEERING LIMITED ("the Company") will be held at 17 Tuas Avenue 20, Singapore 638828 on Thursday, 21 April 2005 at 10.00 am for the following purposes:

#### AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31 December 2004 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final dividend of Singapore cents 0.8 per share less tax for the year ended 31 December 2004 (2003: First and Final Dividend at Singapore 0.8 cents). **(Resolution 2)**
3. To approve the payment of Directors' Fees of S\$140,000 for the year ended 31 December 2004 (2003: S\$140,000). **(Resolution 3)**
4. To re-elect the following Directors retiring pursuant to Article 100:
  - (a) Mr. Wong Liang Feng **(Resolution 4)**
  - (b) Mr. Keith Tay Ah Kee **(Resolution 5)**

Mr. Keith Tay Ah Kee will, upon re-election as Director of the Company, remain a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other business which may be properly 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:

7. 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 issued share capital of the Company at the time of the passing of this resolution, 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 issued 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 (i)] **(Resolution 7)**

## Notice of Annual General Meeting

### ROTARY ENGINEERING LIMITED

(Co. Reg. No. 198000255E)

(Incorporated in Singapore)

#### 8. Authority to allot and issue shares under the Rotary Employees' Share Option Scheme

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be and are hereby empowered to allot and issue shares in the capital of the Company to the holders of options granted by the Company under the Rotary Employees' Share Option Scheme ("the Scheme") established by the Company upon the exercise of such options and in accordance with the terms and conditions of the Scheme provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time. [See Explanatory Note (ii)]

**(Resolution 8)**

By Order of the Board

SHIRLEY LIM  
COMPANY SECRETARY

Singapore, 4 April 2005

#### Explanatory Notes on Ordinary Resolutions to be passed:

- (i) Ordinary Resolution 7 proposed in item 7 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 issued 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 issued capital of the Company.

The percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for (a) new shares arising from the conversion of employee share options on issue at the time this proposed Ordinary Resolution is passed and, (b) any subsequent consolidation or subdivision of shares.

- (ii) Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme.

#### Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company.
2. If the appointor is a corporation, the 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 17 Tuas Avenue 20, Singapore 638828 not less than forty-eight (48) hours before the time for holding the meeting.

**PROXY FORM****ROTARY ENGINEERING LIMITED**

(Co. Reg. No. 198000255E)

(Incorporated in Singapore)

I/We, \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Rotary Engineering Limited (the "Company"), hereby appoint:

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

*and/or (delete as appropriate)*

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 21 April 2005 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2004		
2	Payment of proposed a first & final dividend		
3	Approval of Directors' fees amounting to S\$140,000		
4	Re-election of Mr. Wong Liang Feng as a Director		
5	Re-election of Mr. Keith Tay Ah Kee as a Director		
6	Re-appointment of Messrs Ernst & Young as Auditors		
7	Authority to allot and issue new shares		
8	Authority to allot and issue shares under the Rotary Employees' Share Option Scheme		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2005

\_\_\_\_\_  
*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	

*(Please see notes overleaf before completing this Form)*

## **PROXY FORM**

### **ROTARY ENGINEERING LIMITED**

(Co. Reg. No. 198000255E)

(Incorporated in Singapore)

#### **Notes :**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 17 Tuas Avenue 20 Singapore 638828 not less than 48 hours before the time appointed for the 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. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
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 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

#### **IMPORTANT:**

1. For investors who have used their CPF monies to buy Rotary Engineering Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

# Headquarter

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## **ROTARY ENGINEERING LIMITED**

No. 17 Tuas Avenue 20, Singapore 638828  
Tel: (65) 6861 1155 Fax: (65) 6862 1319

No. 61 Jurong Island Highway, Singapore 627860  
Tel: (65) 6311 9000 Fax: (65) 6311 9228

# Regional Offices – Asia Pacific

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## **ROTARY ENGINEERING SHANGHAI LTD**

Room 1205 Longzhu Plaza, No. 2123 Pudong Road, Shanghai 200135,  
People's Republic of China  
Tel: (86 21) 5860 7990 / 5885 7975 Fax: (86 21) 5885 7540 / 6853 2084

## **THAI ROTARY ENGINEERING LTD**

168 Moo 5, Sumnaktorn Subdistrict, Banchang District,  
Rayong 21130, Thailand  
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## **ROTARY MEC (M) SDN BHD**

16 Jalan PJS 7/21, Bandar Sunway, Petaling Jaya 46150,  
Selangor, Malaysia  
Tel: (603) 5631 5370 Fax: (603) 5631 5378

## **ROTARY MEC ENGINEERING (INDIA) PVT LTD**

No. 1 Discoverer Building, International Tech Park 9th Floor, Whitefield Road,  
Bangalore 560066, India  
Tel: (91 80) 2841 6562 Fax: (91 80) 2841 0027

## **ROTARY TECHSKILL INDIA PVT LTD**

96 Dr. Lakshmanasamy Salai, K K Nagar, Chennai 600078, India  
Tel: (91 44) 2484 4077 Fax: (91 44) 2483 9606

## **PT ROTARY ENGINEERING INDONESIA**

Jalan Briggen Katamso, 6 km, Tanjung Uncang, Batam, Indonesia  
Tel: (62 778) 391 888 Fax: (62 778) 392 189

## **ROTARY ENGINEERING LTD** (Azerbaijan Branch Office)

Caspian Plaza, Jabar Jabbarli Street 44, 3rd Floor, Baku AZ1065, Azerbaijan  
Tel: (994) 12 436 8222 Fax: (994) 12 436 8446

# Rotary Group of Companies

## SINGAPORE

- Rotary Electrical Company (Private) Ltd
- Rotary IMC Pte Ltd
- Rotary Pharma Pte Ltd
- Rotary Mechanical & Construction Company (Private) Ltd
- Rotary Scaffolding & Construction Pte Ltd
- Rotary Services Pte Ltd
- Rotary TREL Pte Ltd
- Rotary-Thai Pharma Pte Ltd
- Rotary Automation Pte Ltd
- Rotary Kellogg Brown & Root Pte Ltd
- Eastlog Holding Pte Ltd
- EnRis Pte Ltd
- IMC Heavy Equipment Pte Ltd
- IMC Equipment Pte Ltd
- Jasinusa Automobile Pte Ltd
- Innovative Biotech Pte Ltd
- Perlite Services Pte Ltd
- Paper Dimension (S) Pte Ltd
- Powell Industries Asia Pte Ltd
- RKB Engineering Co Pte Ltd
- RSK Engineering Pte Ltd
- Supermec Pte Ltd
- Sixty-six Switchgears Co Pte Ltd

## MALAYSIA

- Rotary MEC (M) Sdn Bhd
- Alpha Paper (M) Sdn Bhd
- Paper Dimension (M) Sdn Bhd
- Perlite Products (Malaysia) Sdn Bhd
- RIMC Services Sdn Bhd

## THAILAND

- Thai Rotary Engineering Ltd
- Calvert Ltd
- TRC Construction Co Ltd

## INDONESIA

- PT Rotary Engineering Indonesia

## INDIA

- Rotary MEC Engineering (India) Pvt Ltd
- Rotary Techskill (India) Pvt Ltd

## PEOPLE'S REPUBLIC OF CHINA

- Rotary Engineering (Shanghai) Ltd
- Fushun Rotary Cable Co Ltd
- Changchun FAW UCC
- Rotary International Trading (Shanghai) Ltd

## QATAR

- Rotary Engineering (Qatar) WLL

## AUSTRALIA

- Rotary Engineering (Australia) Pty Ltd

## BRITISH VIRGIN ISLANDS

- Comdale Services Ltd

## AZERBAIJAN

- Rotary Engineering Ltd (Branch Office)



**ROTARY ENGINEERING LIMITED**

(Company's Registration No. 198000255E)

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