**TUAN SING HOLDINGS LIMITED**
*(Incorporated in Singapore)*
*(Registration number: 196900130M)*
**AND ITS SUBSIDIARIES**

**Directors' Report and Financial Statements**

**For The Financial Year Ended**
**31 December 2013**

# TUAN SING HOLDINGS LIMITED
# AND ITS SUBSIDIARIES
**Directors' Report and Financial Statements**

**C o n t e n t s**

# DIRECTORS' REPORT
**for the financial year ended 31 December 2013**

The Directors of the Company are pleased to present their report to the members together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2013.

## 1 Directors

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

| | |
|---|---|
| Mr Ong Beng Kheong | (Chairman) |
| Mr William Nursalim alias William Liem | (Chief Executive Officer) |
| Mr Choo Teow Huat Albert | |
| Mr Chow Kok Kee | |
| Mr David Lee Kay Tuan | |
| Ms Michelle Liem Mei Fung | |
| Mr Ng Siow How | |

## 2 Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

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

## 3 Directors' interests in shares and debentures

The Directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

| Name of Directors and Companies In Which Interests Are Held | Shareholdings Registered In Name Of Director | | Shareholdings In Which Director Is Deemed To Have An Interest | |
|---|---|---|---|---|
| | As at 1 January 2013 | As at 31 December 2013 | As at 1 January 2013 | As at 31 December 2013 |
| The Company (Ordinary Shares) | | | | |
| Mr Ong Beng Kheong | 2,200 | 2,200 | - | - |
| Mr David Lee Kay Tuan | 250,000 | 250,000 | - | - |
| Ms Michelle Liem Mei Fung | - | - | 537,925,875 [1] | 546,383,829 [1#] |

| Name of Directors and Companies In Which Interests Are Held | Shareholdings Registered In Name Of Director | | Shareholdings In Which Director Is Deemed To Have An Interest | |
|---|---|---|---|---|
| | As at 1 January 2013 | As at 31 December 2013 | As at 1 January 2013 | As at 31 December 2013 |
| SP Corporation Limited (Ordinary Shares) | | | | |
| Ms Michelle Liem Mei Fung | - | - | 281,463,197 [1] | 281,463,197 [1] |

**Notes**

1 By virtue of interest in Nuri Holdings (S) Pte Ltd.
\# Increase in shareholdings in 2013 was attributable to the participation in the Tuan Sing Holdings Limited Scrip Dividend Scheme.

By virtue of Section 7 of the Singapore Companies Act, Ms Michelle Liem Mei Fung is deemed to have an interest in the Company and in all the related corporations of the Company.

There was no change in any of the above-mentioned Directors' interests between the end of the financial year and 21 January 2014.

During the financial year, 11,462,447 new ordinary shares, fully-paid were allotted pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme where shares were issued at 31.8 cents per share in lieu of cash for the first and final dividend of 0.5 cent per share for the financial year ended 31 December 2012. Following the allotment, the fully paid-up issued shares of the Company increased to 1,172,739,606 ordinary shares.

## 4 Directors' receipt and entitlement to contractual benefits

Since the beginning of the financial year, no Director has received or become entitled to receive a benefit, which is required to be disclosed under Section 201(8) of the Singapore Companies Act, 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 except for salaries, bonuses and other benefits as disclosed in this report and notes 28 and 33 to the financial statements.

## 5 Share option

*Option to take up unissued shares*

During the financial year, there was no option to take up unissued shares of the Company or any corporation in the Group.

*Unissued shares under option and option exercised*

During the financial year, no shares of the Company or any corporation in the Group were allotted and issued by virtue of the exercise of option to take up unissued shares of the Company or any corporation of the Group.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

## 6 Audit committee

The Audit Committee performed the functions specified in Section 201B(5) of the Singapore Companies Act and the Singapore Code of Corporate Governance.

The Audit Committee of the Company is chaired by Mr Choo Teow Huat Albert and includes Messrs Chow Kok Kee and David Lee Kay Tuan, all of whom are non-executive Directors and the majority including the Chairman is independent. The Audit Committee met four times during the financial year ended 31 December 2013 and had reviewed, *inter alia*, the following with the executive Director, external and internal auditors of the Company where relevant:

(a) the external and internal audit plans; the scope and results of the internal audit procedures and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company before their submission to the Board of Directors and the external auditors' report on those financial statements;

(d) the quarterly, half-yearly and annual announcements on the results and financial positions of the Company and the Group;

(e) the co-operation and assistance given by the management to the Group's external and internal auditors; and

(f) the re-appointment of the external and internal auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as the external auditors of the Company at its forthcoming Annual General Meeting.

**7 External auditors**

Deloitte & Touche LLP have expressed their willingness to accept re-appointment.

On Behalf of the Directors

**Ong Beng Kheong**
Chairman

**William Nursalim alias William Liem**
Chief Executive Officer

29 January 2014

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 8 to 97 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

On Behalf of the Directors

**Ong Beng Kheong**
Chairman

**William Nursalim alias William Liem**
Chief Executive Officer

29 January 2014

Deloitte.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**TUAN SING HOLDINGS LIMITED**

## Report on the Financial Statements

We have audited the accompanying financial statements of Tuan Sing Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 97.

## Management's Responsibility for the Financial Statements

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

## Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

## Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

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

Deloitte + Touche LLP

Public Accountants and
Chartered Accountants
Singapore

Patricia Lee Kuang Hong
Partner
Appointed on 18 April 2013

29 January 2014

# STATEMENTS OF FINANCIAL POSITION
## As at 31 December 2013

| | Note | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | 5 | **276,872** | 211,664 | **298** | 1,806 |
| Trade and other receivables | 6 | **62,262** | 65,391 | **50** | 92 |
| Amounts due from subsidiaries | 18 | **-** | - | **300,334** | 218,272 |
| Derivative financial instrument | 13 | **-** | - | **-** | 696 |
| Inventories | 7 | **4,090** | 3,979 | **-** | - |
| Development properties | 8 | **404,285** | 442,807 | **-** | - |
| Total current assets | | **747,509** | 723,841 | **300,682** | 220,866 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 9 | **3,504** | 4,651 | **-** | - |
| Investment properties | 10 | **824,125** | 436,425 | **498** | 498 |
| Investments in subsidiaries | 11 | **-** | - | **584,380** | 414,607 |
| Investments in equity accounted investees | 12 | **208,159** | 210,298 | **-** | - |
| Other non-current asset | 14 | **14** | 14 | **-** | - |
| Total non-current assets | | **1,035,802** | 651,388 | **584,878** | 415,105 |
| **Total assets** | | **1,783,311** | 1,375,229 | **885,560** | 635,971 |
| **Liabilities and equity** | | | | | |
| **Current liabilities** | | | | | |
| Loans and borrowings | 15 | **150,052** | 30,323 | **-** | - |
| Trade and other payables | 17 | **79,675** | 67,450 | **21,934** | 21,319 |
| Amounts due to subsidiaries | 18 | **-** | - | **320,734** | 157,340 |
| Derivative financial instrument | 13 | **-** | 696 | **-** | 696 |
| Income tax payable | | **3,284** | 6,928 | **217** | 159 |
| Total current liabilities | | **233,011** | 105,397 | **342,885** | 179,514 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 15 | **767,604** | 530,272 | **-** | - |
| Deferred tax liabilities | 20 | **23,491** | 18,999 | **-** | - |
| Total non-current liabilities | | **791,095** | 549,271 | **-** | - |
| **Capital, reserves and non-controlling interests** | | | | | |
| Share capital | 21 | **168,190** | 164,545 | **168,190** | 164,545 |
| Reserves | 22 | **581,491** | 543,084 | **374,485** | 291,912 |
| Equity attributable to owners of the Company | | **749,681** | 707,629 | **542,675** | 456,457 |
| Non-controlling interests | | **9,524** | 12,932 | **-** | - |
| Total equity | | **759,205** | 720,561 | **542,675** | 456,457 |
| **Total liabilities and equity** | | **1,783,311** | 1,375,229 | **885,560** | 635,971 |

*The accompanying notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**for the financial year ended 31 December 2013**

| | Note | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| **Profit or loss** | | | |
| **Revenue** | 24 | **302,273** | 371,847 |
| Cost of sales | | **(251,003)** | (301,392) |
| **Gross profit** | | **51,270** | 70,455 |
| Other operating income | | **5,546** | 2,727 |
| Distribution costs | | **(16,986)** | (18,823) |
| Administrative expenses | | **(15,866)** | (15,009) |
| Other operating expenses | | **(4,114)** | (2,616) |
| Share of results of equity accounted investees | 12 | **14,757** | 20,335 |
| Finance income | 25 | **5,018** | 4,650 |
| Finance costs | 26 | **(4,080)** | (5,534) |
| **Profit before tax and fair value adjustments** | | **35,545** | 56,185 |
| Fair value adjustments | 27 | **27,224** | 67,658 |
| **Profit before tax** | 28 | **62,769** | 123,843 |
| Income tax expenses | 29 | **(9,715)** | (6,036) |
| **Profit for the year** | | **53,054** | 117,807 |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Revaluation of property | 31 | **5,630** | - |
| Share of other comprehensive (loss)/income of equity accounted investees | 12 | **(6,000)** | 7,480 |
| Income tax relating to components of other comprehensive income that will not be reclassified subsequently | 31 | **(127)** | (1,941) |
| | | **(497)** | 5,539 |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Exchange differences on translation of foreign operations | 31 | **(9,032)** | (12,244) |
| Share of other comprehensive income/(loss) of equity accounted investees | 12 | **2,390** | (2,946) |
| Income tax relating to components of other comprehensive income that may be reclassified subsequently | 31 | **(510)** | 764 |
| | | **(7,152)** | (14,426) |
| **Other comprehensive loss for the year, net of tax** | 31 | **(7,649)** | (8,887) |
| **Total comprehensive income for the year** | | **45,405** | 108,920 |
| **Profit attributable to:** | | | |
| Owners of the Company | | **52,000** | 109,532 |
| Non-controlling interests | | **1,054** | 8,275 |
| | | **53,054** | 117,807 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **44,213** | 100,827 |
| Non-controlling interests | | **1,192** | 8,093 |
| | | **45,405** | 108,920 |
| **Basic and diluted earnings per share (in cents)** | | | |
| Excluding fair value adjustments | 30 | **2.4** | 3.6 |
| Including fair value adjustments | 30 | **4.5** | 9.5 |

*The accompanying notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS
## for the financial year ended 31 December 2013

| | Note | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| **Operating activities** | | | |
| **Profit before tax** | | **62,769** | 123,843 |
| Adjustments for: | | | |
| Fair value adjustments | 27 | **(27,224)** | (67,658) |
| Share of results of equity accounted investees | 12 | **(14,757)** | (20,335) |
| Depreciation of property, plant and equipment | 9 | **699** | 797 |
| Allowance for inventory obsolescence, net | | **20** | 31 |
| Allowance for doubtful trade and other receivables, net | | **119** | 143 |
| Plant and equipment written off | | **2** | 148 |
| Net (gain)/loss on disposal of property, plant and equipment | | **(1,767)** | 146 |
| Negative goodwill on acquisition | 32 | **(802)** | - |
| Finance income | | **(5,018)** | (4,650) |
| Finance costs | | **4,080** | 5,534 |
| **Operating cash flows before movements in working capital** | | **18,121** | 37,999 |
| Development properties less progressive billings receivable | | **44,288** | 99,809 |
| Inventories | | **(193)** | 197 |
| Trade and other receivables | | **8,899** | 8,777 |
| Trade and other payables | | **7,024** | (3,568) |
| **Cash generated from operations** | | **78,139** | 143,214 |
| Interest received | | **1,906** | 4,769 |
| Income tax paid | | **(6,863)** | (2,182) |
| **Net cash from operating activities** | | **73,182** | 145,801 |
| **Investing activities** | | | |
| Additions to property, plant and equipment | 9 | **(679)** | (392) |
| Disposal of property, plant and equipment | | **2,134** | 273 |
| Additions to investment properties | | **(11,297)** | (40,015) |
| Acquisition of subsidiary | 32 | **(170,868)** | - |
| Distribution received from a jointly-controlled company | | **3,501** | 2,502 |
| **Net cash used in investing activities** | | **(177,209)** | (37,632) |
| **Financing activities** | | | |
| Repayment of finance lease obligations | | **(23)** | (22) |
| Proceeds from loans and borrowings | | **374,668** | 206,544 |
| Repayment of loans and borrowings | | **(192,337)** | (224,168) |
| Interest paid | | **(11,553)** | (11,067) |
| Bank deposits pledged as securities for bank facilities | | **(59,527)** | 1,039 |
| Dividend paid to shareholders | | **(2,161)** | (1,580) |
| Dividend paid to non-controlling interests | | **(4,600)** | (7,812) |
| **Net cash from/(used in) financing activities** | | **104,467** | (37,066) |
| **Net increase in cash and cash equivalents** | | **440** | 71,103 |
| Cash and cash equivalents at the beginning of the year | | **207,077** | 139,852 |
| Foreign currency translation adjustments | | **5,109** | (3,878) |
| **Cash and cash equivalents at the end of the year** | 5 | **212,626** | 207,077 |

*The accompanying notes form an integral part of the financial statements.*

# STATEMENTS OF CHANGES IN EQUITY
**for the financial year ended 31 December 2013**

| | Note | Share capital $'000 | Foreign currency translation account $'000 | Asset revaluation reserve $'000 | Other capital reserves # $'000 | Revenue reserve $'000 | Attributable to owners of the Company $'000 | Non-controlling interests $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **At 1 January 2013** | | **164,545** | **(2,214)** | **77,573** | **96,775** | **370,950** | **707,629** | **12,932** | **720,561** |
| **Total comprehensive income for the year** | | | | | | | | | |
| Profit for the year | | - | - | - | - | **52,000** | **52,000** | **1,054** | **53,054** |
| Exchange differences on translation of foreign operations | 31 | - | **(9,216)** | - | - | - | **(9,216)** | **138** | **(9,078)** |
| Exchange differences realised on disposal | 31 | - | **46** | - | - | - | **46** | - | **46** |
| Asset revaluation reserve realised | | - | - | **(167)** | - | **167** | - | - | - |
| Share of other comprehensive income of equity accounted investees | 12 | - | - | **(6,000)** | **2,390** | - | **(3,610)** | - | **(3,610)** |
| Revaluation of properties | | - | - | **5,630** | - | - | **5,630** | - | **5,630** |
| Deferred tax adjustments relating to other comprehensive income | 31 | - | - | **(127)** | **(510)** | - | **(637)** | - | **(637)** |
| Other comprehensive (loss)/income for the year, net of tax | | - | **(9,170)** | **(664)** | **1,880** | **167** | **(7,787)** | **138** | **(7,649)** |
| Total | | - | **(9,170)** | **(664)** | **1,880** | **52,167** | **44,213** | **1,192** | **45,405** |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | |
| Transfer from revenue reserve to other capital reserves | 22 | - | - | - | **726** | **(726)** | - | - | - |
| Issue of shares under the Scrip Dividend Scheme | 21 | **3,645** | - | - | - | - | **3,645** | - | **3,645** |
| Dividend paid to shareholders | | | | | | | | | |
| - Cash | 23 | - | - | - | - | **(2,161)** | **(2,161)** | - | **(2,161)** |
| - Share | 23 | - | - | - | - | **(3,645)** | **(3,645)** | - | **(3,645)** |
| Dividend to non-controlling interests | | - | - | - | - | - | - | **(4,600)** | **(4,600)** |
| Total | | **3,645** | - | - | **726** | **(6,532)** | **(2,161)** | **(4,600)** | **(6,761)** |
| **At 31 December 2013** | | **168,190** | **(11,384)** | **76,909** | **99,381** | **416,585** | **749,681** | **9,524** | **759,205** |

*# Details of "Other capital reserves" are disclosed in note 22.*

# STATEMENTS OF CHANGES IN EQUITY
**for the financial year ended 31 December 2013**

| | Note | Share capital $'000 | Foreign currency translation account $'000 | Asset revaluation reserve $'000 | Other capital reserves # $'000 | Revenue reserve $'000 | Attributable to owners of the Company $'000 | Non-controlling interests $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **At 1 January 2012** | | 162,728 | 9,848 | 72,149 | 98,676 | 264,981 | 608,382 | 12,651 | 621,033 |
| **Total comprehensive income for the year** | | | | | | | | | |
| Profit for the year | | - | - | - | - | 109,532 | 109,532 | 8,275 | 117,807 |
| Exchange differences on translation of foreign operations | 31 | - | (12,062) | - | - | - | (12,062) | (182) | (12,244) |
| Asset revaluation reserve realised | | - | - | (115) | - | 115 | - | - | - |
| Share of other comprehensive income of equity accounted investees | 12 | - | - | 7,480 | (2,946) | - | 4,534 | - | 4,534 |
| Deferred tax adjustments relating to other comprehensive income | 31 | - | - | (1,941) | 764 | - | (1,177) | - | (1,177) |
| Other comprehensive (loss)/income for the year, net of tax | | - | (12,062) | 5,424 | (2,182) | 115 | (8,705) | (182) | (8,887) |
| Total | | - | (12,062) | 5,424 | (2,182) | 109,647 | 100,827 | 8,093 | 108,920 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | |
| Transfer from revenue reserve to other capital reserves | 22 | - | - | - | 281 | (281) | - | - | - |
| Issue of shares under the Scrip Dividend Scheme | 21 | 1,817 | - | - | - | - | 1,817 | - | 1,817 |
| Dividend paid to shareholders | | | | | | | | | |
| - Cash | 23 | - | - | - | - | (1,580) | (1,580) | - | (1,580) |
| - Share | 23 | - | - | - | - | (1,817) | (1,817) | - | (1,817) |
| Dividend to non-controlling interests | | - | - | - | - | - | - | (7,812) | (7,812) |
| Total | | 1,817 | - | - | 281 | (3,678) | (1,580) | (7,812) | (9,392) |
| **At 31 December 2012** | | 164,545 | (2,214) | 77,573 | 96,775 | 370,950 | 707,629 | 12,932 | 720,561 |

*# Details of "Other capital reserves" are disclosed in note 22.*

*The accompanying notes form an integral part of the financial statements.*

# STATEMENTS OF CHANGES IN EQUITY
**for the financial year ended 31 December 2013**

| | Note | Share capital $'000 | Other capital reserve# $'000 | Revenue reserve $'000 | Total $'000 |
|---|---|---|---|---|---|
| <u>**Company**</u> | | | | | |
| **At 1 January 2013** | | **164,545** | **101,264** | **190,648** | **456,457** |
| **Profit for the year, representing total comprehensive income for the year** | | **-** | **-** | **88,379** | **88,379** |
| **Transactions with owners, recognised directly in equity** | | | | | |
| Issue of shares under the Scrip Dividend Scheme | | **3,645** | **-** | **-** | **3,645** |
| Dividend paid to shareholders | | | | | |
| - Cash | 23 | **-** | **-** | **(2,161)** | **(2,161)** |
| - Share | 23 | **-** | **-** | **(3,645)** | **(3,645)** |
| Total | | **3,645** | **-** | **(5,806)** | **(2,161)** |
| **At 31 December 2013** | | **168,190** | **101,264** | **273,221** | **542,675** |
| **At 1 January 2012** | | 162,728 | 101,264 | 162,398 | 426,390 |
| **Profit for the year, representing total comprehensive income for the year** | | - | - | 31,647 | 31,647 |
| **Transactions with owners, recognised directly in equity** | | | | | |
| Issue of shares under the Scrip Dividend Scheme | | 1,817 | - | - | 1,817 |
| Dividend paid to shareholders | | | | | |
| - Cash | 23 | - | - | (1,580) | (1,580) |
| - Share | 23 | - | - | (1,817) | (1,817) |
| Total | | 1,817 | - | (3,397) | (1,580) |
| **At 31 December 2012** | | 164,545 | 101,264 | 190,648 | 456,457 |

*# Details of "Other capital reserves" are disclosed in note 22.*

*The accompanying notes form an integral part of the financial statements.*

## 1 General

Tuan Sing Holdings Limited (Registration number: 196900130M) is incorporated in the Republic of Singapore with its principal place of business and registered office at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding. The principal activities of significant subsidiaries, associates and jointly-controlled company are disclosed in note 37 and note 38 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2013 were authorised for issue by the Board of Directors on 29 January 2014.

## 2 Summary of significant accounting policies

The following summary explains the basis of preparing the Group's financial statements and significant accounting policies which have been consistently applied, and are the same as those used in the previous financial year, except as explained in note 2(b) which addresses changes in accounting policies.

### (a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of *FRS 102*, leasing transactions that are within the scope of *FRS 17*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in *FRS 2* or value in use in *FRS 36.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**(b) Adoption of new and revised Standards**

In the current financial year, the Group adopted all the new and revised FRSs and Interpretation of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2013. The adoption of these new or revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

<u>*Amendments to FRS 1 Presentation of Items of Other Comprehensive Income ("OCI")*</u>

The Group has applied the amendments to *FRS 1 Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year, and renamed the 'statement of comprehensive income' as the 'statement of profit or loss and other comprehensive income'. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

<u>*FRS 113 Fair Value Measurement*</u>

The Group has applied *FRS 113* for the first time in the current year. *FRS 113* establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of *FRS 102 Share-based Payment*, leasing transactions that are within the scope of *FRS 17 Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

*FRS 113* includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by *FRS 113* for the comparative period.

Other than the additional disclosures, the application of *FRS 113* has not had any material impact on the amounts recognised in the consolidated financial statements.

## (c) Standards issued but not yet effective

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- *FRS 27 (Revised) Separate Financial Statements*
- *FRS 28 (Revised) Investments in Associates and Joint Ventures*
- *FRS 110 Consolidated Financial Statements*
- *FRS 111 Joint Arrangements*
- *FRS 112 Disclosure of Interests in Other Entities*
- *Amendments to FRS 32 Financial Instruments: Presentation*
- *Amendments to FRS 36 Impairment of Assets*

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

*FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 Consolidation - Special Purpose Entities.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after 1 January 2014, with retrospective application subject to transitional provisions.

The Group does not expect the application of FRS 110 to have a material impact on the financial statements of the Group and the Company in the period of its initial adoption, taking into account the new definition of control and the additional guidance on control set out in FRS 110.

*FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures*

FRS 111 supersedes FRS 31 Interests in Joint Ventures and INT FRS 13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers.

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised FRS 28 Investments in Associates and Joint Ventures to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

FRS 111 will take effect from financial years beginning on or after 1 January 2014, with retrospective application subject to transitional provisions.

The Group does not expect the application of FRS 111 to affect the classification and subsequent accounting of the Group's investment in Grand Hotel Group, which is classified as a jointly controlled entity under FRS 31 and has been accounted for using the equity method of accounting.

*FRS 112 Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after 1 January 2014. Upon adoption of FRS 112, the Group expects expanded disclosures relating to its interests in subsidiaries, associates and joint arrangements.

*Amendments to FRS 32 Financial Instruments: Presentation*

The amendments to *FRS 32* clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to *FRS 32* are effective for annual periods beginning on or after 1 January 2014, with retrospective application required. The Group does not expect the application of these amendments to FRS 32 to have a significant impact on the financial statements of the Group and the Company.

*Amendments to FRS 36 Impairment of Assets*

The amendments to *FRS 36* restrict the requirement to disclose the recoverable amount of an asset or cash generating unit (CGU) to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used.

FRS 36 will take effect from financial years beginning on or after 1 January 2014, with retrospective application required.

Upon adoption of the amendments to *FRS 36*, the Group expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

**(d) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

In the Company's financial statements, investments in subsidiaries, associates and joint venture are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

*Business combinations*

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

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its fair value on acquisition date. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and *FRS 19 Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in *FRS 102 Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with *FRS 105 Non-current Asset Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

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

The accounting policy for initial measurement of non-controlling interests is described above.

The policy described above is applied to all business combinations that take place on or after 1 January 2010.

*Associates and jointly controlled companies (equity accounted investees)*

Associates are those entities over which the Group has significant influence, but not control or joint control, over the financial and operating policies. Joint ventures are those entities over which whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating policy decisions.

Investments in associates and jointly controlled companies are accounted for in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under *FRS 105 Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, investments in associates and jointly controlled companies are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the equity accounted investee recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss [see note 2(h)].

Where the group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

**(e) Foreign currency transactions and translation**

*Functional and presentation currency*

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

*Foreign currency transactions*

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated to the functional currency at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies below [see note 2(f)].

*Foreign operations*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) of foreign operations are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly-controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly-controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

*Net investment in foreign operations*

On consolidation, foreign currency differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

**(f) Financial instruments**

Financial assets and financial liabilities are recognised on the Group’s statement of financial position when the group becomes a party to the contractual provisions of the instrument.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through profit or loss”.

*Financial assets*

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss”, “held-to-maturity investments”, “available-for-sale” financial assets and “loans and receivables”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

*Financial assets at fair value through profit or loss (FVTPL)*

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if (i) it has been acquired principally for the purpose of selling in the near future; or (ii) on initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives and *FRS 39 Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset in the statement of comprehensive income. Fair value is determined in the manner described in note 36(e).

*Held-to-maturity financial assets*

Bonds with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

*Available-for-sale financial assets*

Certain shares and debt securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in note 36(e). Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss for the period when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

*Loans and receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loan and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

*Classification as debt or equity*

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

*Financial liabilities*

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

*Financial liabilities at fair value through profit or loss (FVTPL)*

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if (i) it has been incurred principally for the purpose of repurchasing in the near future; or (ii) it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) on initial recognition, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives, and *FRS 39* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other operating income and expenses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 36(e).

*Other financial liabilities*

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

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see note 2(y)).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the guarantee recognised as a provision in accordance with *FRS 37 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with *FRS 18 Revenue*.

*Derecognition of financial liabilities*

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

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedging accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Further details of derivative financial instruments entered by the Group, including its equity accounted investees are disclosed in notes 12, 13 and 34 to the financial statements.

*Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss for the period immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of profit or loss and other comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

*Cash flow hedge*

The effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other income and expenses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the period when the hedged item is recognised in profit or loss in same line item of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

*Hedges of net investment in foreign operations*

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses previously recognised in other comprehensive income and accumulated in foreign currency translation reserve are reclassified in profit or loss in the same way as exchange differences relating to the foreign operation as described in the accounting policy for foreign currency transactions and translation as stated in note 2(e) to these financial statements.

## (g) Property, plant and equipment

*Measurement*

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less accumulated depreciation and accumulated impairment losses.

Certain leasehold land and buildings are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of reporting period. Any revaluation increase arising from the revaluation of such land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged to profit or loss. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs [see note 2(y)]. Cost also may include reclassifications from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

*Subsequent costs*

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

*Depreciation*

Depreciation is charged so as to write off the cost or valuation of assets, other than properties under construction and freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

| | Useful lives |
|---|---|
| Building on freehold land | 50 years |
| Leasehold land, buildings and improvements | Over the remaining lease periods ranging 3 to 99 years |
| Plant and equipment | 1 to 15 years |
| Motor vehicles | 5 years |

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate being accounted for on a prospective basis.

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

*Disposal*

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

**(h) Goodwill**

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

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

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**(k) Impairment of assets**

*Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include (i) significant financial difficulty of the issuer or counterparty; or (ii) default or delinquency in interest or principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income. In respect of available-for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

*Impairment of non-financial assets excluding goodwill*

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any).

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

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(m) Investment properties**

Investment properties are properties held either to earn rental or for capital appreciation, including property under construction or redevelopment for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Investment property is de-recognised upon disposal or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfers are made to or from investment properties when and only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed costs of property for subsequent accounting is its fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment [note 2(g)] up to the date of change in use.

**(n) Development properties**

Development properties are properties held for development and sale in the ordinary course of business. They include completed properties and properties in the course of development. Unsold properties are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

Development properties are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion. Progress billings not yet paid by customers are included within “trade and other receivables”. Development properties are stated at lower of cost and net realisable value if their revenue is recognised upon completion. Payments received from purchasers prior to completion are included in “trade and other payables” as advanced billings.

Cost of development properties comprises costs that relate directly to the development, such as acquisition costs and related costs that are attributable to development activities and can be allocated to the development project, including attributable borrowing costs [note 2(y)].

The Group’s policy for revenue recognition in relation to development properties is described under “Revenue recognition” [note 2(w)].

**(p) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour costs where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Allowance is made where necessary for obsolete, slow-moving and defective inventories.

**(q) Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents exclude encumbered fixed deposits but include bank balances and bank overdrafts that form an integral part of the Group's cash management.

**(r) Construction contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of reporting period, as measured by the proportion that contract cost incurred for work performed to date relative to the estimated total contract cost, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent recovery of contract costs is probable. Contract costs are recognised as expenses in the periods in which they are incurred. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense for the period.

**(s) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*The Group as lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit attributable to the leased asset is diminished. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

*The Group as lessee*

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs [note 2(y)]. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as expenses in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(t) 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**(u) Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, are recognised in the profit or loss in the period in which they become receivable.

**(w) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is reduced for goods and services tax, estimated customer returns, rebates and other similar allowances.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met.

*Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

*Revenue from sales of development properties*

Revenue from completed property development is recognised when the risks and rewards of ownership have been transferred to the purchaser either through the transfer of legal title or equitable interest in a property.

Revenue recognition on partly completed properties held for sale is based on the following methods:

- For sale of partly completed development properties in Singapore under progressive payment scheme, profit is recognised upon the signing of sales contracts and payment of the first instalment which corresponds to 20% of the estimated profit attributable to the actual contracts signed. Subsequent recognition of profit is based on the percentage of completion method as construction progresses. The percentage of work completed is measured based on the construction and related costs incurred to date as a proportion of the estimated total construction and related costs;

- For sale of partly completed development properties in Singapore under deferred payment scheme and overseas development properties, profit is recognised only upon the transfer of significant risks and rewards of ownership of the properties to the purchasers.

In cases where transfer of significant risks and rewards of ownership coincides with the time the development units are delivered to the purchasers, revenue is recognised upon completion of construction; and when legal title passes to the buyer or when equitable interest in the property vests to the buyer upon release of the handover notice to the buyer, whichever is earlier.

*Construction contracts*

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts as disclosed in note 2(r).

*Services rendered*

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period except that revenue from services of short duration are recognised on completion of services;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the services for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

*Rental income*

The group's policy for recognition of revenue from operating leases is described above in note 2(s).

*Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

*Dividend income*

Dividend income from investment is recognised when the shareholders' rights to receive payment have been established.

**(y) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(z) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends are deducted from shareholders' equity and recorded as a liability when declared payable. Proposed dividends which are subject to shareholders' approval are not deducted from equity and are not recorded as liabilities.

**(aa) Employee benefits**

*Retirement benefit obligations*

Payments to defined contribution retirement benefit plans are recognised as expenses when employees have rendered the services entitling them to the contributions. Contributions made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

*Employees' leave entitlement*

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

**(ab) Income tax**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws in countries where the Company and subsidiaries operate that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on the difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly-controlled company, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or when the asset is realised based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised either in other comprehensive income or directly in equity, or where they arise from the initial accounting for business combination. In case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**(ac) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is provided internally to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's CEO to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

## 3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

*Revenue recognition on commodity trading*

As described in note 2(w) to the financial statements, it is the Group's policy to recognise revenue to the extent that it is probable that the economic benefits will flow to the Group. In making this judgement, management has considered the detailed criteria for the recognition of revenue from the sale of goods, set out in *FRS 18 Revenue* which includes the primary responsibility for providing the goods, inventory risk, latitude in establishing prices, and credit risk.

In relation to the commodity trading business of SP Corporation Limited ("SP Corp"), a listed subsidiary of the Group, SP Corp is of the view that it acted as a principal as it has exposure to the significant risks and rewards associated with the sale of coal. Accordingly, the sales value of these transactions was recognised as revenue which is approximately $35,000,000 (2012: $47,900,000) for the financial year as disclosed in note 24 to the financial statements under "sale of products".

### Key sources of estimation uncertainty

Key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

*Percentage of completion for revenue recognition*

The Group uses the stage of completion method to account for its contract revenue [see note 24] and contract costs arising from the sale of development properties in Singapore under progressive payment scheme that are within the scope as described in paragraph 2 of the Accompanying Note to INT *FRS 115 – Agreement for the Construction of Real Estate* [see note 2(w)].

The stage of completion is measured by reference to certification of value of work performed to date. Where there is no certification of value available, the stage of completion is based on the respective costs incurred to date as compared to the total budgeted costs of the development.

Significant judgements are required to estimate the total contract costs which include estimation for variation works and any other claims from contractors. In making the judgements, the Group relies on past experience and the work of specialists. The valuation of development properties and provisions for foreseeable losses, if any, are therefore subject to uncertainty in respect of variation works and estimation of future costs. The Group adopts a prudent approach in evaluating these uncertainties.

*Fair value of investment properties*

Investment properties, which include investment properties in the course of development, are stated at fair value based on independent professional valuations or internal valuations.

In determining fair values, the valuers have used valuation techniques (including direct comparison method, investment method and residual land value method) which involve estimates and significant unobservable inputs which are disclosed in note 10.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to that reflective of the investment properties. The investment method capitalises an income stream into a present value using single-year capitalisation rates. In the residual land value method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of the property under development. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation.

In relying on valuation reports, the management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The carrying amounts of investment properties at the end of the reporting period are disclosed in note 10 to the financial statements.

*Deferred tax liabilities arising from increase in the carrying amount of equity interest in a jointly-controlled company*

The Group's interest in Grand Hotel Group ("GHG") is held by TSH Australia Holdings Pte Ltd ("TSA") through Tuan Sing (Australia) Trust ("TSAT"). TSA is a wholly-owned subsidiary of the Company. GHG is not liable for tax under the Australian tax legislation provided the taxable income of GHG (including any assessable component of capital gains from sale of investment assets) is fully distributed to unit holders in each year.

TSA is subject to income taxes in the Australian jurisdiction. TSA has not been taxed on income received from the trust in the past as it had unutilised losses brought forward. At the end of the reporting period, TSA and TSAT have estimated aggregate tax losses of A$6,880,000 (2012: A$9,982,000) or equivalent to $7,770,000 (2012: $12,653,000). These tax losses can be used to offset against future taxable income arising from the distribution of income from GHG subject to satisfying the relevant loss recoupment tests.

The estimates of taxable gains and available tax losses are dependent on a number of assumptions, such as the nature and deductibility of expenses, the calculation of tax base which involves adjustment of certain historical cost with inflation factor; the determination of whether there is thin capitalisation which may result in the inability to claim tax deduction for finance cost. In making these estimates, the Group has taken advice from certain tax specialists.

The Group has in turn estimated deferred tax liability arising from an increase in the carrying amount of its investments in GHG at A$17,807,000 (2012: A$14,704,000) or equivalent to $20,113,000 (2012: $18,638,000) [note 20]. In estimating this amount, the Group considers the taxable gains to be the excess of Group's share of the fair value of net assets of GHG over the tax cost base of the securities in GHG held by the Group.

Future actual tax liability when incurred and payable will differ from this estimate to the extent that the future realisation of values from the investment in GHG differs from the amount of fair value of the assets currently estimated. It would similarly be affected by any change in tax losses and tax base which have yet to be agreed with the Australian tax authorities.

*Recoverability of investments in and amounts due from subsidiaries in the Company's financial statements*

Investments in subsidiaries and amounts due from subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets have been subsequently determined based on fair value less costs to sell.

As a result of above assessment, the Company made a net impairment loss of $10,231,000 (2012: a net reversal of impairment loss of $6,164,000) for investments in subsidiaries and a net reversal of impairment loss of $79,903,000 (2012: $nil) for amounts due from subsidiaries.

The carrying amounts of investments in subsidiaries and amounts due from subsidiaries are disclosed in note 11 and 18 respectively.

*Allowance for doubtful receivables*

Allowance for doubtful receivables is based on an evaluation of the collectability of receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including current creditworthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The carrying amount of trade and other receivables are disclosed in note 6 to the financial statements.

## 4 Segment information

*Products and services from which reportable segments derive their revenue*

For management purpose, the Group is organised into strategic business units based on their products and services. The Group's principal business operating units, during and at the end of the reporting period, are Property, Hotels Investment, Industrial Services and Other Investments. Accordingly, the Group's reportable operating segments under *FRS 108* are as follows:

| **Segment** | **Principal activities** |
|---|---|
| Property | Development of properties for sale, property investment and provision of property management and property consultancy services. |
| Hotels Investment | Investment in 5-star hotels through GHG, a jointly-controlled company in Australia. |
| Industrial Services | Trading and marketing of selected industrial commodities such as coal, rubber and metal; distribution of tyres and auto-products and retreading of tyres, as well as manufacturing of polypropylene woven bags. |
| Other Investments | Investments in GulTech, a printed circuit boards manufacturer with operations in Singapore and China, and Pan-West, a retailer of golf-related products. |
| Corporate and Others | Provision of corporate-level services. |

Segment revenue represents revenue generated from external and internal customers. Segment profit represents the profit earned by each segment after allocation of central administrative costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Management monitors the operating results of each of its business unit for the purpose of making decisions on resource allocation and performance assessment. Corporate and Others are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter- segment balances. Inter-segment pricing is determined on arm's length basis.

Information regarding each of the Group's reportable segments is presented below.

*Segment revenues and results*

| | Property | Hotels Investment | Industrial Services | Other Investments | Corporate and Others | Inter-segment Eliminations | Total Consolidated |
|---|---|---|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **2013** | | | | | | | |
| **Revenue** | | | | | | | |
| External revenue | **140,065** | **@** | **162,025** | **@** | **183** | **-** | **302,273** |
| Inter-segment revenue | **1,032** | **-** | **-** | **-** | **20,486** | **(21,518)** | **-** |
| | **141,097** | **-** | **162,025** | **-** | **20,669** | **(21,518)** | **302,273** |
| **Results** | | | | | | | |
| Gross profit | **40,576** | **-** | **9,577** | **-** | **14,573** | **(13,456)** | **51,270** |
| Other operating income | **4,901** | **202** | **414** | **-** | **96,872** | **(96,843)** | **5,546** |
| Distribution costs | **(14,094)** | **-** | **(2,892)** | **-** | **-** | **-** | **(16,986)** |
| Administrative expenses | **(6,595)** | **(664)** | **(4,766)** | **(3)** | **(2,753)** | **(1,085)** | **(15,866)** |
| Other operating expenses | **(3,222)** | **(514)** | **(377)** | **-** | **(20,149)** | **20,148** | **(4,114)** |
| Share of results of equity accounted investees | **-** | **7,264** | **-** | **7,493** | **-** | **-** | **14,757** |
| Finance income | **4,287** | **20** | **600** | **111** | **-** | **-** | **5,018** |
| Finance costs | **(2,855)** | **(1,226)** | **-** | **-** | **-** | **1** | **(4,080)** |
| **Profit before tax and fair value adjustments** | **22,998** | **5,082** | **2,556** | **7,601** | **88,543** | **(91,235)** | **35,545** |
| Fair value adjustments | **17,949** | **9,073** | **-** | **202** | **-** | **-** | **27,224** |
| **Profit before tax** | **40,947** | **14,155** | **2,556** | **7,803** | **88,543** | **(91,235)** | **62,769** |
| Income tax expenses | **(4,362)** | **(5,016)** | **(170)** | **(3)** | **(164)** | **-** | **(9,715)** |
| **Profit for the year** | **36,585** | **9,139** | **2,386** | **7,800** | **88,379** | **(91,235)** | **53,054** |
| **Profit attributable to:** | | | | | | | |
| Owners of the Company | **36,007** | **9,139** | **1,910** | **7,800** | **88,379** | **(91,235)** | **52,000** |
| Non-controlling interests | **578** | **-** | **476** | **-** | **-** | **-** | **1,054** |
| **Profit for the year** | **36,585** | **9,139** | **2,386** | **7,800** | **88,379** | **(91,235)** | **53,054** |

@: *No revenue is reported under "Hotels Investment" and "Other Investments" as the Group equity accounts for its investment in GHG, GulTech and Pan-West.*

*Segment revenues and results (cont'd)*

| | Property | Hotels Investment | Industrial Services | Other Investments | Corporate and Others | Inter-segment Eliminations | Total Consolidated |
|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2012** | | | | | | | |
| **Revenue** | | | | | | | |
| External revenue | 187,079 | @ | 184,420 | @ | 348 | - | 371,847 |
| Inter-segment revenue | 1,179 | - | - | - | 26,230 | (27,409) | - |
| | 188,258 | - | 184,420 | - | 26,578 | (27,409) | 371,847 |
| **Results** | | | | | | | |
| Gross profit | 58,881 | - | 10,537 | - | 21,531 | (20,494) | 70,455 |
| Other operating income | 2,079 | 217 | 414 | - | 12,586 | (12,569) | 2,727 |
| Distribution costs | (16,090) | - | (2,733) | - | - | - | (18,823) |
| Administrative expenses | (8,253) | (302) | (5,534) | (3) | (2,190) | 1,273 | (15,009) |
| Other operating expenses | (1,654) | (289) | (617) | (2) | (295) | 241 | (2,616) |
| Share of results of equity accounted investees | - | 6,621 | - | 13,714 | - | - | 20,335 |
| Finance income | 3,074 | 611 | 853 | 112 | - | - | 4,650 |
| Finance costs | (3,773) | (1,723) | (38) | - | - | - | (5,534) |
| **Profit before tax and fair value adjustments** | 34,264 | 5,135 | 2,882 | 13,821 | 31,632 | (31,549) | 56,185 |
| Fair value adjustments | 71,970 | (4,312) | - | - | - | - | 67,658 |
| **Profit before tax** | 106,234 | 823 | 2,882 | 13,821 | 31,632 | (31,549) | 123,843 |
| Income tax (expenses)/ write-back | (5,595) | (16) | (431) | (9) | 15 | - | (6,036) |
| **Profit for the year** | 100,639 | 807 | 2,451 | 13,812 | 31,647 | (31,549) | 117,807 |
| **Profit attributable to:** | | | | | | | |
| Owners of the Company | 92,789 | 807 | 2,026 | 13,812 | 31,647 | (31,549) | 109,532 |
| Non-controlling interests | 7,850 | - | 425 | - | - | - | 8,275 |
| **Profit for the year** | 100,639 | 807 | 2,451 | 13,812 | 31,647 | (31,549) | 117,807 |

@: *No revenue is reported under "Hotels Investment" and "Other Investments" as the Group equity accounts for its investment in GHG, GulTech and Pan-West.*

*Segment assets, liabilities and other segment information*

| | Property | Hotels Investment | Industrial Services | Other Investments | Corporate and Others | Total Consolidated |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2013** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | **1,494,489** | **3** | **79,778** | **36** | **846** | **1,575,152** |
| Investments in equity accounted investees | **-** | **159,655** | **-** | **48,504** | **-** | **208,159** |
| Total assets | **1,494,489** | **159,658** | **79,778** | **48,540** | **846** | **1,783,311** |
| **Liabilities** | | | | | | |
| Segment liabilities | **(51,766)** | **(299)** | **(26,956)** | **(35)** | **(619)** | **(79,675)** |
| Loans and borrowings | **(917,656)** | **-** | **-** | **-** | **-** | **(917,656)** |
| Current and deferred tax liabilities | **(5,315)** | **(20,413)** | **(711)** | **(32)** | **(304)** | **(26,775)** |
| Total liabilities | **(974,737)** | **(20,712)** | **(27,667)** | **(67)** | **(923)** | **(1,024,106)** |
| **Net assets** | **519,752** | **138,946** | **52,111** | **48,473** | **(77)** | **759,205** |
| **Other information** | | | | | | |
| Capital expenditure | **152** | **@** | **527** | **@** | **-** | **679** |
| Depreciation of property, plant and equipment | **280** | **-** | **419** | **-** | **-** | **699** |
| Fair value gain on investment properties | **(17,381)** | **(9,010)** | **-** | **-** | **-** | **(26,391)** |
| Fair value gain on financial instrument | **(569)** | **(62)** | **-** | **(202)** | **-** | **(833)** |
| **2012** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | 1,083,422 | 3 | 79,075 | 36 | 2,395 | 1,164,931 |
| Investments in equity accounted investees | - | 171,084 | - | 39,214 | - | 210,298 |
| Total assets | 1,083,422 | 171,087 | 79,075 | 39,250 | 2,395 | 1,375,229 |
| **Liabilities** | | | | | | |
| Segment liabilities | (36,492) | (1,384) | (28,701) | (36) | (1,533) | (68,146) |
| Loans and borrowings | (560,595) | - | - | - | - | (560,595) |
| Current and deferred tax liabilities | (5,985) | (18,638) | (1,020) | (38) | (246) | (25,927) |
| Total liabilities | (603,072) | (20,022) | (29,721) | (74) | (1,779) | (654,668) |
| **Net assets** | 480,350 | 151,065 | 49,354 | 39,176 | 616 | 720,561 |
| **Other information** | | | | | | |
| Capital expenditure | 287 | @ | 105 | @ | - | 392 |
| Depreciation of property, plant and equipment | 306 | - | 491 | - | - | 797 |
| Fair value (gain)/loss on investment properties | (71,660) | 3,955 | - | - | - | (67,705) |
| Fair value (gain)/loss on financial instrument | (310) | 357 | - | - | - | 47 |

*@: No capital expenditure is reported under "Hotels Investment" and "Other Investments" as the Group equity accounts for its investment in GHG, GulTech and Pan-West.*

*Geographical information*

Geographically, management reviews the performance of the businesses in Singapore, Australia, China, Malaysia, Indonesia, Europe and other ASEAN countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current assets are based on the geographical location of the assets.

| | **Revenue from external customers** | | **Non-current assets** | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Singapore | **193,306** | 224,844 | **867,272** | 476,495 |
| Australia | **@** | @ | **159,655** | 171,084 |
| China | **13,805** | 26,362 | **6,657** | 1,418 |
| Malaysia | **21,358** | 23,351 | **2,218** | 2,389 |
| Indonesia | **24,424** | 31,141 | **-** | 2 |
| Europe | **30,443** | 42,760 | **-** | - |
| Other ASEAN countries^ | **16,909** | 21,566 | **-** | - |
| Others | **2,028** | 1,823 | **-** | - |
| | **302,273** | 371,847 | **1,035,802** | 651,388 |

*@: The Group equity accounts for its investment in GHG in the geographical segment of Australia.*
*^: Other ASEAN countries comprise Vietnam, Cambodia, Thailand, Brunei and Laos with revenue constitutes not more than 10% of total group revenue for each country.*

*Other segment information*

The Group does not have any single major customer that contributes 10% or more to the Group's revenues.

## 5 Cash and bank balances

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Cash and bank balances** | | | | |
| Cash at banks and on hand | **29,351** | 40,659 | **298** | 799 |
| Fixed deposits | **114,768** | 118,055 | **-** | 1,007 |
| Amounts held under the Housing Developers (Project Account) Rules | **132,753** | 52,950 | **-** | **-** |
| | **276,872** | 211,664 | **298** | 1,806 |

Cash and bank balances comprise cash and fixed deposits held by the Group which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Deposits earned interest ranging from 0.5% to 5.3% per annum (2012: 0.3% to 4.4% per annum) and for tenures ranging from 7 to 1,095 days (2012: 7 to 1,095 days).

Withdrawals of amounts held under the project accounts are restricted to payments for expenditure incurred on development properties and are subject to the provisions in the Housing Developers (Project Account) Rules in Singapore.

Cash and bank balances amounting to $64,246,000 (2012: $4,587,000) for the Group and $nil (2012: $1,007,000) for the Company were pledged to banks to secure credit facilities. Information relating to the Group's loans and borrowings are disclosed in note 15 to the financial statements.

The carrying amounts of the cash and bank balances approximate their fair values at the end of the reporting period. Further details regarding the exposure to interest rate risk, contractual and effective interest rates and foreign currency denomination of the cash and bank balances are disclosed under note 36 to the financial statements.

*Cash and cash equivalents*

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

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **Cash and cash equivalents per consolidated statement of cash flows** | | |
| Cash and bank balances (as per statement of financial position) | **276,872** | 211,664 |
| Less: | | |
| Encumbered fixed deposit and bank balances | **(64,246)** | (4,587) |
| | **212,626** | 207,077 |

As at 31 December 2013, the Group had cash and cash equivalents placed with banks in China amounting to $86,219,000 (2012: $87,973,000), of which $62,548,000 (2012: $nil) was pledged to a bank as security for banking facilities in Singapore. The repatriation of these cash into Singapore is subject to the Foreign Exchange Control Regulations in China.

## 6 Trade and other receivables

| | Note | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|---|
| **Trade** | | | | | |
| Trade debtors | | **42,494** | 52,442 | **-** | - |
| Less: Allowance for doubtful receivables | | **(2,707)** | (2,598) | **-** | - |
| | | **39,787** | 49,844 | **-** | - |
| Amounts due from related parties | 19 | **1,013** | 1,828 | **-** | - |
| | | **40,800** | 51,672 | **-** | - |
| **Non-trade** | | | | | |
| Sundry debtors | | **3,621** | 697 | **-** | - |
| Land tender deposits | | **7,883** | 3,908 | **-** | - |
| Deposits | | **1,153** | 563 | **85** | 73 |
| Prepayments | | **444** | 538 | **37** | 21 |
| Tax recoverable | | **34** | 233 | **-** | - |
| | | **13,135** | 5,939 | **122** | 94 |
| Less: Allowance for doubtful receivables | | **(78)** | (78) | **(72)** | (72) |
| | | **13,057** | 5,861 | **50** | 22 |
| Amount due from related parties | 19 | **8,405** | 7,858 | **-** | 70 |
| | | **21,462** | 13,719 | **50** | 92 |
| | | **62,262** | 65,391 | **50** | 92 |

*Amounts due from related parties*

Included in the carrying amount as at 31 December 2013 were unbilled rental income of $187,000 (2012: $347,000) relating to rent-free periods given to a related party lessee as incentive [note 19].

*Tender deposits in respect of acquisition of lands*

Included in the carrying amount as at 31 December 2013 were tender deposits amounting to $7,883,000 (2012: $3,908,000) relating to land acquisitions in Jiaozhou, China and site at Gilstead Court, Singapore. The acquisition of land plots in Jiaozhou is pending government tender progress and the completion of purchase for the Gilstead Court collective sale is subject to, inter alia, the outcome of a ruling by the High Court, Singapore.

These deposits have been assessed to be placed with counterparties who are creditworthy and accordingly, no allowance for potential non-recovery of these deposits is required.

*Allowance for doubtful receivables*

An analysis of allowance for doubtful receivables is as follows:

| | Note | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|---|
| **Allowance for doubtful receivables** | | | | | |
| Trade | | **(2,707)** | (2,598) | **-** | - |
| Non-trade | | **(78)** | (78) | **(72)** | (72) |
| | | **(2,785)** | (2,676) | **(72)** | (72) |
| At 1 January | | **(2,676)** | (3,015) | **(72)** | (72) |
| Exchange differences | | **(89)** | 142 | **-** | - |
| Amounts written off | | **99** | 340 | **-** | - |
| Allowance made, net | 28 | **(119)** | (143) | **-** | - |
| At 31 December | | **(2,785)** | (2,676) | **(72)** | (72) |

The carrying amount of trade and other receivables approximates their fair values at the end of the reporting year. Further details regarding the exposure to foreign currency denominated trade and other receivables are disclosed in note 36 to the financial statements.

*Analysis of trade receivables*

Trade receivables are non-interest bearing and are generally on 14 to 120 days (2012: 14 to 120 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group assesses the potential customer's credit quality and determines credit limits to be allowed before accepting any new customer. Credit limits granted to customers are reviewed regularly.

The Group's trade receivables that were impaired at the end of the reporting period and the allowance for doubtful receivables are disclosed below:

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **Trade receivables, net** | | |
| Not past due and not impaired | **35,705** | 47,553 |
| Past due but not impaired [(i)] | **5,095** | 4,119 |
| | **40,800** | 51,672 |
| | | |
| Impaired receivables - collectively assessed [(ii)] | **349** | 330 |
| Less: Allowance for doubtful receivables | **(349)** | (330) |
| | **-** | - |
| Impaired receivables - individually assessed | | |
| Past due for more than 36 months or no response to repayment demands [(ii)] | **2,358** | 2,268 |
| Less: Allowance for doubtful receivables | **(2,358)** | (2,268) |
| | **-** | - |
| | **40,800** | 51,672 |

Notes:

| | | |
|---|---|---|
| (i) Aging of trade receivables that were past due but not impaired | | |
| < 3 months | **4,691** | 2,658 |
| 3 months to 6 months | **179** | 238 |
| 6 months to 12 months | **161** | 626 |
| >12 months | **64** | 597 |
| | **5,095** | 4,119 |

(ii) These amounts stated were before deduction for impairment losses

The Group had trade receivables amounting to $5,095,000 (2012: $4,119,000) in value that were past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is disclosed in note (i) above.

Trade and other receivables that are individually assessed to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

Included in the trade receivables of the Group as at 31 December 2013 were $692,000 (2012: $1,246,000) of receivables outstanding from a related party, a gold mine operator in Indonesia, of which $nil (2012: $514,000) was outstanding for more than 12 months.

Allowances for doubtful trade and other receivables are recognised for the estimated irrecoverable amounts from the sale of goods and services rendered. These allowances for doubtful trade and other receivables are determined by assessing the profile of debtors and after considering recovery prospects. Further details regarding the credit risk for trade and other receivables are disclosed in note 36(c) to the financial statements.

## 7 Inventories

| | Group | | |
|---|---|---|---|
| | At cost | At net realisable value | Total |
| | $'000 | $'000 | $'000 |
| **2013** | | | |
| Raw materials | **1,158** | **-** | **1,158** |
| Work-in-progress | **1,169** | **-** | **1,169** |
| Finished goods | **1,200** | **563** | **1,763** |
| | **3,527** | **563** | **4,090** |
| **2012** | | | |
| Raw materials | 930 | - | 930 |
| Work-in-progress | 1,193 | - | 1,193 |
| Finished goods | 1,587 | 269 | 1,856 |
| | 3,710 | 269 | 3,979 |

The net realisable values of inventories were stated net of allowance of $88,000 (2012: $77,000).

During the year, $20,000 (2012: $31,000) was recognised as an expense in respect of allowance for inventory obsolescence [note 28].

## 8 Development properties

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | $'000 | $'000 |
| Properties in the course of development | **397,543** | 428,913 |
| Completed properties held for sale | **6,742** | 13,894 |
| | **404,285** | 442,807 |
| **Represented by:** | | |
| Singapore, in the course of development | **371,599** | 410,276 |
| Singapore, completed | **-** | 5,239 |
| China, in the course of development | **25,944** | 18,637 |
| China, completed | **6,742** | 8,655 |
| | **404,285** | 442,807 |

Development properties comprise land site secured, properties in the course of development and completed properties held for sale. These projects have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle.

*Properties in the course of development*

| | Group 2013 $'000 | 2012 $'000 |
|---|---|---|
| Land cost | **476,980** | 454,467 |
| Development cost incurred to-date | **49,141** | 4,839 |
| Interest and others | **16,176** | 9,283 |
| | **542,297** | 468,589 |
| Add: Attributable profit | **37,659** | 8,552 |
| Less: Progress billings received and receivable | **(182,413)** | (48,228) |
| | **397,543** | 428,913 |
| **Represented by:** | | |
| Singapore, in the course of development | **371,599** | 410,276 |
| China, in the course of development | **25,944** | 18,637 |
| | **397,543** | 428,913 |

The following table provides information on properties which revenue is recognised on transfer of significant risks and rewards of ownership at completion and as construction progresses respectively:

| | Group 2013 $'000 | 2012 $'000 |
|---|---|---|
| **(i) Transfer of significant risks and rewards of ownership at completion:** | | |
| Land cost | **24,636** | 17,694 |
| Development cost incurred to-date | **794** | - |
| Interest and others | **514** | 943 |
| | **25,944** | 18,637 |
| **(ii) Continuous transfer of significant risks and rewards of ownership as construction progresses:** | | |
| Cost incurred plus attributable profit | **554,012** | 458,504 |
| Less: Progress billings received and receivable | **(182,413)** | (48,228) |
| | **371,599** | 410,276 |
| | **397,543** | 428,913 |

Finance costs of $4,369,000 (2012: $4,151,000) was capitalised during the year at effective interest rate ranging from 1.1% to 1.3% per annum (2012: 1.2% to 1.3% per annum) [note 26].

*Details of collateral*

As at 31 December 2013, development properties amounting to $371,599,000 (2012: $410,276,000) included in the above balances were mortgaged to financial institutions to secure credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in note 15 to the financial statements.

*List of development properties*

As at 31 December 2013, the development properties held by the Group are as follows:

| Name of property/ location | Description/ planned use | Held by | Tenure | Land area (sq m) | Estimated gross floor area (sq m) | Year Completed/ estimated completion | Group's effective equity interest |
|---|---|---|---|---|---|---|---|
| **Properties in the course of development** | | | | | | | |
| Seletar Park Residence, Seletar Road Singapore | Condominium of 276 units | Asplenium Land Pte Ltd | 99 years from 2011 | 17,456 | 26,862 | 2014 | 100% |
| Cluny Park Residence, Cluny Park Road Singapore | Condominium of approximately 52 units | Shelford Properties Pte Ltd | Freehold | 4,544 | 6,800 | 2015 | 100% |
| Sennett Residence, Pheng Geck Avenue Singapore | Condominium/ townhouses of approximately 332 units | Clerodendrum Land Pte Ltd | 99 years from 2011 | 8,664 | 30,323 | 2015 | 100% |
| Land site in Jin'an District, Fuzhou, Fujian Province, China | Residential | Fujian Ji'Xing Real Estate Development Co. Ltd | 70 years from 1994 | 163,740 | * | * | 100% |
| Land site adjacent to Huangjiahe Reservoir, Shandong Province, China | Mainly Residential | Qingdao Shenyang Property Co. Ltd. | 70 year (residential)/ 40 years (commercial) from 2012 | 53,334 | ** | ** | 100% |
| **Completed properties held for sale** | | | | | | | |
| Lakeside Ville Phase III, Qingpu district Shanghai China | 172 units of apartments, townhouses, and 8 units of commercial units | Habitat Properties (Shanghai) Ltd | 70 years from 1997 | 35,643 | 41,584 | 2010 | 100% |

** Pending renewal of expired certificate for construction site planning (Refer to disclosure below)*
*** Master plans are in progress*

*Land site in Fuzhou Jin'an District, Fuzhou, Fujian Province, China*

Included in the development properties was a carrying amount of $14,904,000 (2012: $13,998,000) relating to a land parcel acquired in 2009 in Fuzhou, China with an expired certificate for the construction site planning. The Group has applied to the relevant authorities for its renewal. At as 31 December 2013, there was no allowance for impairment on the value of the land as the recoverable amount based on value-in-use or the forecasted sale price of the development site is in excess of its cost.

## 9 Property, plant and equipment

| | Note | Building on freehold land | Leasehold land, buildings and improvements | Plant and equipment | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| | | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | | |
| **Cost or valuation** | | | | | | |
| At 1 January 2013 | | **498** | **12,244** | **7,972** | **965** | **21,679** |
| Exchange differences on consolidation | | **-** | **642** | **(80)** | **3** | **565** |
| Additions | | **-** | **170** | **482** | **27** | **679** |
| Disposals | | **-** | **(1,235)** | **(338)** | **(126)** | **(1,699)** |
| Write-offs | | **-** | **(59)** | **(49)** | **-** | **(108)** |
| Revaluation | 31 | **-** | **5,630** | **-** | **-** | **5,630** |
| Transfer to investment property | 10 | **-** | **(6,659)** | **-** | **-** | **(6,659)** |
| At 31 December 2013 | | **498** | **10,733** | **7,987** | **869** | **20,087** |
| | | | | | | |
| At 1 January 2012 | | 498 | 12,839 | 11,124 | 1,469 | 25,930 |
| Exchange differences on consolidation | | - | (619) | (152) | (14) | (785) |
| Additions | | - | 24 | 290 | 78 | 392 |
| Disposals | | - | - | (1,172) | (475) | (1,647) |
| Write-offs | | - | - | (2,118) | (93) | (2,211) |
| At 31 December 2012 | | 498 | 12,244 | 7,972 | 965 | 21,679 |
| | | | | | | |
| **Comprising** | | | | | | |
| At 31 December 2013 | | | | | | |
| At cost | | **498** | **10,733** | **7,984** | **869** | **20,084** |
| At valuation | | **-** | **-** | **3** | **-** | **3** |
| | | **498** | **10,733** | **7,987** | **869** | **20,087** |
| | | | | | | |
| At 31 December 2012 | | | | | | |
| At cost | | 498 | 11,309 | 7,970 | 965 | 20,742 |
| At valuation | | - | 935 | 2 | - | 937 |
| | | 498 | 12,244 | 7,972 | 965 | 21,679 |

## 9 Property, plant and equipment (cont'd)

| | Note | Building on freehold land | Leasehold land, buildings and improvements | Plant and equipment | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| | | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Accumulated depreciation** | | | | | | |
| At 1 January 2013 | | **-** | **2,387** | **6,251** | **603** | **9,241** |
| Exchange differences on consolidation | | **-** | **103** | **(59)** | **(6)** | **38** |
| Depreciation | 28 | **-** | **101** | **511** | **87** | **699** |
| Disposals | | **-** | **(884)** | **(334)** | **(114)** | **(1,332)** |
| Write-offs | | **-** | **(57)** | **(49)** | **-** | **(106)** |
| Transfer to investment property | 10 | **-** | **(236)** | **-** | **-** | **(236)** |
| At 31 December 2013 | | **-** | **1,414** | **6,320** | **570** | **8,304** |
| At 1 January 2012 | | - | 2,348 | 8,636 | 965 | 11,949 |
| Exchange differences on consolidation | | - | (107) | (102) | (5) | (214) |
| Depreciation | 28 | - | 146 | 549 | 102 | 797 |
| Disposals | | - | - | (843) | (385) | (1,228) |
| Write-offs | | - | - | (1,989) | (74) | (2,063) |
| At 31 December 2012 | | - | 2,387 | 6,251 | 603 | 9,241 |
| **Accumulated impairment** | | | | | | |
| At 1 January 2013 | | **-** | **7,787** | **-** | **-** | **7,787** |
| Exchange differences on consolidation | | **-** | **492** | **-** | **-** | **492** |
| At 31 December 2013 | | **-** | **8,279** | **-** | **-** | **8,279** |
| At 1 January 2012 | | - | 8,210 | - | - | 8,210 |
| Exchange differences on consolidation | | - | (423) | - | - | (423) |
| At 31 December 2012 | | - | 7,787 | - | - | 7,787 |
| **Carrying amount** | | | | | | |
| At 31 December 2013 | | **498** | **1,040** | **1,667** | **299** | **3,504** |
| At 31 December 2012 | | 498 | 2,070 | 1,721 | 362 | 4,651 |

The Group reviews the carrying amounts of its property, plant and equipment at the end of each reporting year to determine whether there is any indication that those assets have suffered impairment loss. No impairment loss was recognised in 2013 and 2012 as a result of such assessment.

*Transfer to investment property*

During the year, a leasehold building in Shanghai with carrying amount of $793,000 was transferred to investment property due to change in use. The transfer was made at a fair value of $6,423,000 [note 10]. The resultant revaluation increase of $5,630,000 and the related deferred tax liabilities of $1,407,000 were recognised in other comprehensive income [note 31].

## 10 Investment properties

| | Note | Completed investment properties | Investment properties under redevelopment | Total |
|---|---|---|---|---|
| | | $'000 | $'000 | $'000 |
| <u>**Group**</u> | | | | |
| At 1 January 2013 | | **117,410** | **319,015** | **436,425** |
| Acquisition of subsidiary | 32 | **350,000** | **-** | **350,000** |
| Transfer | 9 | **6,423** | **-** | **6,423** |
| Development costs | | **-** | **13,896** | **13,896** |
| Net gain from fair value adjustments | 27 | **5,940** | **11,441** | **17,381** |
| At 31 December 2013 | | **479,773** | **344,352** | **824,125** |
| | | | | |
| At 1 January 2012 | | 324,750 | - | 324,750 |
| Transfer | | (231,400) | 231,400 | - |
| Development costs | | - | 40,015 | 40,015 |
| Net gain from fair value adjustments | 27 | 24,060 | 47,600 | 71,660 |
| At 31 December 2012 | | 117,410 | 319,015 | 436,425 |
| | | | | |
| <u>**Company**</u> | | | | |
| At 31 December 2013 and 1 January 2013 | | **498** | **-** | **498** |

<u>*Fair value adjustment*</u>

As at 31 December 2013, the Group's investment properties are stated at estimated fair value based on valuations carried out by independent professional valuers who have experience in the location and category of the properties being valued. Based on these valuations, fair value gain amounted to $17,381,000 (2012: $71,660,000) was recognised in profit or loss in accordance with *FRS 40* [note 27].

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at end of 31 December 2013, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy.

There were no transfers between different levels during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2013 are as follows:

| Name of property | Fair value as at 31 December 2013 $'000 | Valuation Methodology | Significant unobservable inputs (Level 3) | Range |
|---|---|---|---|---|
| Robinson Point<br>39 Robinson Road<br>Singapore | 350,000 | Direct Comparison Method | Price per square metre of net lettable area(1) | \$21,800 – \$34,600 |
| | | Investment Method | Net income margin*(1) | 72% - 84% |
| | | | Capitalisation rate(2) | 3.0%-3.75% |
| The Oxley<br>9 Oxley Rise<br>#01-00, #02-00, #03-00<br>Singapore | 63,300 | Direct Comparison Method | Price per square metre of strata floor area(1) | \$23,000 – \$30,900 |
| | | Investment Method | Net income margin*(1) | 86% – 90% |
| | | | Capitalisation rate(2) | 3% - 3.25% |
| Century Warehouse<br>31 strata units (out of a total of 35 units) of the building<br>100E Pasir Panjang Road<br>Singapore | 38,000 | Direct Comparison Method | Price per square metre of strata floor area(1) | \$7,200 – \$10,100 |
| L&Y Building<br>#01-03, #01-04, #05-01<br>59 Jalan Pemimpin<br>Singapore | 13,450 | Direct Comparison Method | Price per square metre of strata floor area(1) | \$5,800 – \$6,500<br>\$12,200 (ground floor) |
| Far East Finance Building<br>#11-01/02<br>14 Robinson Road<br>Singapore | 8,600 | Direct Comparison Method | Price per square metre of strata floor area(1) | \$21,900 – \$23,300 |
| No.2950 Chun Shen Road, Shanghai<br>China | 6,423 | Direct Comparison Method | Price per square metre of gross floor area(1) | \$1,800-\$4,700 |
| Robinson Tower redevelopment site | 344,352 | Residual Land Value Method | Gross development value per square metre(1) | Office: \$23,700 - \$42,500<br>Retail: \$53,800 - \$66,700 |
| | | | Developer profit(2) | 10% |
| | | | Land sale per square metre per plot ratio(1) | \$9,600 - \$12,000 |
| | | | Construction cost per square metre of gross floor area(2) | \$5,800 |
| | | | Total development cost (exclude land cost) per square metre of gross floor area(2) # | \$9,000 |
| | | | Construction period(2) | Approximately 3 years |

<u>Note;</u>

* Net income margin = net property income/annual gross rental income

\# Total development cost includes construction cost, professional fees, interest cost, land holding cost and other development related cost

(1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement

Generally, a change in the assumption made for the estimated net income margin (per square metre per annum) is accompanied by a similar change in the income growth per annum and capitalisation rate.

*Operating lease disclosure*

Rental income from the Group's investment properties which were all leased under operating leases amounted to $8,817,000 (2012: $10,020,000) [note 24]. Direct operating expenses (including repairs and maintenance) related to these investment properties amounted to $2,106,000 (2012: $3,182,000). Information on operating lease commitments is disclosed in note 34 to the financial statements.

*Details of collateral*

As at 31 December 2013, investment properties amounting to $817,702,000 (2012: $436,425,000) included in the above balances were mortgaged to banks as securities for borrowings. Information relating to the Group's loans and borrowings is disclosed in note 15 to the financial statements.

*List of completed investment properties*

The carrying amounts of completed investment properties held by the Group as at 31 December 2013 are as follows:

| Name of property | Description | Tenure | Strata floor area (sq m) | Group's effective equity interest | 2013 $'000 | 2012 $'000 |
|---|---|---|---|---|---|---|
| Robinson Point*<br>39 Robinson Road<br>Singapore | A 21-storey commercial building with 3-levels of car park | Freehold | 15,724 | 100% | **350,000** | - |
| The Oxley<br>9 Oxley Rise<br>#01-00, #02-00, #03-00<br>Singapore | 3 floors of commercial space within a 10-storey building with residential units | Freehold | 2,770 | 100% | **63,300** | 63,300 |
| Century Warehouse<br>100E Pasir Panjang Road<br>Singapore | 31 strata units out of a total of 35 units of the 8-storey warehouse | Freehold | 4,690 | 100% | **38,000** | 33,000 |
| L&Y Building<br>#01-03, #01-04, #05-01<br>59 Jalan Pemimpin<br>Singapore | 3 strata units out of a total of 24 units of the 5-storey warehouse building | 999 years from 1885 | 2,285 | 100% | **13,450** | 12,510 |
| Far East Finance Building<br>#11-01/02<br>14 Robinson Road<br>Singapore | 1 strata unit (floor) within a 13- storey commercial building and a basement storey | 999 years from 1884 | 402 | 100% | **8,600** | 8,600 |
| No.2950 Chun Shen Road, Shanghai<br>China | A 3-storey commercial building | 58 years from 2008 | 2,170 | 100% | **6,423** | - |
| | | | | | **479,773** | 117,410 |

* Acquired on 1 October 2013 [note 32]

*List of investment properties under redevelopment*

The carrying amounts of investment properties under redevelopment held by the Group as at 31 December 2013 are as follows:

| **Name of property** | **Description** | **Tenure** | **Planed gross floor area (sq m)** | **Group's effective equity interest** | **2013 $'000** | **2012 $'000** |
|---|---|---|---|---|---|---|
| Robinson Tower redevelopment site | Proposed development of a 28-storey commercial building comprising office tower, retail podium, sky terrace and an automated underground mechanised carpark system | 999-years from 1884 &1885 (Lots 167X, 616W, 691X, 99280A, 99287W and 99289P)<br><br>99-years from 2013 (Lots 485M, 488P) | 24,086 | 100% | **344,352** | 319,015 |

The Group is redeveloping the previous Robinson Towers, its annex and the immediately adjacent International Factors Building as a single commercial development as indicated above.

Finance costs of $2,599,000 (2012: $nil) was capitalised during the year at effective interest rate ranging from 1.6% to 1.9% per annum (2012: 1.2% to 1.3% per annum) [note 26].

## 11 Investments in subsidiaries

| | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|
| Quoted shares, at cost | **115,976** | 115,976 |
| Unquoted shares, at cost | **548,917** | 382,460 |
| Deemed investment arising from financial guarantees provided to banks on behalf of subsidiaries | **45,014** | 37,587 |
| | **709,907** | 536,023 |
| Less: Allowance for impairment loss | **(125,527)** | (121,416) |
| | **584,380** | 414,607 |
| Fair value of investment in a subsidiary for which there were published price quotations | **33,775** | 30,116 |

Details of the Company's significant subsidiaries at 31 December 2013 are disclosed in note 37 to the financial statements.

*Financial guarantees*

The Company issued financial guarantees to financial institutions for credit facilities obtained by certain of its subsidiaries and recorded a deemed financial guarantee fee income in accordance with FRS 39 Financial Instruments: Recognition and Measurement. The deemed income is amortised over the period of the guarantee. The unamortised financial guarantee fee income of $20,538,000 (2012: $20,112,000) is disclosed under the Company's non-trade payables in note 17 to the financial statements. The guarantee fee was not charged by the Company to the subsidiaries. The full amount of the guarantee fee is deemed to be the additional investment in subsidiaries.

*Movements in allowance for impairment*

| | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|
| **Allowance for impairment loss** | | |
| At 1 January | **(121,416)** | (127,580) |
| Allowance for impairment loss | **(20,147)** | (290) |
| Reversal of impairment | **9,916** | 6,454 |
| | **(10,231)** | 6,164 |
| Liquidation of subsidiaries | **6,120** | - |
| At 31 December | **(125,527)** | (121,416) |

Investments in subsidiaries are assessed for impairment at each reporting date for any objective evidence or indication that these assets might be impaired or any indication that the previously impaired amounts had decreased or no longer exist. The recoverable amounts of the investment are then determined based on fair value less costs to sell after taking into account whether an impairment write-down is required of the underlying assets. In the case of a listed subsidiary, the closing price of its quoted shares at the end of the reporting period was used.

During the year, allowance for impairment loss amounting to $20,147,000 (2012: $290,000) was made in respect of the Company's investment in certain subsidiaries to reduce the carrying value of investment to the recoverable amounts. In addition, there was a reversal of impairment amounting to $9,916,000 (2012: $6,454,000) in relation to certain subsidiaries to write back the previously impaired amounts which no longer exist. The above assessment is after taking into account the current financial position of the subsidiaries.

## 12 Investments in equity accounted investees

| | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| Quoted shares, at cost | **-** | 65,843 |
| Unquoted shares, at cost | **178,216** | 112,373 |
| Exchange differences on consolidation | **92** | 17,925 |
| Share of post-acquisition results and reserves, net of distributions received | **29,851** | 14,157 |
| | **208,159** | 210,298 |
| *Represented by:* | | |
| Quoted shares # | **-** | 39,213 |
| Unquoted shares | **208,159** | 171,085 |
| | **208,159** | 210,298 |

# GulTech was delisted from the SGX-ST on 18 January 2013 and the Group's equity interest in GulTech remains unchanged.

*Equity accounted investees*

The Group equity accounted for the 50%-owned jointly-controlled company, Grand Hotel Group ("GHG"), 43.3%-owned associate, Gul Technologies Singapore Pte Ltd ("GulTech") and 49%-owned associate, Pan-West (Private) Limited. Details of the Group's significant associates and jointly-controlled company as at 31 December 2013 are disclosed in note 38 to the financial statements.

The Group's aggregated share of net assets and share of total comprehensive income of equity accounted investees are set out below:

| | Note | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| **Share of net assets** | | | |
| At 1 January | | **210,298** | 199,531 |
| Exchange differences on consolidation | | **(17,833)** | (7,288) |
| Share of total comprehensive income (refer to below) | | **20,421** | 20,557 |
| Distributions | | **(4,727)** | (2,502) |
| At 31 December | | **208,159** | 210,298 |
| **Share of total comprehensive income** | | | |
| Share of results before fair value adjustments | | **14,757** | 20,335 |
| Share of fair value gain/(loss) on investment properties | 27 | **9,010** | (3,955) |
| Share of fair value gain/(loss) on financial instruments | 27 | **264** | (357) |
| | | **9,274** | (4,312) |
| Share of net profit | | **24,031** | 16,023 |
| Share of asset revaluation reserve | 31 | **(6,000)** | 7,480 |
| Share of cash flow hedging account | 31 | **2,390** | (2,946) |
| Share of other comprehensive (loss)/income | | **(3,610)** | 4,534 |
| Share of total comprehensive income for the year | | **20,421** | 20,557 |

Details of asset revaluation reserve and cash flow hedging reserve are disclosed in note 22 to the financial statements. Share of capital commitments of equity accounted investees are disclosed in note 34 to the financial statements.

*GulTech*

The summarised financial information of GulTech on a 100% basis is set out below:

| | **2013** **$'000** | **2012** **$'000** |
|---|---|---|
| Total assets | **366,846** | 347,025 |
| Total liabilities | **(129,427)** | (164,432) |
| Non-controlling interests | **(111,971)** | (92,092) |
| Equity attributable to owners | **125,448** | 90,501 |
| | | |
| Revenue for the year | **328,019** | 332,904 |
| Net profit for the year | **31,267** | 31,650 |

*Pan-West*

As at 31 December 2013, the Group recognised its share of further losses in Pan-West of $5,853,000 being the Group's share of corporate guarantees given to certain banks in exchange for bank balances drawn by Pan-West and its subsidiary. After this recognition, the unrecognised accumulated losses at the end of the reporting period were $679,000 (2012: $5,247,000).

*GHG*

GHG comprises Grand Hotel Trust and its controlled entities (collectively known as "GHT") and Grand Hotel Company Limited and its controlled entities (collectively known as "GHC"). The units in the GHT are stapled to the shares of GHC.

The summarised financial information of GHG on a 100% basis is set out below:

| | **2013** **$'000** | **2012** **$'000** |
|---|---|---|
| Total assets | **710,547** | 782,272 |
| Total liabilities | **(391,196)** | (440,102) |
| Net assets | **319,351** | 342,170 |
| | | |
| Revenue for the year | **166,832** | 173,913 |
| Profit for the year | **32,673** | 4,618 |
| Other comprehensive (loss)/income for the year | **(7,221)** | 9,070 |

*Derivative financial instrument*

One of the bank covenants GHG entered into stipulated that a minimum 75% of its existing borrowings facility should be hedged against changes in interest rate in Australian dollar. As at 31 December 2013 and 31 December 2012, 100% of its outstanding borrowings were hedged.

*List of hotel properties*

The hotel properties held by GHG as at 31 December 2013 are set out as follows:

| Name of Property/Location | Description | Tenure | Land area (sq m) | No. of hotel rooms | Non-hotel Operations |
|---|---|---|---|---|---|
| Grand Hyatt, 121-131 Collins Street Melbourne, Victoria | Located at the "Paris end" of Collins Street and its intersection with Russell Street. The Property is built over 34 levels featuring one of Melbourne's largest 5-star hotel, and its associated facilities and retail/commercial space. | Freehold | 5,776 | 546 | Lettable retail area approximately 2,472.5 sq m; car parking for approximately 592 vehicles. |
| Hyatt Regency & Fortescue Center, 87-123 Adelaide Terrace & Vacant Land Lots 11 & 12 at 10 & 40 Terrace Road, East Perth Western Australia | On Swan River within walking distance from the central business district. The Property forms an integrated 5-star hotel, office, retail and parking complex. The hotel is built over 9 levels, comprising hotel rooms and associated facilities. | Freehold | 25,826 | 367 | 3 levels of office premises in buildings with lettable area of 18,745 sq m; 29 ground floor retail/ commercial units with a total area of approximately 2,856 sq m leased to third parties; car parking for approximately 1,020 vehicles; two parcels of vacant land separately titled totalling 3,072 sq m suitable for future development into residential or commercial building. |

## 13 Derivative financial instrument

| | Group | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| | Assets $'000 | Liabilities $'000 | Assets $'000 | Liabilities $'000 |
| **Interest rate swap** | | | | |
| - Current | - | - | - | 696 |
| - Non-current | - | - | - | - |
| | - | - | - | 696 |

| | Company | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| | Assets $'000 | Liabilities $'000 | Assets $'000 | Liabilities $'000 |
| **Interest rate swap** | | | | |
| - Current | - | - | 696 | 696 |
| - Non-current | - | - | - | - |
| | - | - | 696 | 696 |

The Company had entered into a 3 year interest rate swap contract with a bank on behalf of its wholly-owned subsidiary to manage the subsidiary's exposure to interest rate movements on borrowings from the bank by swapping a proportion of the bank borrowings from floating to fixed rate. The Group settles the net difference between the fixed and floating interest rate on a quarterly basis.

The interest rate swap contract was expired during the current year. The resultant gross gain of $569,000 (2012: gain of $310,000) was recognised in profit or loss [note 27].

## 14 Other non-current asset

| | Group | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Club membership, at cost | **14** | 14 |

## 15 Loans and borrowings

| | Note | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| **Current** | | | |
| Bank loans | | **150,050** | 30,300 |
| Finance leases | 16 | **2** | 23 |
| | | **150,052** | 30,323 |
| **Non-current** | | | |
| Bank loans | | **767,604** | 530,270 |
| Finance leases | 16 | **-** | 2 |
| | | **767,604** | 530,272 |
| Total borrowings | | **917,656** | 560,595 |
| *Represented by:* | | | |
| Interest-bearing liabilities | | **919,720** | 561,995 |
| Capitalised finance costs | | **(2,064)** | (1,400) |
| | | **917,656** | 560,595 |

*Security profile*

| | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| **Secured borrowings** | | |
| Current | **150,052** | 30,323 |
| Non-current | **767,604** | 530,272 |
| | **917,656** | 560,595 |

*Details of collateral*

Loans and borrowings from banks were secured over the Group's cash and bank balances [note 5] development properties [note 8], investment properties [note 10] and covered by corporate guarantees [note 35].

*Interest rate profile*

| | Note | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| **Loans and borrowings** | | | |
| Fixed rate - Finance lease liabilities | 16 | **2** | 25 |
| Variable rate | | **917,654** | 560,570 |
| | | **917,656** | 560,595 |

The Group's exposure to fair value interest rate risk as disclosed in note 36(b) to the financial statements as at 31 December 2013.

*Fair value*

The fair value of the Group's loans and borrowings approximate their carrying amounts at the end of the reporting period. Further details regarding foreign currency denomination and maturity dates, contractual and effective interest rates are disclosed in note 36(a) and 36(d) respectively to the financial statements.

## 16 Finance leases

| | | Group | | | |
|---|---|---|---|---|---|
| | | **Minimum lease payments** | | **Present value of minimum lease payments** | |
| | **Note** | **2013 $'000** | **2012 $'000** | **2013 $'000** | **2012 $'000** |
| **Finance leases** | | | | | |
| Not later than one year | | **2** | 24 | **2** | 23 |
| Later than one year but not later than five years | | **-** | 2 | **-** | 2 |
| Total minimum lease payments | | **2** | 26 | **2** | 25 |
| *Less:* | | | | | |
| Amounts representing future finance charges | | **-** | (1) | **-** | - |
| Present value of minimum lease payments | | **2** | 25 | **2** | 25 |
| | | | | | |
| **Presented as:** | | | | | |
| Current | 15 | | | **2** | 23 |
| Non-current | 15 | | | **-** | 2 |
| | | | | **2** | 25 |

The Group leases certain of its plant and equipment under finance leases on a fixed repayment basis. The lease obligations are denominated in Singapore dollar and there are no arrangements for contingent rental payments. The fair value of the Group's lease obligations approximate their carrying amounts at the end of the reporting period.

## 17 Trade and other payables

| | Note | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|---|
| **Trade** | | | | | |
| Trade payables | | **38,953** | 18,163 | **281** | 113 |
| Amounts due to related parties | 19 | **6,902** | 14,820 | **-** | - |
| | | **45,855** | 32,983 | **281** | 113 |
| **Non-trade** | | | | | |
| Other creditors | | **4,980** | 5,240 | **264** | 267 |
| Advanced billings | | **2,743** | 5,263 | **-** | - |
| Accrued operating expenses | | **25,266** | 22,096 | **844** | 825 |
| Accrued interest expenses | | **487** | 201 | **-** | - |
| Financial guarantees | 11 | **-** | - | **20,538** | 20,112 |
| Dividend payable to non-controlling interests | | **-** | 3 | **-** | - |
| Amounts due to related parties | 19 | **344** | 1,664 | **7** | 2 |
| | | **33,820** | 34,467 | **21,653** | 21,206 |
| | | **79,675** | 67,450 | **21,934** | 21,319 |

The Group is granted various credit terms on its purchases from its large number of suppliers who are geographically dispersed. Trade payables are generally on 14 to 90 days (2012: 14 to 90 days) credit term. The Group manages liquidity risk of trade payables primarily by maintaining sufficient cash and credit facilities [note 36].

The carrying amount of trade and other payables approximate their fair values at the end of the reporting periods. Further details regarding the contractual and effective interest rates, maturity dates and foreign currency denomination are disclosed in note 36 to the financial statements.

## 18 Amounts due from/(to) subsidiaries

| | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|
| Amounts due from subsidiaries: | | |
| - non-trade | **300,345** | 298,186 |
| Less: Allowance for impairment | **(11)** | (79,914) |
| | **300,334** | 218,272 |
| Amounts due to subsidiaries: | | |
| - non-trade | **(320,734)** | (157,340) |

*Allowance for impairment*

An analysis of allowance for impairment is as follows:

| | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|
| **Allowance for impairment** | | |
| At 1 January | **(79,914)** | (79,914) |
| Write back of allowance | **79,903** | - |
| At 31 December | **(11)** | (79,914) |

The non-trade amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand. During the financial year, a reversal of provision for impairment loss of $79,903,000 (2012: $nil) was made for amount due from subsidiaries. The above assessment is after taking into account the current financial position of the subsidiaries.

## 19 Amounts due from/(to) related parties

| | Note | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|---|
| **Amounts due from:** | | | | | |
| **Associates** | | | | | |
| Associates, non-trade | | **9** | 79 | **-** | 70 |
| **Other related parties** | | | | | |
| Other related parties, trade | | **1,013** | 1,828 | **-** | - |
| Other related parties, non-trade | | **821** | 486 | **-** | - |
| Refundable deposits with other related parties | | **7,575** | 7,293 | **-** | - |
| | | **9,409** | 9,607 | **-** | - |
| **Total** | | **9,418** | 9,686 | **-** | 70 |
| *Presented as:* | | | | | |
| Amounts due from related parties, trade | 6 | **1,013** | 1,828 | **-** | - |
| Amounts due from related parties, non-trade | 6 | **8,405** | 7,858 | **-** | 70 |
| | | **9,418** | 9,686 | **-** | 70 |
| **Amounts due to:** | | | | | |
| **Associates** | | | | | |
| Associates, trade | | **(3)** | - | **-** | - |
| Associates, non-trade | | **(7)** | (2) | **(7)** | (2) |
| | | **(10)** | (2) | **(7)** | (2) |
| **Jointly-controlled company** | | | | | |
| Jointly-controlled company, non-trade | | **-** | (1,337) | **-** | - |
| **Other related parties** | | | | | |
| Other related parties, trade | | **(6,899)** | (14,820) | **-** | - |
| Other related parties, non-trade | | **(337)** | (325) | **-** | - |
| | | **(7,236)** | (15,145) | **-** | - |
| **Total** | | **(7,246)** | (16,484) | **(7)** | (2) |
| *Presented as:* | | | | | |
| Amounts due to related parties, trade | 17 | **(6,902)** | (14,820) | **-** | - |
| Amounts due to related parties, non-trade | 17 | **(344)** | (1,664) | **(7)** | (2) |
| | | **(7,246)** | (16,484) | **(7)** | (2) |

The Company's major shareholder is Nuri Holdings (S) Pte Ltd ("Nuri"), incorporated in Singapore. Related companies are the companies in which the shareholders of Nuri and their family members have a controlling interest in. Related parties include subsidiaries, associates, jointly-controlled companies, related companies, Nuri and directors of the Company and their associates.

Included in amounts due to other related parties, trade and non-trade, are mainly balances with related companies. Further details regarding transactions with related parties are disclosed in note 33 to the financial statements.

*Amounts due from associates*

The trade and non-trade amounts due from associates are unsecured, interest-free and repayable within normal trade terms.

*Amounts due to a jointly-controlled company*

The non-trade amounts owed to a jointly-controlled company are unsecured, interest-free and repayable on demand.

*Amounts due from/(to) other related parties*

Included in the non-trade amounts due from related parties is a refundable deposit of US$6,000,000 or equivalent to $7,575,000 (2012: $7,293,000) placed by SP Corp, a listed subsidiary of the Group to secure coal supply allocation with a coal mine which is a related company as defined above.

The deposit is repayable within one year subject to yearly renewal by mutual agreement between the two parties. It is secured by a corporate guarantee issued by the holding company of the related company and bears an effective interest of 4.67% (2012: 5.04%) per annum. The deposit have been assessed to be placed with counterparties who are creditworthy and accordingly no allowance for potential non-recovery of these deposits is required.

The remaining trade and non-trade amounts due from/(to) other related parties were unsecured, interest-free, and repayable within normal trade terms.

## 20 Deferred tax liabilities

Deferred tax at the end of the reporting period consists of the following:

| | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| **Deferred tax liabilities arising from** | | |
| Accelerated tax depreciation compared to accounting depreciation | **463** | 516 |
| Profit recognised on percentage of completion of development properties for sale | **1,613** | - |
| Fair value changes of property, plant and equipment | **1,407** | - |
| Foreign income not remitted and which will be subject to tax if remitted in the future | **22,444** | 22,634 |
| | **25,927** | 23,150 |
| **Deferred tax assets arising from** | | |
| Unutilised tax losses | **(2,331)** | (4,046) |
| Others | **(105)** | (105) |
| | **(2,436)** | (4,151) |
| **Net deferred tax liabilities** | **23,491** | 18,999 |

Deferred tax liabilities and assets recognised by the Group and the movements thereon during the current and prior reporting periods are as following:

| | Note | Accelerated tax depreciation | Deferred development costs | Revaluation of property, plant and equipment | Foreign income not remitted | Unutilised tax losses | Others | Total |
|---|---|---|---|---|---|---|---|---|
| | | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Group | | | | | | | | |
| **At 1 January 2013** | | **516** | **-** | **-** | **22,634** | **(4,046)** | **(105)** | **18,999** |
| Exchange differences on consolidation | | **(59)** | **-** | **-** | **(2,905)** | **577** | **-** | **(2,387)** |
| Charged to profit or loss | 29 | **6** | **1,613** | **-** | **3,485** | **1,138** | **-** | **6,242** |
| Charged/(credited) to other comprehensive income | 31 | **-** | **-** | **1,407** | **(770)** | **-** | **-** | **637** |
| **At 31 December 2013** | | **463** | **1,613** | **1,407** | **22,444** | **(2,331)** | **(105)** | **23,491** |
| | | | | | | | | |
| **At 1 January 2012** | | 537 | - | - | 21,412 | (2,947) | (326) | 18,676 |
| Exchange differences on consolidation | | (9) | - | - | (554) | 2 | - | (561) |
| Transfer to income tax payable | | - | - | - | - | (405) | - | (405) |
| Charged/(credited) to profit or loss | 29 | (12) | - | - | 599 | (696) | 221 | 112 |
| Charged to other comprehensive income | 31 | - | - | - | 1,177 | - | - | 1,177 |
| **At 31 December 2012** | | 516 | - | - | 22,634 | (4,046) | (105) | 18,999 |

Deferred tax assets and liabilities are netted off when there is a legally enforceable right to offset and when the deferred income taxes relate to the same tax authority.

*Deferred tax liabilities relating to equity interest in GHG*

Deferred tax liabilities included an amount of $20,113,000 (2012: $18,638,000) on account of provision made by the Group to recognise the taxable gains determined by the excess of the Group's share of the fair value of net assets of GHG over its tax cost base of the securities in GHG held by the Group.

*Deferred tax liabilities not recognised*

At the end of the reporting year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was $223,000 (2012: $220,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

*Deferred tax benefits not recognised*

At the end of the reporting year, the Group had, subject to the agreement by the tax authorities, unutilised tax losses of $51,290,000 (2012: $60,580,000) which were available for carry forward and set-off against future taxable income. A deferred tax asset had been recognised on tax losses of $7,770,000 (2012: $12,653,000), whereas no deferred tax asset had been recognised in respect of the remaining tax losses of $43,520,000 (2012: $47,927,000) due to the unpredictability of the relevant future profit streams.

At the end of the reporting year, the Group had, subject to the agreement by the tax authorities, capital allowances of $1,831,000 (2012: $1,831,000) which were available for carry forward and set-off against future taxable income. Future tax benefits arising from these unutilised capital allowances had not been recognised in the financial statements as there was no reasonable certainty of their recovery in the future years.

## 21 Share capital

| | Group and Company | | | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | Number of ordinary shares ('000) | | $'000 | $'000 |
| **Issued and paid up:** | | | | |
| At 1 January | **1,161,277** | 1,154,261 | **164,545** | 162,728 |
| Shares issued under Scrip Dividend Scheme | **11,463** | 7,016 | **3,645** | 1,817 |
| At 31 December | **1,172,740** | 1,161,277 | **168,190** | 164,545 |

The Company has a single class of ordinary shares. All issued shares carry one vote per share and are entitled to receive dividend as and when declared by the Company. The ordinary shares are fully paid and have no par value.

*Issue of shares*

During the year, the Company allotted and issued 11,462,447 (2012: 7,016,583) ordinary shares at an issue price of 31.8 cents (2012: 25.9 cents) per share to eligible shareholders who have validly elected to participant in the Tuan Sing Scrip Dividend Scheme in respect of the first and final ordinary dividend of 0.5 cent per share for the financial year ended 31 December 2012.

## 22 Reserves

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | $'000 | $'000 | $'000 | $'000 |
| **Reserves** | | | | |
| Asset revaluation reserve | **76,909** | 77,573 | **-** | - |
| Foreign currency translation account | **(11,384)** | (2,214) | **-** | - |
| Other capital reserves: | | | | |
| - Non-distributable capital reserves | **102,271** | 101,545 | **101,264** | 101,264 |
| - Cash flow hedging account | **(2,890)** | (4,770) | **-** | - |
| Non-distributable capital reserves | **99,381** | 96,775 | **101,264** | 101,264 |
| Revenue reserve | **416,585** | 370,950 | **273,221** | 190,648 |
| | **581,491** | 543,084 | **374,485** | 291,912 |

Only revenue reserve is distributable to shareholders as dividend.

*Foreign currency translation account*

Foreign currency translation account comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company; as well as from the translation of monetary items which form part of the Group's net investment in foreign operations at the end of the reporting period.

*Asset revaluation reserve*

Asset revaluation reserve comprises net cumulative surpluses arising from the revaluation of leasehold land, buildings and improvements held by the Group [note 9] and share of revaluation reserve of the jointly-controlled company, GHG [note 12]. These properties are held for the purpose of production or supply or goods and services.

*Non-distributable capital reserves*

Non-distributable capital reserves comprise capital reduction reserve of the Company and share of enterprise expansion fund reserve of an associate, GulTech.

*Cash flow hedging account*

Cash flow hedging account represents the net cumulative deficit arising from share of cash flow hedge reserve of the jointly-controlled company, GHG [note 12].

## 23 Dividend

| | Group and Company | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **Tax-exempt one-tier first and final dividend paid in respect of the previous year** | | |
| Cash | **2,161** | 1,580 |
| Share | **3,645** | 1,817 |
| | **5,806** | 3,397 |

The directors proposed a tax exempt one-tier first and final dividend of 0.5 cent per share (2012: 0.5 cent per share) amounting to $5,864,000 (2012: $5,806,000), subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company, be paid in respect of the financial year ended 31 December 2013. The Tuan Sing Scrip Dividend Scheme will be applicable to this proposed tax exempt one-tier first and final dividend.

## 24 Revenue

| | | Group | |
|---|---|---|---|
| | **Note** | **2013** | **2012** |
| | | **$'000** | **$'000** |
| **Revenue** | | | |
| Sale of products | | **159,126** | 178,114 |
| Sale of development properties | | **128,613** | 174,837 |
| Rental income of investment properties | 10 | **8,817** | 10,020 |
| Services rendered | | **5,337** | 8,600 |
| Others | | **380** | 276 |
| | | **302,273** | 371,847 |

Revenue represents the invoiced value of goods and services supplied. Intra-group revenue is eliminated on consolidation and is excluded from Group revenue. During the year, $113,982,000 (2012: $48,228,000) was recognised based on the percentage of completion method.

Revenue of associates and jointly-controlled company was not included as their results were equity accounted for. Information relating to the revenue of the associates and jointly-controlled company is provided in note 12 to the financial statements.

## 25 Finance income

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **Finance income** | | |
| Interest income on bank deposits | **4,359** | 3,709 |
| Interest income on debtors | **179** | 133 |
| Interest income on related parties | **480** | 808 |
| | **5,018** | 4,650 |

## 26 Finance costs

| | | Group | |
|---|---|---|---|
| | **Note** | **2013** | **2012** |
| | | **$'000** | **$'000** |
| **Finance costs** | | | |
| Interest expense on loans and borrowings | | **10,773** | 9,260 |
| Amortisation of upfront bank facility fees | | **275** | 425 |
| | | **11,048** | 9,685 |
| Less: Amounts capitalised | | | |
| - Development properties | 8 | **(4,369)** | (4,151) |
| - Investment properties | 10 | **(2,599)** | - |
| | | **(6,968)** | (4,151) |
| | | **4,080** | 5,534 |

Borrowing costs capitalised as cost of development properties relate to borrowings taken up to finance each specific development project.

## 27 Fair value adjustments

| | Note | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| **Fair value adjustments** | | | |
| Subsidiaries | | **17,950** | 71,970 |
| Share of equity accounted investees | 12 | **9,274** | (4,312) |
| | | **27,224** | 67,658 |
| *Represented by:* | | | |
| Fair value gain on investment properties | | **26,391** | 67,705 |
| Fair value gain/(loss) on financial instrument | | **833** | (47) |
| | | **27,224** | 67,658 |

The fair value adjustment is analysed as follows:

| | Note | Group Gross $'000 | Deferred tax $'000 | Non-controlling Interests $'000 | Net $'000 |
|---|---|---|---|---|---|
| **2013** | | | | | |
| **Fair value gain on investment properties** | | | | | |
| Subsidiaries | 10 | **17,381** | **-** | **-** | **17,381** |
| Share of equity accounted investees | 12 | **9,010** | **(2,550)** | **-** | **6,460** |
| | | **26,391** | **(2,550)** | **-** | **23,841** |
| **Fair value gain on financial instruments** | | | | | |
| Subsidiaries | 13 | **569** | **-** | **-** | **569** |
| Share of equity accounted investees | 12 | **264** | **(18)** | **-** | **246** |
| | | **833** | **(18)** | **-** | **815** |
| | | **27,224** | **(2,568)** | **-** | **24,656** |
| **2012** | | | | | |
| **Fair value gain/(loss) on investment properties** | | | | | |
| Subsidiaries | 10 | 71,660 | - | - | 71,660 |
| Share of equity accounted investees | 12 | (3,955) | (166) | - | (4,121) |
| | | 67,705 | (166) | - | 67,539 |
| **Fair value gain/(loss) on financial instruments** | | | | | |
| Subsidiaries | 13 | 310 | - | - | 310 |
| Share of equity accounted investees | 12 | (357) | (15) | - | (372) |
| | | (47) | (15) | - | (62) |
| | | 67,658 | (181) | - | 67,477 |

## 28 Profit before tax

Profit before tax for the year has been arrived at after charging/(crediting) the following:

| | Note | Group 2013 $'000 | 2012 $'000 |
|---|---|---|---|
| **Depreciation** | | | |
| Depreciation of property, plant and equipment | 9 | **699** | 797 |
| **Impairment of assets** | | | |
| Allowance for doubtful trade and other receivables, net | 6 | **119** | 143 |
| Allowance for inventory obsolescence, net | 7 | **20** | 31 |
| **Acquisition of subsidiary** | | | |
| Negative goodwill on acquisition | 32 | **(802)** | - |
| **Disposal of assets** | | | |
| Net (gain)/loss on disposal of property, plant and equipment | | **(1,767)** | 146 |
| Plant and equipment written off | | **2** | 148 |
| **Foreign exchange loss, net** | | **1,957** | 839 |
| **Cost of inventories recognised as an expense** | | **152,450** | 169,685 |
| **Auditors' remuneration** | | | |
| Audit fees | | | |
| - Auditors of the Company | | **394** | 384 |
| - Other auditors | | **91** | 75 |
| Non-audit fees | | | |
| - Auditors of the Company | | **77** | 72 |
| - Other auditors | | **76** | 94 |
| Underprovision of auditors' remuneration in prior year | | | |
| - Auditors of the Company | | **-** | 4 |
| - Other auditors | | **-** | - |
| **Directors' remuneration** | | | |
| Of the Company | | | |
| - Salaries and wages | | **1,392** | 1,280 |
| - Defined contribution plans | | **-** | 7 |
| Of the subsidiaries | | | |
| - Salaries and wages | | **2,336** | 2,653 |
| - Defined contribution plans | | **79** | 79 |
| | | **3,807** | 4,019 |
| **Employees benefit expenses (excluding directors' remuneration)** | | | |
| - Salaries and wages | | **12,471** | 13,964 |
| - Defined contribution plans | | **829** | 909 |
| - Others | | **46** | (62) |
| | | **13,346** | 14,811 |

## 29 Income tax expenses

| | Note | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| Current income tax | | | |
| - Singapore | | **1,475** | 5,819 |
| - Foreign | | **1,744** | 1,295 |
| - Under/(over) provision in prior years | | **36** | (796) |
| | | **3,255** | 6,318 |
| Withholding tax expense/(refund) | | **218** | (394) |
| Deferred tax | 20 | **6,242** | 112 |
| | | **9,715** | 6,036 |

Singapore income tax is calculated at 17% (2012: 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The reconciliation between the tax expense reported and the product of accounting profit multiplied by the applicable tax rate is as follows:

| | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| Profit before income tax | **62,769** | 123,843 |
| Income tax calculated at 17% (2012: 17%) | **10,671** | 21,053 |
| *Adjustments:* | | |
| Share of results of equity accounted investees | **(4,085)** | (2,724) |
| Interest in a jointly-controlled company | **(94)** | (97) |
| Expenses not deductible for tax purposes | **1,626** | 899 |
| Tax losses not recognised as deferred tax assets | **284** | 893 |
| Tax losses not available for set-off against future income | **114** | 246 |
| Different tax rates of subsidiaries operating in other jurisdictions | **5,215** | 1,187 |
| Income that is not subject to tax | **(3,026)** | (13,855) |
| Utilisation of tax losses and capital allowance previously unrecognised | **(992)** | (604) |
| Under/(over) provision in prior years | **36** | (796) |
| Withholding tax expense/(refund) | **218** | (394) |
| Others | **(252)** | 228 |
| | **9,715** | 6,036 |

## 30 Earnings per share

Analysis of the Group's profit from operations and fair value adjustments are as follows:

| | | Group | | |
|---|---|---|---|---|
| | Note | Before fair value adjustments | Fair value adjustments | After fair value adjustments |
| | | $'000 | $'000 | $'000 |
| **2013** | | | | |
| **Profit before tax** | | **35,545** | **27,224** | **62,769** |
| Income tax expenses | 29 | **(7,147)** | **(2,568)** | **(9,715)** |
| **Profit for the year** | | **28,398** | **24,656** | **53,054** |
| *Less:* | | | | |
| Non-controlling interests | | **(1,054)** | **-** | **(1,054)** |
| **Profit attributable to owners of the Company** | | **27,344** | **24,656** | **52,000** |
| **2012** | | | | |
| **Profit before tax** | | 56,185 | 67,658 | 123,843 |
| Income tax expenses | 29 | (5,855) | (181) | (6,036) |
| **Profit for the year** | | 50,330 | 67,477 | 117,807 |
| *Less:* | | | | |
| Non-controlling interests | | (8,275) | - | (8,275) |
| **Profit attributable to owners of the Company** | | 42,055 | 67,477 | 109,532 |

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | $'000 | $'000 |
| **Profit attributable to owners of the Company** | | |
| Before fair value adjustments | **27,344** | 42,055 |
| Fair value adjustments | **24,656** | 67,477 |
| After fair value adjustments | **52,000** | 109,532 |
| **Basic and diluted earnings per share (cents)** | | |
| Excluding fair value adjustments | **2.4** | 3.6 |
| Including fair value adjustments | **4.5** | 9.5 |
| **Weighted average number of ordinary shares (in '000 shares) for the purpose of computation of basic and diluted earnings per share** | **1,167,401** | 1,158,037 |

## 31 Other comprehensive income

| | Note | Group Before tax $'000 | Deferred tax $'000 | After tax $'000 |
|---|---|---|---|---|
| **2013** | | | | |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Revaluation of property | 9 | **5,630** | **(1,407)** | **4,223** |
| Share of asset revaluation reserve of equity accounted investees | 12 | **(6,000)** | **1,280** | **(4,720)** |
| | | **(370)** | **(127)** | **(497)** |
| *Items that will be reclassified subsequently to profit or loss* | | | | |
| Exchange differences on translation of foreign operations | | **(9,078)** | **-** | **(9,078)** |
| Exchange differences realised on disposal | | **46** | **-** | **46** |
| | | **(9,032)** | **-** | **(9,032)** |
| Share of cash flow hedging reserve of equity accounted investees | 12 | **2,390** | **(510)** | **1,880** |
| | | **(6,642)** | **(510)** | **(7,152)** |
| | | **(7,012)** | **(637)** | **(7,649)** |
| **2012** | | | | |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Share of asset revaluation reserve of equity accounted investees | 12 | 7,480 | (1,941) | 5,539 |
| *Items that will be reclassified subsequently to profit or loss* | | | | |
| Exchange differences on translation of foreign operations | | (12,244) | - | (12,244) |
| Share of cash flow hedging reserve of equity accounted investees | 12 | (2,946) | 764 | (2,182) |
| | | (15,190) | 764 | (14,426) |
| | | (7,710) | (1,177) | (8,887) |

## 32 Acquisition of Subsidiary

On 1 October 2013, the Group acquired 100% of the issued share capital of Robinson Point Limited which legally and beneficially holds 100% of the issued share capital of 39 Robinson Road Pte Ltd, for a consideration of $171.6 million, net of long-term bank loan. This transaction has been accounted for by the acquisition method of accounting.

Robinson Point Limited is a private company limited by shares incorporated in Mauritius. 39 Robinson Road Pte Ltd is a private company limited by shares incorporated in Singapore and is the registered, legal and beneficial owner of a building known as Robinson Point located within the Central Business District of Singapore at 39 Robinson Road ("Robinson Point").

Robinson Point is a 21-storey freehold commercial building with a total gross floor area of approximately 15,724 square metres and a net lettable area of approximately 12,567 square metres. As on 31 December 2013, the building was fully rented to third party tenants with durations of approximately three years.

*Consideration transferred (at acquisition date fair values)*

| | **Total $'000** |
|---|---|
| Cash | **171,577** |
| Contingent consideration arrangement | **-** |
| | **171,577** |

*Assets acquired and liabilities assumed at the date of acquisition*

| | **Total $'000** |
|---|---|
| **Current assets** | |
| Trade and other receivables | **1,080** |
| Cash and cash equivalents | **709** |
| **Non-current assets** | |
| Investment Property | **350,000** |
| **Current liabilities** | |
| Trade and other payables | **(3,993)** |
| **Non-current liabilities** | |
| Long term borrowings | **(175,417)** |
| Contingent liabilities | **-** |
| Net assets acquired and liabilities assumed | **172,379** |

**Goodwill on acquisition**

| | |
|---|---|
| Consideration transferred | **171,577** |
| Less: Net assets acquired and liabilities assumed | **(172,379)** |
| Negative goodwill on acquisition (included in other operating income) | **(802)** |

*Acquisition-related costs*

Acquisition-related costs of $403,000 had been excluded from the consideration transferred and had been recognised as an expense in the year and included in the "administrative expenses" line in the statement of profit or loss and other comprehensive income.

*Net cash outflow on acquisition of subsidiaries*

| | 2013<br>$'000 | 2012<br>$'000 |
|---|---|---|
| Consideration paid in cash | **171,577** | - |
| Less: Cash and cash equivalent balance acquired | **(709)** | - |
| Net cash outflow on acquisition | **170,868** | - |

*Impact of acquisition on the results of the Group*

The acquired business contributed revenue and profit of $3,196,000 and $1,052,000 respectively for last three months of the year. Had the business combination been effected at 1 January 2013, the revenue of the Group from continuing operations would have increased by $12,785,000 and the profit for the year would have been $2,711,000.

## 33 Significant related party transactions

In addition to the related party transactions disclosed elsewhere in the financial statements, the Group entered into the following significant related party transactions with the major shareholders, associates and the directors of the Company and their associates:

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **Transactions with major shareholders** | | |
| Sale of products and services rendered | **4,653** | 5,344 |
| Rental income | **1,310** | 1,283 |
| Interest income | **368** | 696 |
| Purchase of products | **(65,308)** | (78,838) |
| Rental expense | **(455)** | (386) |
| **Transactions with associates** | | |
| Management fee income | **180** | 345 |
| Rental income | **301** | 240 |
| Interest income | **112** | 112 |
| Purchase of products | **(10)** | (2) |
| **Transactions with directors and their associates** | | |
| Sale of development properties | **216** | 6,291 |
| Rental income | **33** | 91 |
| Administrative expense | **(1)** | (5) |

The Company's major shareholder is Nuri Holdings (S) Pte Ltd ("Nuri"), incorporated in Singapore. Related party transactions with major shareholder refer to transactions with the companies in which the shareholders of Nuri and their family members have a controlling interest in. The related party transactions above are entered into in the normal course of business based on terms agreed between the parties.

At the end of the reporting year, the Group had commitments to lease certain commercial properties to Nuri, and associates of the Group. These non-cancellable operating leases had remaining lease terms of between 1 to 25 months (2012: 1 to 26 months). Future minimum lease receivables under these leases not recognised as receivables at the end of each reporting period were as follows:

*Commitment with related parties*

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **Commitment with related parties** | | |
| Sale of development properties | **2,932** | 3,962 |
| Operating leases | | |
| - Within one year | **2,094** | 1,788 |
| - After one year but not more than five years | **739** | 2,104 |
| | **2,833** | 3,892 |

*Remuneration of directors and key management personnel*

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **Remuneration of directors and key management personnel** | | |
| Short-term benefits and fees | **3,728** | 3,933 |
| Post-employment benefits (defined contribution plan) | **79** | 86 |
| | **3,807** | 4,019 |

## 34 Commitments

*Capital commitments*

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **Capital commitments** | | |
| Development and investment properties expenditure contracted for but not provided in the financial statements | **228,817** | 10,234 |
| Share of commitments of jointly-controlled company - Capital expenditure contracted for but not provided in the financial statements | **3,132** | 3,386 |

*Operating lease commitments - where the Group is a lessor*

The Group entered into commercial property leases on its investment property portfolio, consisting of commercial and industrial buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. As at the end of the reporting period, these non-cancellable leases had remaining lease terms of between one and three years.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of each reporting period but not recognised as receivables were as follows:

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **Operating lease commitments – where the group is a lessor** | | |
| Within one year | **15,594** | 6,624 |
| After one year but not more than five years | **10,593** | 3,812 |
| After five years | **437** | - |
| | **26,624** | 10,436 |

*Operating lease commitments - where the Group is a lessee*

The Group leases office premises, warehouse, and workshops under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. They are generally negotiated for an average term of 1 to 2 years and rentals are generally fixed for an average of 1 to 2 years. Payment recognised as an expense during the year was $608,000 (2012: $884,000).

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities were as follows:

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **Operating lease commitments – where the group is a lessee** | | |
| Within one year | **752** | 910 |
| After one year but not more than five years | **1,435** | 830 |
| | **2,187** | 1,740 |

*Derivative financial instrument*

SP Corp, a listed subsidiary of the Group, utilised currency derivatives to hedge significant future transactions and cash flows. At the end of the reporting year, the total notional amount of outstanding forward foreign exchange contracts to which the Group was committed were as follows:

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **Derivative financial instrument** | | |
| Foreign currency forward contracts | **11,400** | 12,571 |

In 2013 and 2012, the change in the fair value of non-hedging currency derivative was insignificant and hence its amount was not charged to profit or loss.

## 35 Contingent liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Contingent liabilities** | | | | |
| Guarantees given to banks in respect of bank facilities utilised by an associate | **-** | 2,859 | **-** | 2,859 |
| Guarantees given to banks in respect of bank facilities utilised by subsidiaries | **-** | - | **869,718** | 560,620 |
| | **-** | 2,859 | **869,718** | 563,479 |

During the year, the Group recognised an amount of cumulative losses of its associate, Pan-West, equivalent to the Group's share of corporate guarantees given to certain banks to secure credit facilities of Pan-West and its subsidiary [note 12]. As the liabilities had been recognised, there were no contingent liabilities as at 31 December 2013.

A subsidiary of the Company, Dillenia Land Pte Ltd ("Dillenia"), entered into a conditional contract with the Sales Committee of Gilstead Court, representing the consenting subsidiary proprietors, for the purchase of all strata units and common property of Gilstead Court. On 16 October 2013, purportedly three members of the Sales Committee made an application to the High Court of Singapore and alleged that Dillenia had breached the contract by making an offer of S$135,000 to relieve the non-consenting subsidiary proprietors of their alleged liabilities under the collective sale agreement as an inducement for the latter to withdraw their objection to the collective sale. The application, claiming inter alia a sum of S$15,016,800 as liquidated damages, had not been served to Dillenia. After consulting the legal counsel, management was of the view that the allegation was baseless and without merit. Accordingly, no amount was provided as at 31 December 2013 in respect of this allegation.

## 36 Financial risk management

*Financial risk management policies and objectives*

The Group has documented financial risk management policies approved by the Board of Directors. The policies consist of formal, systematic and comprehensive guidelines and rules to identify and manage periodically significant risks that might affect the achievement of business objectives, outputs, projects or operating processes at the Group, subsidiary or business unit level. Guidelines and rules are reviewed annually by the Group to ensure that they remain relevant. The Group's overall risk management program seeks to minimise potentially adverse effects on financial performance of the Group.

The Group adopts a systematic approach towards risk assessment and management. Risk management process is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile. The key risks relating to financial management include foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing cash in excess of short-term operational requirement.

*Factors behind financial risks*

The Group's activities expose it to a variety of financial risks – market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group seeks to minimise potentially adverse effects arising from the unpredictability of the financial markets on the Group's financial performance.

The Group's financial instruments comprise loans and borrowings, cash and liquid resources, trade and other receivables, trade and other payables that arise directly from its operations. The Group manages its exposure to currency and interest rate risks by using a variety of techniques and instruments as described in note 36(a) and 36(b) to the financial statements.

Natural hedging is preferred by matching assets and liabilities of the same currency. Derivative financial instruments are only used where it is necessary to reduce the Group's exposure to fluctuations in foreign exchange and interest rates or to comply with covenants imposed by banks. While these financial instruments are subject to risk of change in market rates subsequent to their acquisition, such changes are generally offset by opposite effects on the items being hedged. The Group does not hold or issue derivative financial instruments for speculative purposes. The Group is not exposed to any equity-price risk.

There has been no major change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analyses indicated in note 36(a) and note 36(b) to the financial statements.

*Classification of financial instruments*

The table below sets out the financial instruments at the end of the reporting year:

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Financial assets** | | | | |
| Loans and receivables (including cash and bank balances) | **338,690** | 276,517 | **300,645** | 220,149 |
| Derivative financial instrument | **-** | - | **-** | 696 |
| | **338,690** | 276,517 | **300,645** | 220,845 |
| **Financial liabilities** | | | | |
| Loans and payables - amortised cost | **994,588** | 622,782 | **322,130** | 158,547 |
| Derivative financial instrument | **-** | 696 | **-** | 696 |
| Financial guarantee contracts | **-** | - | **20,538** | 20,112 |
| | **994,588** | 623,478 | **342,668** | 179,355 |

**(a) Currency risk**

The Group's subsidiaries operate mainly in Singapore, China, Malaysia and Indonesia. Its jointly-controlled company, GHG, operates in Australia, and its associates, GulTech operates mainly in China and Singapore; Pan-West operates mainly in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the Singapore dollar ("SGD"), United States dollar ("USD") and Malaysian Ringgit ("MYR"). Currency risk arises when transactions are denominated in foreign currencies.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations mainly in Australia (Australian dollar or AUD) and China. As far as possible, the Group relies on natural hedges of matching foreign currency denominated assets and liabilities of the same currency.

SP Corp, a listed subsidiary of the Group, uses forward foreign exchange contracts to protect against the effect of volatility in foreign currency exchange rates on foreign currency denominated assets and liabilities arising in the normal course of business. SP Corp enters into forward exchange contracts with maturities of less than twelve months. Further details on the forward exchange contracts are disclosed in note 34 to the financial statements.

The Group does not enter into currency options and does not use forward foreign exchange contracts for speculative trading purposes.

*Currency risk exposure*

At the end of the reporting year, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group's entities' functional currencies were as follows:

| | SGD $'000 | USD $'000 | AUD $'000 | Others $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **At 31 December 2013** | | | | |
| **Financial assets** | | | | |
| Cash and bank balances | **2,662** | **11,010** | **11,839** | **68** |
| Trade and other receivables | **28** | **2,766** | **380** | **50** |
| | **2,690** | **13,776** | **12,219** | **118** |
| **Financial liabilities** | | | | |
| Trade and other payables | **(14,574)** | **(7,108)** | **-** | **(2)** |
| **Net financial (liabilities)/assets** | **(11,884)** | **6,668** | **12,219** | **116** |
| Less: | | | | |
| Forward foreign exchange contracts | **11,400** | **-** | **-** | **-** |
| **Net currency exposure** | **(484)** | **6,668** | **12,219** | **116** |
| **At 31 December 2012** | | | | |
| **Financial assets** | | | | |
| Cash and bank balances | 2,389 | 17,665 | 13,169 | 90 |
| Trade and other receivables | 62 | 4,266 | - | 188 |
| | 2,451 | 21,931 | 13,169 | 278 |
| **Financial liabilities** | | | | |
| Trade and other payables | (15,438) | (7,193) | - | (482) |
| **Net financial (liabilities)/assets** | (12,987) | 14,738 | 13,169 | (204) |
| Less: | | | | |
| Forward foreign exchange contracts | 12,571 | - | - | - |
| **Net currency exposure** | (416) | 14,738 | 13,169 | (204) |

At the end of the reporting year, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency were as follows:

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | AUD $'000 | MYR $'000 | AUD $'000 | MYR $'000 |
| **Company** | | | | |
| **Financial assets** | | | | |
| Amounts due from subsidiaries | **-** | **182** | - | 165 |
| **Financial liabilities** | | | | |
| Amounts due to subsidiaries | **(230)** | **-** | (258) | - |
| **Net currency exposure** | **(230)** | **182** | (258) | 165 |

*Currency sensitivity analysis*

The following table details the sensitivity to a 10% increase/decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss may increase (decrease) by:

| | SGD | | USD | | AUD | | Others | |
|---|---|---|---|---|---|---|---|---|
| | **2013 $'000** | **2012 $'000** | **2013 $'000** | **2012 $'000** | **2013 $'000** | **2012 $'000** | **2013 $'000** | **2012 $'000** |
| **Group** | | | | | | | | |
| Profit or loss | **48** | 42 | **(667)** | (1,474) | **(1,222)** | (1,317) | **12** | 20 |
| **Company** | | | | | | | | |
| Profit or loss | **-** | - | **-** | - | **23** | 26 | **(18)** | (17) |

The strengthening of the relevant foreign currency against the functional currency of each group entity at the end of the reporting year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

## (b) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument may fluctuate because of changes in interest rates in the market. Fair value interest rate risk is the risk that the fair value of a financial instrument may fluctuate due to such changes.

The Group's exposure to cash flow interest rate risk arises mainly from bank borrowings. The Group aims to optimise net interest cost and to reduce volatility in the finance cost. The Group borrows mainly variable rate debts with varying tenures. A summary of the Group's interest-bearing financial instruments is disclosed in 36(d) to these financial statements.

Other than those disclosed below, the Group does not use derivative financial instruments to hedge fluctuations in interest rates for its borrowings.

*Interest rate sensitivity analysis*

The sensitivity analysis below is based on the exposure to interest rates for non-derivative instruments at the end of the reporting year and assumes that the change took place at the beginning of the financial year and was held constant throughout the reporting year. The magnitude represents the Group's assessment of the likely movement in interest rates under normal economic conditions.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit after tax would decrease or increase by $9,086,000 (2012: decrease or increase by $4,493,000). The Group's sensitivity to interest rates movement on borrowings which effective hedges have not been entered into increased during the year mainly due to new loans secured and drawn to finance the development properties in Singapore. In 2012, there was an arrangement for hedging of bank borrowings with a $100,000,000 interest rate swap contract [note 13] which expired in October 2013.

The Company's profit or loss was not affected by changes in interest rates as the Company did not have any borrowings or inter-company loans that are at variable rates.

**(c) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from such defaults. Credit risk on cash and bank balances and derivative financial instrument is limited as these balances are placed with or transacted with institutions with acceptable credit ratings. The Group manages these risks by monitoring credit worthiness and limiting the aggregate use to any individual counterparty. The Group does not expect to incur material credit losses on its financial instruments.

There was no significant concentration of credit risk with respect to trade receivables at the end of the reporting year because of the Group's large number of customers who are in turn geographically dispersed and from a fairly different spectrum of industries. The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained and the guarantees given by the Group to banks in respect of bank facilities utilised by an associate.

The Company's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as of the end of the reporting year in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position.

The credit risk for trade receivables after allowance for doubtful receivables was as follows:

| | Group | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| **By geographical area** | | |
| Singapore | **23,460** | 25,603 |
| China | **997** | 313 |
| Malaysia | **3,601** | 2,922 |
| Indonesia | **11,646** | 12,848 |
| Thailand | **-** | 165 |
| Europe | **-** | 7,779 |
| Other ASEAN countries | **695** | 1,453 |
| Others | **401** | 589 |
| | **40,800** | 51,672 |
| **By type of customers** | | |
| Related parties | **1,013** | 1,828 |
| Non-related parties | **39,787** | 49,844 |
| | **40,800** | 51,672 |
| **By industry sector** | | |
| Property | **3,693** | 7,544 |
| Industrial services | **37,107** | 44,128 |
| | **40,800** | 51,672 |

**(d) Liquidity risk**

The Group manages liquidity risk by maintaining sufficient cash, marketable securities and borrowings with different tenures. Due to the dynamic nature of the businesses the Group is in, the Group aims at maintaining flexibility in funding and keeping adequate committed credit facilities available.

*Liquidity and interest risk analyses - non-derivative financial liabilities*

The following tables detail the weighted average effective annual interest rates and the remaining contractual maturity for non-derivative financial liabilities at the end of the reporting year.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents possible future cash flow attributable to the instruments included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

| | Effective interest Rate | On demand or less than 1 year | Within 1 to 2 years | Within 2 to 5 years | Over 5 years | Adjustment | Total |
|---|---|---|---|---|---|---|---|
| | % | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | | | |
| **31 December 2013** | | | | | | | |
| Non-interest bearing | - | **76,932** | - | - | - | - | **76,932** |
| Finance lease liability (fixed rate) | 6.4 | **2** | - | - | - | - | **2** |
| Variable interest rate instruments | 1.1-1.9 | **164,394** | **258,792** | **518,482** | **9,005** | **(33,019)** | **917,654** |
| | | **241,328** | **258,792** | **518,482** | **9,005** | **(33,019)** | **994,588** |
| **31 December 2012** | | | | | | | |
| Non-interest bearing | - | 62,186 | - | - | - | - | 62,186 |
| Finance lease liability (fixed rate) | 6.4 | 23 | 2 | - | - | - | 25 |
| Variable interest rate instruments | 1.2-1.9 | 38,896 | 113,662 | 423,400 | 11,146 | (26,533) | 560,571 |
| | | 101,105 | 113,664 | 423,400 | 11,146 | (26,533) | 622,782 |
| **Company** | | | | | | | |
| **31 December 2013** | | | | | | | |
| Non-interest bearing | - | **322,130** | - | - | - | - | **322,130** |
| Financial guarantee contracts | - | **869,718** | - | - | - | **(849,180)** | **20,538** |
| | | **1,191,848** | - | - | - | **(849,180)** | **342,668** |
| **31 December 2012** | | | | | | | |
| Non-interest bearing | - | 158,547 | - | - | - | - | 158,547 |
| Financial guarantee contracts | - | 560,620 | - | - | - | (540,508) | 20,112 |
| | | 719,167 | - | - | - | (540,508) | 178,659 |

At the end of the reporting year, the maximum amount that the Company could be forced to settle under the financial guarantee contracts if the full guaranteed amounts were claimed by the counterparty to the various guarantees, was $869,718,000 (2012: $560,620,000). The earliest year that a guarantee could be called is as and when the guarantee is claimed by the counterparty. Based on the expectations at the end of this reporting year, the Company considered that it was more likely than not that no amount would be payable under the arrangement. However, this estimate was subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty suffer credit losses.

As at the end of the reporting year, the Group's total obligation on guarantee to Pan-West's bank facilities amounted to $5,853,000 (2012: $3,920,000).

*Liquidity and interest risk analyses - non-derivative financial assets*

The following tables detail the weighted average effective annual interest rates and the expected maturity for non-derivative financial assets at the end of the reporting year. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different year. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statements of financial position.

| | **Effective interest rate** | **On demand or less than 1 year** | **Within 1 to 2 years** | **Within 2 to 5 years** | **Over 5 years** | **Adjustment** | **Total** |
|---|---|---|---|---|---|---|---|
| | **%** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Group** | | | | | | | |
| **31 December 2013** | | | | | | | |
| Non-interest bearing | - | **85,746** | **2,884** | **-** | **-** | **-** | **88,630** |
| Variable interest rate instruments | 0.1-3.5 | **9,028** | **-** | **-** | **-** | **-** | **9,028** |
| Fixed interest rate instruments | 0.3-5.0 | **176,642** | **2,383** | **62,548** | **-** | **(541)** | **241,032** |
| | | **271,416** | **5,267** | **62,548** | **-** | **(541)** | **338,690** |
| **31 December 2012** | | | | | | | |
| Non-interest bearing | - | 139,158 | - | - | - | - | 139,158 |
| Variable interest rate instruments | 0.1-3.5 | 11,266 | - | - | - | - | 11,266 |
| Fixed interest rate instruments | 0.3–5.0 | 126,330 | - | - | - | (237) | 126,093 |
| | | 276,754 | - | - | | (237) | 276,517 |
| **Company** | | | | | | | |
| **31 December 2013** | | | | | | | |
| Non-interest bearing | - | **300,645** | **-** | **-** | **-** | **-** | **300,645** |
| | | **300,645** | **-** | **-** | **-** | **-** | **300,645** |
| **31 December 2012** | | | | | | | |
| Non-interest bearing | - | 219,142 | - | - | - | - | 219,142 |
| Fixed interest rate instruments | 0.3 | 1,010 | - | - | - | (3) | 1,007 |
| | | 220,152 | - | - | - | (3) | 220,149 |

*Liquidity risk analysis - derivative financial instruments*

The following table details a liquidity analysis for derivative financial instruments the Group had entered into at the end of the reporting year. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instruments that settle on a net basis and the undiscounted gross inflows on those derivatives that require gross settlement.

| | On demand or less than 1 year | Within 1 to 2 years | Within 2 to 5 years | Over 5 years | Adjustment | Total |
|---|---|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Group** | | | | | | |
| **31 December 2013** | | | | | | |
| Gross settled: | | | | | | |
| Foreign exchange forward contracts | **(80)** | **-** | **-** | **-** | **-** | **(80)** |
| | **(80)** | **-** | **-** | **-** | **-** | **(80)** |
| **31 December 2012** | | | | | | |
| Net settled: | | | | | | |
| Interest rate swap | (697) | - | - | - | 1 | (696) |
| Gross settled: | | | | | | |
| Foreign exchange forward contracts | 83 | - | - | - | - | 83 |
| | (614) | - | - | - | 1 | (613) |

**(e) Fair value of financial assets and financial liabilities**

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, provisions and other liabilities approximated their respective fair values due to their relative short-term maturity.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and

- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

At the end of each reporting year, the Group and the Company's interest rate swap was measured based on Level 2.

**(f) Capital risk**

In managing capital, the Group's objectives are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to provide appropriate returns to shareholders and benefits for other stakeholders through pricing its products and services at levels commensurate with the level of risks it is exposed to.

The capital structure of the Group consists of loans and borrowings disclosed in note 15, issued capital, reserves and retained earnings disclosed in note 22. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, obtain new borrowings, sell assets to reduce borrowings, pay or adjust the amount of dividend payment or return capital to shareholders. The Group's overall strategy remains unchanged from the prior years.

The Group monitors capital based on the Group's gross gearing and net gearing. The Group's gross gearing is calculated as total borrowings divided by total equity, whilst net gearing is calculated as net borrowings divided by total equity. Net borrowings are calculated as total borrowings as disclosed in note 15, less cash and bank balances as disclosed in note 5 to the financial statements.

| | **Group** | |
|---|---|---|
| | **2013** | **2012** |
| | **$'000** | **$'000** |
| Total borrowings | **917,656** | 560,595 |
| Total equity | **759,205** | 720,561 |
| **Gross gearing (times)** | **1.21** | 0.78 |
| Net borrowings | **640,784** | 348,931 |
| Total equity | **759,205** | 720,561 |
| **Net gearing (times)** | **0.84** | 0.48 |

## 37 Listing of significant subsidiaries

Information relating to the significant subsidiaries in the Group is given below:

| Name of company | Note | Principal activities | Country of Incorporation/ establishment | Effective equity interest & voting power held by the Group | |
|---|---|---|---|---|---|
| | | | | **2013** | **2012** |
| | | | | **%** | **%** |
| *Significant subsidiaries directly held by the Company* | | | | | |
| Asiaview Properties Pte Ltd | | Property investment | Singapore | **100** | 100 |
| Asplenium Land Pte. Ltd. | | Property development and investment | Singapore | **100** | 100 |
| Clerodendrum Land Pte. Ltd. | | Property development and investment | Singapore | **100** | 100 |
| Golden Cape Investments Ltd | | Property development, investment and provision of consultancy services | Singapore | **100** | 100 |
| Hypak Sdn. Berhad | (i) | Manufacture and sale of polypropylene woven bags | Malaysia | **97.9** | 97.9 |
| Maylands Investment Pte Ltd | | Property development | Singapore | **70** | 70 |
| Oxley Development Pte Ltd | | Property investment | Singapore | **100** | 100 |
| Pemimpin Properties Pte. Ltd. | | Property investment | Singapore | **100** | 100 |
| Silveridge Investments Pte Ltd | | Investment holding | Singapore | **100** | 100 |
| SP Corporation Limited | (ii) | Investment holding | Singapore | **80.2** | 80.2 |
| Superluck Properties Pte Ltd | | Property investment | Singapore | **100** | 100 |
| TSH Australia Holdings Pte Ltd | | Investment holding | Singapore | **100** | 100 |
| TSH China Holdings Pte Ltd | | Investment holding | Singapore | **100** | 100 |
| TS Planet Sports Pte. Ltd. | | Investment holding | Singapore | **100** | 100 |
| TS Technologies Pte Ltd | | Investment holding | Singapore | **100** | 100 |

| Name of company | Note | Principal activities | Country of incorporation/ establishment | Effective equity interest & voting power held by the Group | |
|---|---|---|---|---|---|
| | | | | **2013 %** | **2012 %** |
| *Other significant subsidiaries in the Group* | | | | | |
| 39 Robinson Road Pte. Ltd. | (iii) | Property investment | Singapore | **100** | - |
| Fujian Ji'Xing Real Estate Development Co. Ltd | (i) | Property development | China | **100** | 100 |
| Globaltraco International Pte Ltd | | Distribution of tyres and auto products | Singapore | **80.2** | 80.2 |
| Habitat Properties (Shanghai) Ltd. | (i) | Property development | China | **100** | 100 |
| Premiera Development Pte. Ltd. | | Property development and investment | Singapore | **100** | 100 |
| Qingdao Shenyang Property Co., Ltd | (i) | Property development | China | **100** | 100 |
| Shanghai Shenjia Property Management Co., Ltd. | (i) | Estate management | China | **100** | 100 |
| Shelford Properties Pte Ltd | | Property development and investment | Singapore | **100** | 100 |
| SP Resources International Pte. Ltd. | | Trading and marketing of industrial products | Singapore | **80.2** | 80.2 |
| Yewglade Pte Ltd | | Investment holding | Singapore | **100** | 100 |

**Notes**

(i) Audited by overseas practices of Deloitte Touche Tohmatsu Limited

(ii) Listed on the Singapore Exchange Securities Trading Limited

(iii) Acquired during the year (note 32)

All subsidiaries are audited by Deloitte & Touche LLP, Singapore, unless otherwise indicated in the preceding section.

## 38 Listing of significant associates and jointly-controlled company

Information relating to the significant associates and jointly-controlled company in the Group is given below:

| Name of company | Note | Principal activities | Country of incorporation | Effective equity interest & voting power held by the Group | |
|---|---|---|---|---|---|
| | | | | **2013** | **2012** |
| | | | | **%** | **%** |
| Grand Hotel Group | (i) | Hotel properties owner | Australia | **50** | 50 |
| Gul Technologies Singapore Ltd | (ii) | Manufacture and sale of double-sided and multi-layered printed circuit boards | Singapore | **43.3** | 43.3 |
| Pan-West (Private) Limited | (iii) | Distributing, retailing and marketing of golf and golf-related lifestyle products | Singapore | **49** | 49 |

**Notes**

(i) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(ii) Listed on the Singapore Exchange Securities Trading Limited up till 18 January 2013 (refer to note 12). In FY2012 it was audited by PricewaterhouseCoopers LLP, Singapore and in FY2013 it was audited by Deloitte & Touche LLP, Singapore.

(iii) Audited by Deloitte & Touche LLP, Singapore.