

LEE KIM TAH HOLDINGS LIMITED

(Company Registration Number: 198200554E)

(Incorporated in Singapore)

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 – EMPHASIS OF MATTER BY AUDITORS

In compliance with Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Lee Kim Tah Holdings Limited (“the Company”) wishes to announce that the Company’s Independent Auditor, PricewaterhouseCoopers LLP, has issued an Independent Auditor’s Report on the Company and its subsidiaries (“the Group”) financial statements for the year ended 31 December 2013, which contains an emphasis of matter without qualifying the audit report drawing attention to Note 34(a) to the financial statements which describes the uncertainty related to the tax assessments of Jurong Point Realty Limited, a joint venture company of the Group.

A copy of the Independent Auditor’s Report and Note 34(a) to the financial statements is attached to this Announcement. The Independent Auditor’s Report and the financial statements of the Group for the financial year ended 31 December 2013 can be found in the Company’s Annual Report which will be dispatched to the shareholders shortly.

Submitted by Lim Hock Beng, Company Secretary on 28/3/2014 to SGX-ST.

INDEPENDENT AUDITOR'S REPORT

To the Members of Lee Kim Tah Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Lee Kim Tah Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 34 to 120, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2013, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the 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 a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet 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 for the financial year ended on that date.

Emphasis of Matter

We draw attention to Note 34(a) to the financial statements which describes the uncertainties relating to the outcome of tax assessments and the recoverability of tax recoverable asset of a joint venture company. Our opinion is not qualified in respect of this matter.

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.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 March 2014

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

34. CONTINGENT LIABILITIES

(a) Income taxes

At 31 December 2013, the Group recorded a net tax recoverable asset of \$9,334,875 (2012: \$734,258). This includes the Group's 50% share of tax paid of \$11,104,113 (2012: \$2,474,418), by a joint venture company, Jurong Point Realty Limited ("JPRL") for the Year of Assessment ("YA") 2005 to YA2009 and YA2011 (2012: YA2005 and YA2006) relating to the disallowance of certain interest expense incurred on coupon payments on subordinated bonds by the Comptroller of Income Tax ("CIT").

On 12 November 2013, the CIT issued Notices of Refusal to Amend to JPRL for YA2005 to YA2009. On 21 November 2013, through its tax counsel, JPRL filed an appeal to the Income Tax Board of Review ("ITBR") on the Notice of Refusal to Amend for YA 2005 to YA 2009.

During the financial year, the Group's 50% share of tax paid by JPRL amounting to \$8,629,695 for YA2007 to YA2009 and YA2011 was related to the disallowance of certain interest expense incurred on coupon payments on subordinated bonds by CIT, notwithstanding the fact that JPRL has filed an appeal to the ITBR.

As at balance sheet date, the CIT has not raised additional revised assessments for YA2010 and YA2012 onwards. If the CIT applies the same basis to JPRL's tax assessments for YA2010 and YA2012 onwards to the financial year ended 31 December 2013 ("YA2014"), the Group may be exposed to additional taxes of \$8,038,620. This may result in a total contingent income tax charge for the Group of \$19,142,733 for YA2005 to YA2014 (2012: \$17,133,078 for YA2005 to YA2013).

Based on the advice of the Group's tax legal counsel, the directors of the Company are of the opinion that the interest expense incurred on coupon payments on the subordinated bonds issued by JPRL are tax deductible Note 3(a). Accordingly, relating to the disallowance of certain interest expenses, the directors of the Company are of the view that the tax paid of \$11,104,113 is recoverable and that the Group is not exposed to any further income tax liability which is required to be provided for as at 31 December 2013.