LCD GLOBAL INVESTMENTS

ANNUAL REPORT 2015

CORPORATE PROFILE

Founded in 1973 and listed on the Singapore Exchange, LCD Global Investments Ltd (LCDGI) formerly known as L.C. Development Ltd, has since evolved and grown over four decades to focus on hospitality and investment holdings. Today, the Group has presence in Asia and the United Kingdom.

The Group's impressive portfolio of businesses include high-end hotels and resorts, serviced residences and real estate consultancy. With long-term stability as its goal, LCDGI is relentless in its pursuit of good opportunities for growth, both in its core businesses and beyond.

In 2015, AF Global Pte Ltd made a general offer for LCDGI and became the majority shareholder upon the completion of the general offer on 12 March 2015. Aspial Corporation Limited and Fragrance Group Limited, both listed on the Singapore Exchange, are shareholders of AF Global Pte Ltd with each holding 50% of its issued shares.

In keeping with its commitment to deliver greater value and returns to its shareholders, business partners and employees, LCDGI will continue to pursue favourable opportunities and establish strong partnerships.


Somerset Vientiane


Holiday Inn Resort Phuket


Crowne Plaza London Kensington

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Gulou Square


Holiday Inn Resort Phuket


Somerset Vientiane

NETWORK OF OPERATIONS

SINGAPORE

55 Ubi Avenue 1
#06-11 Ubi 55 Building
Singapore 408935
Tel : 6266 2222
Fax : 6263 2340

- LCD Global Investments Ltd
- L.C. Hotels Pte Ltd
- L.C. Logistics Pte Ltd
- LCD (Vietnam) Pte Ltd
- LCD (Indochina) Pte Ltd
- LCD Property Pte Ltd
- LCD Property Management Pte Ltd
- Draycott Garden Pte Ltd
- Hillgate Investment Pte Ltd
- Bon 88 Investment Pte Ltd
- Bon (38) Investment Pte Ltd
- Rawai 88 Investment Pte Ltd
- Rawai (38) Investment Pte Ltd
- AF Phuket Hotels Pte Ltd
- AF Rawai Hotels Pte Ltd
- AF Global Investment Holding Pte Ltd

16 Raffles Quay
#30-01 Hong Leong Building
Singapore 048581
Tel : 6222 1333
Fax : 6224 5843

- Cheong Hock Chye & Co. (Pte) Ltd
- Knight Frank Pte Ltd
- Knight Frank Estate Management Pte Ltd
- Knight Frank Asset Management Pte Ltd
- KF Property Network Pte Ltd

1 Upper Aljunied Link
#08-05 Joo Seng Warehouse
Singapore 367901
Tel : 6848 6270
Fax : 6744 5723

- ZONE X Leisure Pte Ltd

PEOPLE'S REPUBLIC OF CHINA

Gulou Square
No. 6 Fengshang Road
Xuzhou 221007
Jiangsu Province
People's Republic of China
Tel / Fax : (86 516) 8390 5285

- Xuzhou YinJian LumChang Real Estate Development Co., Ltd
- Xuzhou RE Sales Co., Ltd

THAILAND

No. 29/1 Piya Place Langsuan Building
6th Floor, Unit 6A, Soi Langsuan
Ploenchit Road, Lumpini
Pathumwan, Bangkok 10330
Thailand
Tel : (66 2) 015 6200 / 1
Fax : (66 2) 015 6202

- AF Global (Thailand) Limited
- AF Global (Phuket) Limited
- HIRP (Thailand) Limited
- RP (Thailand) Limited

199 Column Tower
Ground & 21st – 23rd Floor
Ratchadapisek Road
Klongtoey, Bangkok 10110
Thailand
Tel : (66 2) 649 2000
Fax : (66 2) 649 2100

- Phuket Island Property Fund

52 Thaweewong Road
Tambol Patong
Amphoe Kathu
Phuket 83150
Thailand
Tel : (66 76) 370 200
Fax : (66 76) 349 999

- Holiday Inn Resort Phuket

100 Wiset Road
Tambol Rawai
Amphoe Muang Phuket
Phuket 83130
Thailand

- Phuket Rawai Beach Resort *(Under Redevelopment)*

UNITED KINGDOM

100 Cromwell Road
London SW7 4ER
United Kingdom
Tel : (44 207) 373 2222
Fax : (44 207) 373 0559

- L.C. (London) Ltd
- Crowne Plaza London Kensington

VIETNAM

12 Mac Dinh Chi Street
Da Kao Ward
District 1, Ho Chi Minh City
Vietnam
Tel : (84 8) 3822 1111
Fax : (84 8) 3822 8084

- Cityview Property Investment & Trading Limited
- Cityview Apartments and Commercial Centre

LAOS

Souphanouvong Avenue
Sikottabong District
P.O. Box 4793
Vientiane
Lao P.D.R.
Tel : (856 21) 250 888
Fax : (856 21) 250 777

- Gateway Enterprise Company Limited
- Somerset Vientiane

WEST MALAYSIA

Suite 107, KTC Avenue
No. 2 Jalan 2/114
Kuchai Business Centre
Off Jalan Kuchai Lane
58200 Kuala Lumpur
Malaysia
Tel : (03) 7981 4662
Fax : (03) 7980 8176

- LCD Management Sdn Bhd
- Corpus Five Sdn Bhd

HOTEL

CROWNE PLAZA LONDON KENSINGTON

Crowne Plaza London Kensington is a favourite amongst both business and leisure travellers due to its superb location. Upmarket departmental stores and places of interest like Harrods, Hyde Park, Royal Albert Hall, and the Natural History Museum are just a few blocks away. This well-equipped hotel boasts of an elegant and modern lobby, spacious guestrooms and an Asian-inspired all-day dining restaurant, Umami. A beautifully landscaped garden located at the rear of the hotel provides the perfect venue for outdoor events and birthday parties.

All 163 guestrooms, suites and public spaces such as corridors, lift lobbies, meetings and events space were refurbished over a period of five months from January to May 2015.

HOLIDAY INN RESORT PHUKET

Centrally located in the heart of Phuket's bustling Patong Beach, Holiday Inn Resort Phuket is within walking distance to a multitude of restaurants, bars and retail outlets. The property has a total of 398 guestrooms distributed between two distinct wings: a contemporary style family-friendly Main Wing, as well as a Thai-inspired Busakorn Wing. Guests can choose from a vast selection of meals from the dining options, ranging from authentic Thai cuisine at Charm Thai to exceptional steaks at Sam's Steaks and Grill which was awarded the coveted Travellers Choice Award in 2013.

With its special Family and Kids Suite accommodation, Kid's Club and swimming pool, the hotel is recognized as one of the family friendliest resorts in Patong. As such, the hotel was voted into the Top 10 Family Resorts by Holiday with Kids Magazine readers in 2015. The Food and Beverage team also won three awards at the recent Andaman Hoteliers Show 2015. Mr Sira Wongphimol was the winner of the prestigious Gold Medal in the Classic Bartender Contest. For winning the Certificate of Excellence for five years running since 2011, the hotel was inducted into the Tripadvisor Hall of Fame 2015.

PHUKET RAWAI BEACH RESORT

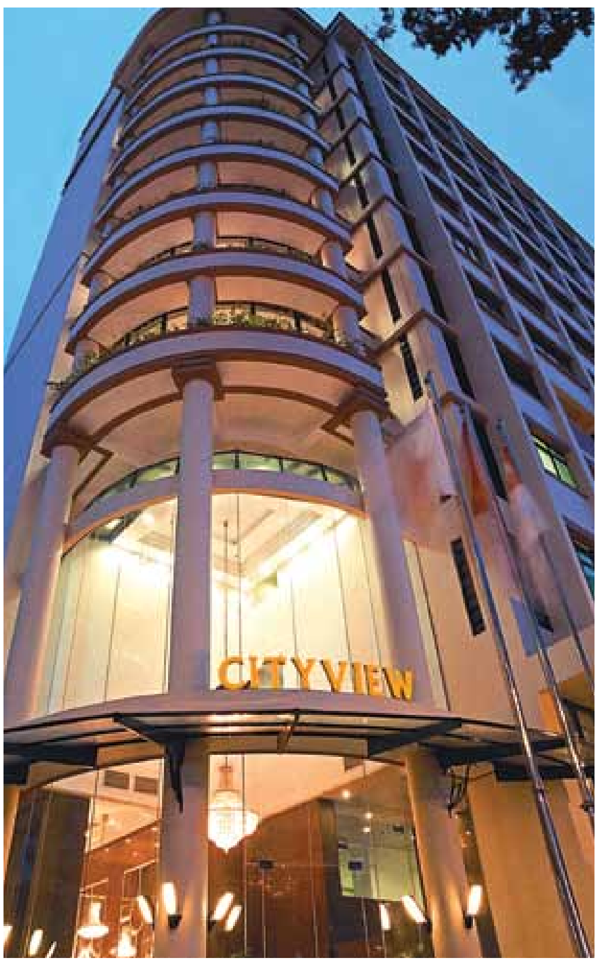
Sitting where the former Evason Phuket Resort and Six Senses Spa used to be, the 180,000 square metre site will be redeveloped to house a five-star luxury beach resort. Guests will be able to enjoy the private use of an exclusive beach at Bon Island a 10-minute boat ride away. Highly accessible, the property is located 20 minutes away from Phuket Town and 50 minutes away from Phuket International Airport. Located at the southern tip of Phuket, the resort boasts of magnificent views of the Andaman Sea.

SERVICED RESIDENCE

CITYVIEW APARTMENTS & COMMERCIAL CENTRE

Cityview Apartments and Commercial Centre is centrally located in District 1 of Ho Chi Minh City. As such, it is close to many consulates, central and local government offices, banks, commercial and retail malls.

The property is a mixed development featuring a twelve storey main building and a six storey new wing. There are 66 fully-furnished serviced apartments ranging from studio units to three-bedroom apartments, as well as 35 office units on the lower floors to cater to a wide range of business needs. Facilities include a gymnasium, minimart, laundry service and 24-hour security.



SOMERSET VIENTIANE

Somerset Vientiane is strategically located within major commercial, diplomatic and shopping areas in the new business and residential Sikhottabong district. It is also a five minute drive from the river-fronting Chanthabouli Business District and Wattay International Airport. In addition, being close to educational establishments such as the Vientiane International School, Australian International School, it is well suited for families.

Formerly known as Parkview Executive Suites, the property was rebranded as Somerset Vientiane, and managed by Ascott Limited, the world's largest serviced-residences provider. After undergoing a refurbishment in the second half of 2014, the property officially re-opened on 9 December 2014. All 116 apartments, lobby, public areas, and breakfast lounge were completely renovated. The IT infrastructure was upgraded to provide guests with a more efficient wireless surfing experience.

PROPERTY DEVELOPMENT

GULOU SQUARE
鼓楼广场

Gulou Square (鼓楼广场) is located in Gulou District within 1.5 kilometers from the city centre of Xuzhou. Xuzhou is the largest city of Northern Jiangsu as well as the most ancient city of the province in China. Xuzhou City is one of China's most well-known transportation hubs, in which China's two most important high-speed rail lines, Beijing-Shanghai that runs in the North-South direction, and Lianyungang-Urumqi that goes from East to West, meet here. Within Xuzhou, the Gulou District is one of five commercial and tourist districts, which have been identified as key enablers to promote the city's development.

Gulou Square is a mixed-use development project with a built-up area of approximately 385,000 square metres. This development project comprises a residential development and a commercial zone.

Gulou Jing Dian (鼓楼晶典), the residential development, occupies a land area of 54,500 square metres. The project comprises nine high-rise and four low-rise blocks coupled with local retail facilities. The residential development offers a total of 1,206 luxurious one- to four- bedroom apartments and duplex sky villas. The second and final phase of the development had obtained TOP in end 2015. We had sold 775 units or about 64% of the apartments launched for sale.

The commercial zone lies adjacent to the residential development and occupies a land area of 23,400 square metres. It features a 23-storey hotel, a contemporary 23-storey Grade A office tower and a megamall. Guests at the hotel will enjoy a panoramic view of the scenic Jiu Long Hu Park (九龙湖公园), an important green belt within the Gulou District. When completed, the spacious lifestyle mall provides "a place to go" for the neighbourhood and vicinity. The mall offers a one-stop shopping paradise with myriad of retail outlets, entertainment and dining options for a dynamic "retailtainment" experience.

REAL ESTATE CONSULTANCY

KNIGHT FRANK SINGAPORE

Established in 1940, Knight Frank Singapore is one of the country's leading real estate consultancy practices. The company offers a full suite of real estate services which include auction, consultancy and research, investment sales, property management, retail marketing, sales and leasing of residential and commercial properties, local and overseas project marketing, as well as valuation.

The Knight Frank group of companies continues to strengthen its service offerings by investing in and nurturing capable real estate professionals.

Ng Teng Fong General Hospital and Jurong Community Hospital
Photo Credit: Jurong Health Services Pte. Ltd.

Amongst the notable projects of 2015, Knight Frank Singapore was appointed as the sole retail marketing and asset management agent for the Ng Teng Fong General Hospital and Jurong Community Hospital. For their specialisation in consultancy and research, the firm was engaged by Lendlease for the Paya Lebar Central project and CNQC for their IPO listing on the Hong Kong Exchange. The company was also appointed to provide valuation consultancy services for Jurong Country Club and the Rolls-Royce facility. To date, Knight Frank Singapore has successfully provided valuation services for up to 80% of the local REITs market. In the same year, the group was appointed to manage the Marina One Residences condominium estate and represented Marsh & McLennan for their office renewal in Asia Square Tower.

Of the local residential property transactions closed within the year, the group transacted a private Good Class Bungalow worth over $45 million. Internationally, Knight Frank Singapore completed a bulk deal comprising 22-units for London's Keybridge Vauxhall.

LEISURE & ENTERTAINMENT

ZONE X

ZONE X, the Group's leisure and entertainment arm, provides different leisure and entertainment play facilities such as arcade machines, photo sticker machines and interactive shooting games to cater to customers of all ages. The company also regularly organizes tournaments for fans of popular racing (Wangan Midnight Five) and football (World Club Champion Football) arcade games. ZONE X has three outlets located across Singapore, namely Changi Airport Terminal Three, Lot 1 Shoppers' Mall and Ang Mo Kio Hub.

CORPORATE SUSTAINABILITY

COMMITMENT TO OUR SHAREHOLDERS

At LCDGI, we believe it is our responsibility to manage the company successfully on a sustainable long-term basis. We are committed to providing transparent, timely and accurate information through regular updates of the Group's performance and plans.

All corporate announcements and press releases are released timely on the Singapore Exchange's SGXNET and our annual report can be easily downloaded from our corporate website.

COMMITMENT TO THE ENVIRONMENT

Environmental sustainability remains a core guiding principle in our conduct of our everyday business in our business units and Hotels. Continuing efforts at our Hotels sees each property replacing fittings and parts that will help reduce our carbon footprint during each maintenance cycle.

For example, LED lights that consume less energy than conventional light bulbs will progressively replace all traditional halogen lamps at our Hotels. Air-conditioning units that are more efficient and consume less energy will also eventually replace all existing units when they are replaced. Rainwater runoff is collected and used for non-potable purposes like watering the plants in the premises of the Hotels.

Although these efforts might seem small when undertaken individually, the Group believes that when taken together, these underscore our commitment to the environment as a responsible business.

COMMITMENT TO THE COMMUNITY

At LCDGI, we believe in giving back to the communities that we conduct business in. In Singapore, we worked with the APEX Club of Bukit Timah in 2015, distributing food products to the elderly and needy in Redhill. Staff helped to pack basic necessities and fresh fruit and produce before distributing over 60 packs of groceries individually to the elderly in the estate.

Over in Thailand, at the Holiday Inn Resort Phuket held its annual CSR event on 18 August 2015. Every year the resort would select a local school and provide scholarships, uniforms and sports equipment and conduct a fun-filled day of activities for the less well-off children.

This year, the resort visited the Phuket Kalim School, and donated school uniforms, sports equipment and a small stipend to 108 school-going children. A full day of food, music and shows were arranged to entertain the students and their parents.

Staff were delighted to have the opportunity to give back to the local community and help children with their education.

In Ho Chi Minh City in Vietnam, Cityview, with the cooperation and recommendation of the Labour Union, staff members of Cityview contribute to a fund which helps build houses for the poor. This year, donations were made to help construct a house for a family living in a distant village in Ho Chi Minh City. Last year, staff members brought gifts and donations for needy families.

In 2015, Knight Frank Singapore worked with Care Community Services Society (CCSS), a non-profit voluntary, charitable organisation which aims to provide assistance, education, training, counselling and therapy to the needy.

Led by Knight Frank Singapore's Social Committee, the company organised two fund-raising events which were participated by close to 50 staff.

On 15 October 2015, the committee organised a 'Day of Giving', engaging the beneficiaries of two CareHuts – school-based student care centres that cater mainly to children from low-income and/or single-parent families. The day consisted of several activities where volunteers helped to pack snacks for the children, clean their premises, supervised them in their homework and also played games with them. To encourage greater participation and awareness of the cause, the committee even raised funds prior to the day by encouraging all staff to donate generously.

In December 2015, the committee also ran a Christmas staff donation drive, appealing for gifts for the beneficiaries. Within two weeks, the committee received contributions ranging from stationery, vouchers and brand new electronics.

CORPORATE DATA

DIRECTORS

Koh Wee Seng	(Non-Executive Chairman)
Chay Yue Kai	(Chief Executive Officer)
Periakaruppan Aravindan	(Non-Executive Director)
David Ong Mung Pang	(Independent Director)
Woo Peng Kong	(Independent Director)
Meelan Gurung	(Independent Director)

AUDIT COMMITTEE

Meelan Gurung	(Chairman)
Periakaruppan Aravindan	
David Ong Mung Pang	
Woo Peng Kong	

NOMINATING COMMITTEE

Woo Peng Kong	(Chairman)
Koh Wee Seng	
Meelan Gurung	

REMUNERATION COMMITTEE

David Ong Mung Pang	(Chairman)
Periakaruppan Aravindan	
Woo Peng Kong	

COMPANY SECRETARY

Lim Swee Ann

COMPANY REGISTRATION NO.

197301118N

REGISTERED ADDRESS

55 Ubi Avenue 1
#07-11 Ubi 55 Building
Singapore 408935
Tel : 6266 2222
Fax : 6263 2340

REGISTRAR

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITOR

Ernst & Young LLP
Public Accountants and
Chartered Accountants Singapore
Engagement Partner : Tan Seng Choon
(effective from financial year ended 30 June 2013)

GROUP FINANCIAL HIGHLIGHTS

	18 months 31 December 2015 $'000	18 months 31 December 2014* $'000	% +/-	12 months 30 June 2014 $'000
FOR THE PERIOD/YEAR :				
Revenue	81,194	82,117	-1.1	55,499
Profit/(loss)				
Before taxation	11,331	(246)	NM	(9,088)
After taxation and non-controlling interests	4,650	(7,719)	NM	(14,374)

	31 December 2015 $'000	31 December 2014* $'000	% +/-	30 June 2014 $'000
AT END OF THE PERIOD/YEAR :				
Shareholders' equity	287,504	285,784	+0.6	282,478
Total equity	339,878	340,948	-0.3	332,602
Total assets	458,729	433,253	+5.9	413,707
PER SHARE :				
Earnings/(loss) before taxation (Note 1)	1.07¢	(0.02)¢	NM	(0.88)¢
Earnings/(loss) after taxation and non-controlling interests (Note 1)	0.44¢	(0.74)¢	NM	(1.38)¢
Net asset value (Note 2)	$0.27	$0.27	-	$0.27
DIVIDENDS PAID & PROPOSED :				
Final Dividend (Note 3)	1.00¢	1.00¢		1.00¢
Interim Dividends (Note 3)	2.50¢	-		-

* Unaudited and presented for comparison purposes.

Notes :

1. Earnings/(loss) per share is computed based on the weighted average number of ordinary shares in issue (excluding treasury shares which have no voting rights) during the period/year.
2. Net asset value per share is computed by dividing the shareholders' equity by the number of ordinary shares in issue (excluding treasury shares which have no voting rights) at the end of the period/year.
3. Please refer to Note 34 of the Notes to the Financial Statements for the treatment of the proposed dividends in the accounts.

"NM" : Not meaningful.

FIVE-YEAR FINANCIAL SUMMARY

	18 months		12 months			
	31 December		30 June			
	2015	2014*	2014	2013	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED INCOME STATEMENT						
Revenue	81,194	82,117	55,499	57,770	59,830	60,364
Profit/(loss) before taxation	11,331	(246)	(9,088)	10,054	79,743	(3,194)
Taxation	(3,328)	(3,745)	(2,631)	(4,017)	(3,521)	(1,903)
Profit/(loss) after taxation	8,003	(3,991)	(11,719)	6,037	76,222	(5,097)
Non-controlling interests	(3,353)	(3,728)	(2,655)	(4,646)	(3,649)	(3,252)
Profit/(loss) attributable to shareholders	4,650	(7,719)	(14,374)	1,391	72,573	(8,349)

	31 December		30 June			
	2015	2014*	2014	2013	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED BALANCE SHEET						
Property, plant and equipment	333,367	297,253	283,796	283,630	285,778	205,336
Investment property	-	8,764	8,936	9,280	9,684	-
Joint venture companies	85,056	83,751	74,018	75,014	75,186	46,590
Investment securities	5,061	5,061	5,061	5,061	1,000	1,000
Other non-current assets	1,752	3,414	1,834	1,892	5,659	5,625
Net current assets	7,099	6,467	22,636	32,565	1,802	49,719
Non-current liabilities	(92,457)	(63,762)	(63,679)	(62,569)	(34,624)	(67,214)
Net assets	339,878	340,948	332,602	344,873	344,485	241,056
Share capital	209,518	209,285	209,232	206,274	206,587	206,587
Treasury shares	-	(144)	(393)	(464)	(2,233)	(1,772)
Reserves	77,986	76,643	73,639	84,240	85,743	(3,508)
Shareholders' equity	287,504	285,784	282,478	290,050	290,097	201,307
Non-controlling interests	52,374	55,164	50,124	54,823	54,388	39,749
Total equity	339,878	340,948	332,602	344,873	344,485	241,056
RATIOS						
Profit/(loss) attributable to shareholders as a percentage of :						
Revenue	5.7%	(9.4)%	(25.9)%	2.4%	121.3%	(13.8)%
Average total equity	1.4%	(2.3)%	(4.2)%	0.4%	24.8%	(3.4)%
Per share :						
Earnings/(loss) before taxation (Note 1)	1.07¢	(0.02)¢	(0.88)¢	0.98¢	7.77¢	(0.32)¢
Earnings/(loss) after taxation and non-controlling interests (Note 1)	0.44¢	(0.74)¢	(1.38)¢	0.14¢	7.07¢	(0.84)¢
Net asset value (Note 2)	$0.27	$0.27	$0.27	$0.28	$0.28	$0.20
Dividends paid & proposed :						
Final Dividend (Note 3)	1.00¢	1.00¢	1.00¢	0.50¢	0.50¢	0.50¢
Interim Dividends (Note 3)	2.50¢	-	-	-	-	-
Special Dividend (Note 3)	-	-	-	0.15¢	-	-
Special Interim Dividend	-	-	-	-	0.50¢	-

* Unaudited and presented for comparison purposes.

Notes :

1. Earnings/(loss) per share is computed based on the weighted average number of ordinary shares in issue (excluding treasury shares which have no voting rights) during the period/year adjusted for rights issue where applicable.
2. Net asset value per share is computed by dividing the shareholders' equity by the number of ordinary shares in issue (excluding treasury shares which have no voting rights) at the end of the period/year adjusted for rights issue where applicable.
3. Please refer to Note 34 of the Notes to the Financial Statements for the treatment of the proposed dividends in the accounts.

CHAIRMAN'S STATEMENT

REVIEW OF BUSINESS OPERATIONS

On behalf of the Board of Directors, I present the Group's Annual Report for the 18 months ended 31 December 2015 ("18M15"). We have changed our financial year end from 30 June to 31 December to better align our financial year with that of our majority shareholder, AF Global Pte Ltd ("AF Global") and the consortium of companies comprising Aspial Corporation Limited ("Aspial") and Fragrance Group Limited ("Fragrance"), whose respective financial years also end on 31 December each year. As such, this report will encompass a period of 18 months from 1 July 2014 to 31 December 2015.

The global economic outlook continues to be largely uncertain as surmised by the International Monetary Fund ("IMF") in its January 2016 World Economic Outlook report. Global economic activity remained subdued in 2015 as growth in emerging markets and developing economies declined for the fifth consecutive year. The slowdown in China's economic growth was broadly felt, with weaker investment and manufacturing data as well as concerns about the future performance of the Chinese economy affecting other economies. While financial conditions in advanced economies such as the US remain accommodative, emerging market economies are faced with mixed inflation developments thus reflecting weak domestic demand and lower commodity prices.[i]

On the domestic front, the Monetary Authority of Singapore reported that the country grew at a modest pace of 2% in 2015 due to robust performance of the financial, information & communications and services. However, the manufacturing sector was limited by weakness in the electronic and biomedical clusters. This sluggish pace of growth is expected to continue in 2016 at a rate of 1-3%.[ii] The property market in Singapore is expected to remain subdued with the cooling measures still in place, headwinds from the slow economy and interest rate hikes.

Against this challenging economic backdrop, we report a revenue of S$81.2 million for the 18 months ended 31 December 2015, a drop from S$82.1 million for the same period ended 31 December 2014 ("18M14"). We are pleased to report an operating profit of S$2.3 million as compared to an operating loss of S$9.8 million in 18M14. Our net profit attributable to shareholders of the Company was also positive at S$4.7 million for the financial period under review as compared to the net loss of S$7.7 million in 18M14.

On the corporate front, Aspial and Fragrance are now our majority shareholders and while it is business as usual for us, we look forward to capitalise on any strategic opportunities that may arise.

DIVIDENDS

For the financial period under review, the Board has decided to recommend a final dividend of 1.00 cent per share for approval by shareholders at the forthcoming Annual General Meeting in April. Together with an interim dividend of 1.50 cents per share and a second interim dividend of 1.00 cent per share declared and paid during 18M15, a total dividend of 3.50 cents per share was declared for the 18 months ended 31 December 2015.

HOTEL

Our hotels performed well despite the challenging business environment.

The Crowne Plaza London Kensington achieved higher revenue on the back of stronger food and beverage sales. We also benefited from exchange rate fluctuations as the Sterling Pound ended stronger against the Singapore dollar. The refurnishing of all 163 guestrooms, suites and public spaces such as corridors, lift lobbies, meetings and events space was completed over the course of 5 months from January to May 2015.

The contribution from Holiday Inn Resort Phuket was largely unchanged and remained comparable to what was achieved in 18M14.

SERVICED RESIDENCE

The serviced residences improved their contribution to our topline.

The Cityview Apartments and Commercial Centre in Ho Chi Minh City enjoyed improved occupancy rates of its apartments. Its stronger results are a testament to its ability to better cater to the market despite competition from newer accommodations in the locality.

The Somerset Vientiane in Laos under the management of Ascott, reported improved average room rates due to the rebranding exercise. We have completed the refurbishment of its guest rooms, lobby and breakfast lounge.

PROPERTY DEVELOPMENT

The development of Gulou Square (鼓楼广场) made steady progress in 18M15. On 9 December 2015, our joint venture company in Xuzhou secured the permit to hand over Phase Two of Gulou Jin Dian (鼓楼晶典) which comprises 408 residential units.

Our marketing efforts have borne fruit with notable progress in the sale of units for our residential apartments, Gulou Jin Dian. To date, a total of 775 units or 64% of the 1,206 units of residential apartments have been sold.

The Chinese government has introduced a series of policy easing since 2015, including interest rate cuts, lowering of required reserve ratio for banks and reduction of mortgage requirements for second home buyers to stimulate and support the sluggish mainland property market. Looking ahead we are cautiously optimistic that the Xuzhou market will turnaround.

We will continue to push for the sale of the remaining 431 residential units in both Phase One and Two of Gulou Jin Dian.

In view of the macro-economic conditions, general property market in China and the specific market dynamics in Xuzhou, we are reviewing the development strategy and plans for the commercial plot in Gulou Square.

REAL ESTATE CONSULTANCY

The Knight Frank group of companies faced greater headwinds due to the general slowdown of the property industry. Despite the soft property market due to cooling measures and weak economic conditions in Singapore and Asia, we remain optimistic of its prospects as it continued to ink notable contracts for its services. We anticipate that business will remain slow but stable.

LEISURE & OTHERS

Revenue for ZONE X fell due to the closure of certain loss-making outlets. With cost savings and the closure of non-performing outlets, ZONE X's performance had improved in the financial period under review. We will continue to carefully monitor the arcade business in light of the ongoing pressure from alternative leisure and entertainment options.

SHARE BUY-BACK

The Company did not execute any share buy-backs during the period under review.

CHANGES TO THE BOARD

In relation to the voluntary cash offer by AF Global to acquire all the issued and paid up ordinary shares (other than treasury shares) in the capital of the Company, the composition of the Board has changed. We would like to thank the following Board members for their contributions and efforts in guiding the Group thus far. Our gratitude to Mr Lawrence Ee Hock Leong, Dr Chua Sian Eng, Mr Richard Fam Shou Kwong, Mr Zainul Abidin Bin Mohamed Rasheed, Mr Kelvin Lum Wen Sum and Ms Iris Wu Hwee Tan. We will endeavour to do our best and carry on steering the Group to unlock greater value for our stakeholders.

I would also like to welcome aboard my fellow Board members, Mr Chay Yue Kai, Mr Periakaruppan Aravindan, Mr David Ong Mung Pang, Mr Woo Peng Kong and Mr Meelan Gurung. I look forward to working together with you in the coming financial year.

LOOKING AHEAD

Global economic growth began in 2016 on a weak note with stock markets falling across the world and crude oil prices falling to less than US$30 per barrel recently. Many countries continue to experience weaknesses in their economies and financial risks appear to be rising.

The IMF projects global growth for 2016 to be 3.4% and cautions that the pressures of 2015 such as China's economic slowdown, falling commodity prices and strains in some large emerging market economies may continue to moderate future growth[i]. In Asia, most governments are reigning in expectations and taking a cautious stance.

While we will continue to implement our initiatives for long-term growth, we will do so with a healthy dose of prudence to mitigate the effects of any challenges and ensure that we are able to deliver the best value for our stakeholders.

NOTE OF APPRECIATION

I would like to thank the members of the Board for their stewardship and efforts for the Group thus far. I believe that by leveraging on our diverse strengths, a promising future awaits.

On behalf of the Board, I would like to thank the management team and staff for the continued dedication and support to the Group. We look forward to working together with you for the upcoming financial year. Lastly, I would like to thank the shareholders for their faith and support in us. We aim to live up to expectations and drive further growth for the Group.

KOH WEE SENG
Non-Executive Chairman

18 March 2016

i. World Economic Outlook Update, International Monetary Fund. 19 January 2016

ii. Recent Economic Developments in Singapore, Monetary Authority of Singapore. 4 March 2016

BOARD OF DIRECTORS

MR KOH WEE SENG

was appointed Non-Executive Director of LCDGI Group on 12 March 2015. Mr Koh is a member of the Nominating Committee.

He is the Chief Executive Officer and Executive Director of Aspial Corporation Limited, and the Non-Executive Chairman of Maxi-Cash Financial Services Corporation Ltd. Mr Koh is responsible for the strategic planning overall management and business development of Aspial Group. He has successfully led Aspial Group's diversification into property business and financial service business.

Mr Koh holds a Bachelor degree in Business Administration from the National University of Singapore.

MR CHAY YUE KAI

was appointed Chief Executive Officer of LCDGI Group on 2 April 2015 and oversees the overall management and business development.

Mr Chay has over 30 years of working experience in both local and regional property development and investment businesses. He joined L.C. Development Ltd (the former name of LCDGI) as Senior Manager and became an Executive Director of the property division in 2005. Mr Chay was with LCDGI Group from October 2002 to January 2012. He was Managing Director of Guocoland China (Beijing and North China) from 2012 to 2013. From 2013 to 2014, he was Head of Real Estate Development of Straits Trading Company.

Mr Chay holds a Bachelor of Science (Honours) degree in Building from the University of Singapore (now known as the National University of Singapore).

MR PERIAKARUPPAN ARAVINDAN

was appointed Non-Executive Director of LCDGI Group on 12 March 2015. Mr Aravindan is a member of the Audit Committee and Remuneration Committee.

He is Executive Director of Fragrance Group Limited and Non-Executive Director of Global Premium Hotels Limited. The businesses of both companies include property development, ownership and management of hotels. Mr Aravindan has over fifteen years of experience in the property and hotel industry and has extensive experience in finance, accounting, secretarial and tax functions.

He is a Chartered Accountant and a non-practicing member of the Institute of Singapore Chartered Accountants. He is also a fellow of the Association of the Chartered Certified Accountants, United Kingdom. Mr Aravindan graduated with a Bachelor in Commerce and a Masters in Business Administration (Finance).

MR DAVID ONG MUNG PANG

was appointed Independent Director of the Company on 2 April 2015. Mr Ong chairs the Remuneration Committee and is a member of the Audit Committee.

Mr Ong is a director of numerous local and foreign-owned companies.

A solicitor by profession, Mr Ong is a proprietor of his own legal practice. He holds a Master of Laws from the University College of London and is also a Barrister-at-Law of Lincoln's Inn for England and Wales.

MR WOO PENG KONG

was appointed Independent Director of the Company on 2 April 2015. Mr Woo chairs the Nominating Committee and is a member of the Audit Committee and Remuneration Committee.

Mr Woo has over 30 years of experience in the oil & gas and marine & offshore industries, holding diversified senior management roles in engineering, sales & marketing, new business start-ups and joint ventures, with particular strength in business operations and financial management.

Mr Woo holds a Bachelor degree in Engineering (Mechanical) (First Class Honours) from the University of Singapore (now known as the National University of Singapore) and a Certified Diploma in Accounting and Finance from the Association of the Chartered Certified Accountants, United Kingdom.

MR MEELAN GURUNG

was appointed Independent Director of the Company on 2 April 2015. Mr Meelan chairs the Audit Committee and is a member of the Nominating Committee.

He is presently the Group Managing Director of Acuatico Pte Ltd. Mr Gurung was Head of Tax, Asia of Avenue Capital Group from September 2008 to December 2012. From February 2005 to August 2008, he was Global Group Tax Planning Manager at Schlumberger, United Kingdom. Mr Gurung was Chief Financial Officer with Schlumberger, Australia from May 2002 to January 2005. Mr Gurung holds a Bachelor degree in Economics from the Monash University.

PRESENT & PAST DIRECTORSHIPS

As at 18 March 2016

KOH WEE SENG

Present Directorships
LCD Global Investments Ltd *
L.C. Hotels Pte Ltd
L.C. Logistics Pte Ltd
LCD (Vietnam) Pte Ltd
LCD (Indochina) Pte Ltd
LCD Property Pte Ltd
LCD Property Management Pte Ltd
Draycott Garden Pte Ltd
Hillgate Investment Pte Ltd
BON 88 Investment Pte Ltd
BON (38) Investment Pte Ltd
Rawai 88 Investment Pte Ltd
Rawai (38) Investment Pte Ltd
ZONE X Leisure Pte Ltd
AF Phuket Hotels Pte Ltd
AF Rawai Hotels Pte Ltd
AF Global Investment Holding Pte Ltd
Cheong Hock Chye & Co. (Pte) Ltd
Knight Frank Pte Ltd
LCD Management Sdn Bhd
Corpus Five Sdn Bhd
HIRP (Thailand) Limited
Phuket Island Property Fund
RP (Thailand) Limited
AF Global (Phuket) Limited
AF Global (Thailand) Limited
L.C. (London) Ltd
Cityview Property Investment & Trading Limited
Gateway Enterprise Company Limited
Xuzhou YinJian LumChang Real Estate Development Co., Ltd
Xuzhou RE Sales Co., Ltd
Aspial Corporation Limited *
Maxi-Cash Financial Services Corporation Ltd *

CHAY YUE KAI

Present Directorships
LCD Global Investments Ltd *
L.C. Hotels Pte Ltd
L.C. Logistics Pte Ltd
LCD (Vietnam) Pte Ltd
LCD (Indochina) Pte Ltd
LCD Property Pte Ltd
LCD Property Management Pte Ltd
Draycott Garden Pte Ltd
Hillgate Investment Pte Ltd
BON 88 Investment Pte Ltd
BON (38) Investment Pte Ltd
Rawai 88 Investment Pte Ltd
Rawai (38) Investment Pte Ltd
ZONE X Leisure Pte Ltd
AF Phuket Hotels Pte Ltd
AF Rawai Hotels Pte Ltd
AF Global Investment Holding Pte Ltd
Cheong Hock Chye & Co. (Pte) Ltd
LCD Management Sdn Bhd
Corpus Five Sdn Bhd
HIRP (Thailand) Limited
Phuket Island Property Fund
RP (Thailand) Limited
AF Global (Phuket) Limited
AF Global (Thailand) Limited
L.C. (London) Ltd
Cityview Property Investment & Trading Limited
Gateway Enterprise Company Limited
Xuzhou YinJian LumChang Real Estate Development Co., Ltd
Xuzhou RE Sales Co., Ltd
Knight Frank Pte Ltd *(alternate director)*
Leather ETC Pte Ltd

* Public-listed company on SGX-ST

PRESENT & PAST DIRECTORSHIPS

PERIAKARUPPAN ARAVINDAN

Present Directorships
LCD Global Investments Ltd *
L.C. Hotels Pte Ltd
L.C. Logistics Pte Ltd
LCD (Vietnam) Pte Ltd
LCD (Indochina) Pte Ltd
LCD Property Pte Ltd
LCD Property Management Pte Ltd
Draycott Garden Pte Ltd
Hillgate Investment Pte Ltd
BON 88 Investment Pte Ltd
BON (38) Investment Pte Ltd
Rawai 88 Investment Pte Ltd
Rawai (38) Investment Pte Ltd
ZONE X Leisure Pte Ltd
AF Phuket Hotels Pte Ltd
AF Rawai Hotels Pte Ltd
AF Global Investment Holding Pte Ltd
Cheong Hock Chye & Co. (Pte) Ltd
Phuket Island Property Fund
RP (Thailand) Limited
AF Global (Phuket) Limited
AF Global (Thailand) Limited
L.C. (London) Ltd
Cityview Property Investment & Trading Limited *(alternate)*
Gateway Enterprise Company Limited
Knight Frank Pte Ltd *(alternate director)*
Fragrance Group Limited *
Global Premium Hotels Limited *

DAVID ONG MUNG PANG

Present Directorships
LCD Global Investments Ltd *
DOCS Pte Ltd
Ayle Investments Pte Ltd
Pacifica Global Ltd
Heritage Plantation Group Ltd
Trans Global Logistics Group Limited
Adel Investments Inc
Kintetsu World Express (China) Co Ltd
Beijing Kintetsu World Express Co Ltd

Past Directorships
Over the Preceding Three Years
LCD Global Investments Ltd *
Cheong Hock Chye & Co. (Pte) Ltd
SRA IP Solutions (Asia Pacific) Pte Ltd
Tokyo Cathode Laboratory (Singapore) Pte Ltd
Raffles Wealth Solutions Pte Ltd
Asean-Japan Agrigate Pte Ltd

WOO PENG KONG

Present Directorships
LCD Global Investments Ltd *
Global Premium Hotels Limited *

Past Directorships
Over the Preceding Three Years
Charisma Energy Services Limited *

MEELAN GURUNG

Present Directorships
LCD Global Investments Ltd *
Acuatico Pte Ltd
Acestoneworks Pte Ltd
Vinaconex Water Supply Joint Stock Company
Fresh Water Business & Construction Investment Joint Stock Company
UIS Asia Trading Pte Ltd

Past Directorships
Over the Preceding Three Years
Avenue Asia India Pte Ltd
Citra Metro Manila Tollways Corporation

* Public-listed company on SGX-ST

INTRODUCTION

Recognising that a high standard of corporate governance ultimately enhances shareholder value, the Company continues to maintain sound corporate practices in accordance with the spirit and principles embodied in the Singapore Code of Corporate Governance 2012 (the "Code").

This report sets out the Company's corporate governance processes with reference to the Code for the financial period of 18 months from 1 July 2014 to 31 December 2015 ("FY2015"). The Company confirms that it has adhered to the principles and guidelines of the Code, in all material respects, where relevant and practical.

BOARD MATTERS

The Board's Conduct of its Affairs *(Principle 1)*

The principal role of the Board is to set the Company's strategic objectives, provide the necessary leadership and guidance in the execution of the Company's plans and to ensure that sufficient financial and human resources are in place for the Company to meet its objectives. The Board also takes a proactive approach towards reviewing and monitoring the Company's financial performance; as well as continuously assessing and updating the Company's internal controls in order that the business and operational risks are properly managed. Sustainability issues are carefully considered by the Board in its business approach.

The Board meets on a regular basis as scheduled unless circumstances require ad hoc meetings to be conducted. Additionally, approvals from the Board are also sought by circular resolutions. The Company's Constitution allows board meetings to be held via telephone and video conferencing so as to enhance efficiency and allow for timely meetings.

The Group has adopted internal guidelines for borrowings, acquisitions, disposals, investments and capital or operational expenditure. Apart from specific matters that require the Board's approval including but not limited to share issues, dividend distribution and share buybacks, the Board also reviews and approves major transactions of the Group.

The number of meetings held and details of the attendance of the Board members at the Board meetings and meetings of the various Board committees for FY2015 are set out in Table 1.

TABLE 1

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	Number of Meetings held	Number of Meetings attended	Number of Meetings held	Number of Meetings attended	Number of Meetings held	Number of Meetings attended	Number of Meetings held	Number of Meetings attended
Phua Tin How(1)	2	2	1	1	1	1	0(18)	0(18)
David Lum Kok Seng(2)	2	2	NA(17)	NA(17)	1	1	NA(17)	NA(17)
Lawrence Ee Hock Leong(3)	7	7	3	3	NA(17)	NA(17)	1	1
Kelvin Lum Wen Sum(4)	7	7	NA(17)	NA(17)	NA(17)	NA(17)	NA(17)	NA(17)
Iris Wu Hwee Tan(5)	7	7	NA(17)	NA(17)	NA(17)	NA(17)	NA(17)	NA(17)
Dr Chua Sian Eng(6)	7	7	3	3	NA(17)	NA(17)	1	1
Richard Fam Shou Kwong(7)	7	7	3	3	2	2	NA(17)	NA(17)
David Ong Mung Pang(8)	2	2	1	1	NA(17)	NA(17)	0(18)	0(18)
Nobuyoshi Fujisawa(9)	5	5	NA(17)	NA(17)	1	1	NA(17)	NA(17)
Shigeyoshi Asano(10)	5	5	NA(17)	NA(17)	NA(17)	NA(17)	NA(17)	NA(17)
Zainul Abidin Bin Mohamed Rasheed(11)	4	4	NA(17)	NA(17)	1	1	1	1

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	Number of Meetings held	Number of Meetings attended	Number of Meetings held	Number of Meetings attended	Number of Meetings held	Number of Meetings attended	Number of Meetings held	Number of Meetings attended
Koh Wee Seng(12)	3	3	NA(17)	NA(17)	0(18)	0(18)	NA(17)	NA(17)
Chay Yue Kai(13)	3	3	NA(17)	NA(17)	NA(17)	NA(17)	NA(17)	NA(17)
Periakaruppan Aravindan(14)	3	3	3	3	NA(17)	NA(17)	0(18)	0(18)
David Ong Mung Pang(8)	3	3	3	3	NA(17)	NA(17)	0(18)	0(18)
Woo Peng Kong(15)	3	3	3	3	0(18)	0(18)	0(18)	0(18)
Meelan Gurung(16)	3	3	3	3	0(18)	0(18)	NA(17)	NA(17)

(1) Mr Phua Tin How resigned as Independent Director on 21 August 2014.
(2) Mr David Lum Kok Seng resigned as Senior Executive Director and retired as an executive on 25 September 2014.
(3) Mr Lawrence Ee Hock Leong resigned as Non-Executive Chairman and Independent Director on 2 April 2015.
(4) Mr Kelvin Lum Wen Sum resigned as Managing Director on 2 April 2015.
(5) Ms Iris Wu Hwee Tan resigned as Executive Director on 2 April 2015.
(6) Dr Chua Sian Eng resigned as Independent Director on 2 April 2015.
(7) Mr Richard Fam Shou Kwong resigned as Independent Director on 2 April 2015.
(8) Mr David Ong Mung Pang retired as Independent Director at the Annual General Meeting held on 30 October 2014 and was appointed as an Independent Director on 2 April 2015.
(9) Mr Nobuyoshi Fujisawa was appointed as Executive Director on 25 September 2014 and resigned on 12 March 2015.
(10) Mr Shigeyoshi Asano was appointed as Executive Director on 25 September 2014 and resigned on 12 March 2015.
(11) Mr Zainul Abidin Bin Mohamed Rasheed was appointed as Independent Director on 14 November 2014 and resigned on 2 April 2015.
(12) Mr Koh Wee Seng was appointed as Non-Executive Director on 12 March 2015.
(13) Mr Chay Yue Kai was appointed as Executive Director and Chief Executive Officer on 2 April 2015.
(14) Mr Periakaruppan Aravindan was appointed as Non-Executive Director on 12 March 2015.
(15) Mr Woo Peng Kong was appointed as Independent Director on 2 April 2015.
(16) Mr Meelan Gurung was appointed as Independent Director on 2 April 2015.
(17) The director was not Chairman/member of the relevant committee.
(18) No committee meeting was held during the period when the director was Chairman/member of the relevant committee.

In order to keep pace with the developments in the business, financial and legal environment, the Company provides the directors opportunities to equip themselves with adequate knowledge and training. New directors are also formally informed, in writing, of their duties and obligations to the Company and under the law. They are also given an orientation on the Group's businesses and strategic directions so as to familiarize them with the Group's operations and encourage effective participation in Board discussions.

Board Composition and Guidance *(Principle 2)*

AF Global Pte Ltd became the majority shareholder of the Company upon the completion of a voluntary cash offer for the Company on 12 March 2015. Following the change in control, the composition of the Board was changed and the Board committees of the Company were reconstituted with effect from 2 April 2015.

The present Board comprises 6 directors. There are 3 Independent directors, 2 Non-Executive directors and 1 Executive director.

The independent directors make up half of the Board and provide independent element to the Board. This ensures that the Board is able to exercise judgment on the Group's affairs objectively.

The independence of the members of the Board is reviewed regularly by the Nominating Committee and the continued independence of directors having served on the Board beyond 9 years is subject to particular scrutiny. The Nominating Committee has carried out a review to assess the independence and contribution of the independent directors including an independent director, Mr David Ong Mung Pang who has, in FY2015, served on the Board for more than 9 years. With deep insights into the Group's business and operations, Mr David Ong Mung Pang has always expressed his opinion openly in meaningful debates and has contributed positively to all deliberations. The Company has benefited from his experience and his length of service has not in any way impaired his ability to form business decisions objectively. The Board has concurred with the Nominating Committee that the independent directors have continued to demonstrate strong independence in their judgment and the discharge of their responsibilities; and have acted in the best interest of the Company.

The Board reviews its size on a regular basis in order that meetings are productive and decision-making, effective, given the Group's size and business. The balance and diversity of skills, experience and knowledge of the Group's business are considered in the composition of the Board and Board Committees. The Board also ensures that its members provide an appropriate mix of core competencies in finance, legal, business and management experience and industry skills and knowledge. With their expertise in the respective fields, the non-executive directors would constructively challenge and help develop proposals on the Group's strategy and review the performance of management in meeting agreed goals and objectives as well as monitor the reporting of performance.

Apart from scheduled meetings, the non-executive directors also hold informal discussions without the presence of management.

Chairman and Chief Executive Officer *(Principle 3)*

To ensure a stronger independent element and clearer division of responsibilities between heading the Board and the executive responsibilities of managing the business, Mr Koh Wee Seng, a Non-Executive Director, was appointed as Non-Executive Chairman in place of Mr Lawrence Ee Hock Leong who has resigned as Non-Executive Chairman on 2 April 2015.

As Non-Executive Chairman, Mr Koh Wee Seng is responsible for, among others, leading the Board to ensure its effectiveness on all aspects of its role, setting the agenda and ensuring that sufficient time is provided for discussions, particularly, on strategic issues, exercising control over the completeness, adequacy and timeliness of supply of information to the Board and promoting high standards of corporate governance.

Mr Chay Yue Kai who is the Chief Executive Officer and Executive Director, has full executive responsibilities over the Group's business directions and operational decisions. Other than overseeing the general operations and business dealings in the day-to-day management of the Group, he plays a key role in business development and in expanding the Group's strategic alliances.

The Company has not appointed a lead independent director as it is of the view that in FY2015, the existing channels of communication namely, the Chairman and appointed officers of the Company, are sufficient to address shareholders' concerns, if any, fairly and appropriately. Nonetheless, the Company would seek to appoint a lead independent director so that shareholders would have an additional channel of communication.

Board Membership *(Principle 4)*
Board Performance *(Principle 5)*

Key information, in particular, the directorships held by the directors, both current and past (over the preceding 3 years) and the directors' shareholdings in the Company are found on pages 17 to 18 and page 33 of this annual report respectively.

Various Board committees have been established to assist the Board in the execution of its duties, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). The committees are made up of a majority of and led by independent directors.

The composition of the Board committees and the dates of initial appointment and re-election of the directors to the Board are set out in Table 2.

TABLE 2

Board Members	Executive Committee	Audit Committee	Nominating Committee	Remuneration Committee	Share Purchase Committee	Date of initial appointment to the Board	Date of last re-election to the Board
Lawrence Ee Hock Leong(1)		C		M		16.07.2012	30.10.2014
David Lum Kok Seng(2)	C		M		M	09.04.1990	30.10.2012
Kelvin Lum Wen Sum(3)	M				M	12.05.2008	30.10.2013
Iris Wu Hwee Tan(4)	M				M	09.07.2012	30.10.2014
Phua Tin How(5)		M		M		26.11.1999	30.10.2012
Dr Chua Sian Eng(6)		M		M		26.11.1997	30.10.2014
Richard Fam Shou Kwong(7)		M	C			04.08.1993	30.10.2013
David Ong Mung Pang(8)		M		C		26.11.1999	27.10.2011
Nobuyoshi Fujisawa(9)	C		M			25.09.2014	30.10.2014
Shigeyoshi Asano(10)	M				M	25.09.2014	30.10.2014
Zainul Abidin Bin Mohamed Rasheed(11)			M	C		14.11.2014	NA
Koh Wee Seng^	NA		M		NA	12.03.2015	NA
Chay Yue Kai*	NA				NA	02.04.2015	NA
Periakaruppan Aravindan^	NA	M		M	NA	12.03.2015	NA
David Ong Mung Pang**	NA	M		C	NA	02.04.2015	NA
Woo Peng Kong**	NA	M	C	M	NA	02.04.2015	NA
Meelan Gurung**	NA	C	M		NA	02.04.2015	NA

*C - Chairman M - Member ^ Non-Executive Director * Executive Director ** Non-Executive and Independent Director*

(1) Mr Lawrence Ee Hock Leong resigned as Non-Executive Chairman and Independent Director on 2 April 2015.
(2) Mr David Lum Kok Seng resigned as Senior Executive Director and retired as an executive on 25 September 2014.
(3) Mr Kelvin Lum Wen Sum resigned as Managing Director on 2 April 2015.
(4) Ms Iris Wu Hwee Tan resigned as Executive Director on 2 April 2015.
(5) Mr Phua Tin How resigned as an Independent Director on 21 August 2014.
(6) Dr Chua Sian Eng resigned as Independent Director on 2 April 2015.
(7) Mr Richard Fam Shou Kwong resigned as Independent Director on 2 April 2015.
(8) Mr David Ong Mung Pang retired as Independent Director at the Annual General Meeting held on 30 October 2014 and was appointed as an Independent Director on 2 April 2015.
(9) Mr Nobuyoshi Fujisawa resigned as Executive Director on 12 March 2015.
(10) Mr Shigeyoshi Asano resigned as Executive Director on 12 March 2015.
(11) Mr Zainul Abidin Bin Mohamed Rasheed resigned as Independent Director on 2 April 2015.

EXECUTIVE COMMITTEE

The Executive Committee ("EXCO") was made up of the executive directors of the Company. The primary role of the EXCO was to execute the directives set by the Board.

The composition of the Board was changed in FY2015 with Mr Chay Yue Kai being the only Executive Director appointed, the EXCO was as such not needed.

NOMINATING COMMITTEE

The NC comprises 3 members and is chaired by an independent director, Mr Woo Peng Kong. It is made up of a majority of independent directors.

The principal function of the NC stipulated in its terms of reference is to assist the Board in setting up a formal and transparent process for appointment and re-appointment of directors to the Board by making recommendations on relevant matters relating to :

(a) the selection, appointment and re-appointment of directors (including alternate directors, if applicable);

(b) the review of board succession plans for directors;

(c) the development of a process for evaluation of the performance of the Board, its committees and directors; and

(d) the review of training and professional development programmes for the Board.

The NC selects and recommends new directors for appointment after it reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. The NC conducts an initial assessment to review the candidate's experience, core competency, industry knowledge and general ability to contribute to the Board's proceedings followed by interviewing short-listed candidates. The proposed candidate's independence, expertise background and right skills will be considered before the Board approves the appointment. Newly appointed directors are however required to submit themselves for re-election at the next Annual General Meeting of the Company ("AGM").

The Company also requires at least one-third of the directors (being those who have been longest in office since the last re-election) to retire from office by rotation and every director of the Company shall retire at least once in every 3 years. A retiring director shall be eligible for re-election. In recommending that a director be nominated for re-election, the NC assesses each candidate's suitability for re-appointment prior to making its recommendation, carefully taking into consideration factors such as the director's record of attendance and participation, his candour, performance and overall contribution to the Board and the Group; as well as his ability to adequately carry out the duties expected while performing his roles in other companies or in other appointments. This year, with the change in the composition of the Board, Mr Koh Wee Seng, Mr Chay Yue Kai, Mr Periakaruppan Aravindan, Mr Meelan Gurung and Mr Woo Peng Kong will be seeking re-election as directors pursuant to Article 81 of the Company's Constitution. Mr Koh Wee Seng and Mr Periakaruppan Aravindan were appointed as non-executive directors on 12 March 2015, Mr Chay Yue Kai was appointed as an executive director on 2 April 2015 and Mr Meelan Gurung and Mr Woo Peng Kong were appointed as independent directors on 2 April 2015. The NC has reviewed and is satisfied with their contribution and performance as directors and has endorsed their nomination for re-election.

Mr David Ong Mung Pang has advised that he will not be seeking re-election as a director of the Company at the forthcoming AGM. Upon his retirement, Mr David Ong Mung Pang will also step down as the Chairman of the Remuneration Committee and a member of the Audit Committee.

The NC is responsible for determining annually, and as and when circumstances require, whether a director is independent. Each independent director is required to complete and submit a checklist which has been drawn up based on the guidelines of the Code to confirm his independence annually. If an independent director no longer meets the criteria for independence due to a change in circumstances, he shall notify the NC immediately.

The Board has determined that the maximum number of listed company board representations which any director may hold is 5. All directors are required to declare their board representations. Where a director has multiple board representations, the NC assesses whether or not the director is able to and has adequately carried out his duties as a director of the Company. Taking into consideration each director's number of listed board representations and other principal commitments, the NC is satisfied that all the directors have given sufficient time and attention to the affairs of the Company. In fact, they bring with them and share relevant experience from their involvement in such other appointments.

Currently, the Company does not have any alternate director.

The NC determines the criteria on which Board performance is to be evaluated and, subject to the approval of the Board, proposes objective performance criteria which address how the Board has enhanced long-term shareholders' value. To evaluate the effectiveness of the Board as a whole, the NC considers the adequacy and size of the Board, the background, knowledge and experience of its members, Board's access to information, Board processes and accountability, and communication with senior management. Individual evaluation is also carried out to assess whether each director continues to contribute effectively and demonstrates commitment to his role and duties in the time and effort dedicated to the affairs and business of the Group. The directors participated in the evaluation by providing feedback to the NC in the form of completing performance evaluation questionnaires. The assessment results are presented to the Chairman and follow-up action are taken to address any areas of improvement.

The evaluation process is carried out annually by the NC and the criteria for evaluation is reviewed each year for changes to be made where circumstances require.

SHARE PURCHASE MANDATE

At the AGM of the Company on 30 October 2014, the shareholders of the Company had granted a renewal of the mandate for the Company to carry out share buybacks as permitted under and in accordance with the provisions of the Companies Act, Cap. 50 (the "Share Purchase Mandate").

In FY2015, the Company did not purchase any of its own shares.

Access to Information *(Principle 6)*

Apart from regular reports and updates relating to the operational and financial performance of the Group, timely board papers and related information with the necessary explanations are provided by the management to the directors prior to each Board or committee meeting. Circular meetings are also accompanied by relevant and sufficient information for the directors to make their decisions.

The Board also has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary is responsible for ensuring that Board procedures are observed and that applicable rules and regulations are complied with, ensuring good information flows within the Board and its committees and between the management and non-executive directors, as well as advising the Board on governance matters. The Company Secretary is always in attendance at all Board meetings.

The appointment and removal of the Company Secretary are subject to the approval of the Board.

Subject to the approval of the Chairman, the directors may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies *(Principle 7)*
Level and Mix of Remuneration *(Principle 8)*
Disclosure on Remuneration *(Principle 9)*

REMUNERATION COMMITTEE

The RC comprises 3 members and is chaired by an independent director, Mr David Ong Mung Pang. It is made up entirely of non-executive directors. Mr David Ong Mung Pang will step down as the Chairman of the Remuneration Committee upon his retirement at the conclusion of the AGM. The Board will appoint a replacement to meet the minimum requirement of 3 members pursuant to the guidelines of the Code in due course.

The RC is responsible for developing the Company's policy on remuneration of the Board and key management personnel. It also recommends a remuneration framework and specific remuneration packages for executive directors as well as guidelines for directors' fees of non-executive directors to the Board for endorsement. The framework and packages contain appropriate and meaningful measures.

The functions performed by RC as set out in its terms of reference include :

(a) review and recommend to the Board a framework of remuneration and the specific remuneration packages for each director and key management personnel;

(b) review the executive directors' and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;

(c) implement and administer the Company's share-based incentive plans including reviewing whether executive directors and key management personnel should be eligible for the incentive plans; and

(d) at its discretion, seek expert advice on remuneration matters and ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

Directors' fees are set in accordance with a remuneration framework based on the level of responsibility and scope of work. Non-executive directors are paid fixed directors' fees appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities on the Board and Board Committees. The non-executive directors would not be over-compensated to the extent that their independence is compromised. Executive directors do not receive directors' fees. Non-executive directors are paid directors' fees annually, subject to approval at the AGM.

The service agreement of the executive director is for a fixed appointment period that does not exceed 5 years and does not contain onerous removal clauses. The RC reviews the fairness and reasonable of termination clauses of the service agreement to ensure that the contract of service contains fair and reasonable clauses which are not overly generous with an aim to be fair and avoid rewarding poor performance. The Company does not use contractual provisions to reclaim incentive components of remuneration from the executive director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the executive director and key management personnel in the event of such breach of fiduciary duties. The remuneration of the executive director and key senior management consist of a basic component, a variable component, participation in share-based incentive schemes and other appropriate benefits-in-kind.

(a) Basic component

The basic component comprises basic salary, statutory employer's contributions to the Central Provident Fund and fixed allowances. It is set taking into consideration the role and responsibilities of the individual, the performance of the Group and the individual as well as market and employment conditions.

(b) Variable component

In awarding the variable component, namely, bonus, due consideration is given to the performance of the Group's business and the individual's performance and contribution. The RC is of the view that the remuneration policy aligns the interest of the individual with those of the shareholders and link rewards to the financial condition and performance of the Group.

(c) Share-based incentives

The executive director and key management personnel with more than 12 months of service are eligible for share-based incentive schemes, namely, the LCD Performance Share Award Scheme and the LCD Share Option Scheme. Details of the 2 schemes are provided in this report on pages 27 and 28.

(d) Benefits-in-kind

The Group provides benefits consistent with market practice, such as medical and dental benefits and insurance coverage. The grant of such benefits will be dependent on the seniority and length of service of the individual; and the requirement of the job. The Group has ceased to provide club membership and motor vehicle benefits during FY2015.

The executive directors who are not members of the RC may attend meetings of the RC. No member of the RC is involved in deciding his own remuneration.

The level and mix of each individual director's remuneration (in percentage terms) for FY2015 is set out in Table 3.

TABLE 3

Breakdown of Remuneration of each Director

		FY2015				
	Executive Directors	**Salary (including CPF) %**	**Bonus, Profit Sharing %**	**Fee %**	**Retirement Benefit/ Termination Payment %**	**Other Benefits %**
$2,750,000 to $3,000,000	David Lum Kok Seng	10	2	–	88	–
$1,750,000 to $2,000,000	Kelvin Lum Wen Sum	42	10	–	47	1
$1,000,000 to $1,250,000	Iris Wu Hwee Tan	36	10	–	53	1
Below $250,000	Chay Yue Kai	100	–	–	–	–

Mr Nobuyoshi Fujisawa and Mr Shigeyoshi Asano resigned as Executive Directors on 12 March 2015 and did not receive any remuneration in FY2015.

		FY2015				
	Non-Executive Directors	**Salary (including CPF) %**	**Bonus, Profit Sharing %**	**Fee %**	**Retirement Benefit/ Termination Payment %**	**Other Benefits %**
Below $100,000	Phua Tin How	–	–	100	–	–
	David Ong Mung Pang	–	–	100	–	–
	Lawrence Ee Hock Leong	–	–	100	–	–
	Richard Fam Shou Kwong	–	–	100	–	–
	Dr Chua Sian Eng	–	–	100	–	–
	Zainul Abidin Bin Mohamed Rasheed	–	–	100	–	–
	Koh Wee Seng	–	–	100	–	–
	Periakaruppan Aravindan	–	–	100	–	–
	Woo Peng Kong	–	–	100	–	–
	Meelan Gurung	–	–	100	–	–

Directors' fees for FY2015 are subject to shareholders' approval at the forthcoming AGM.

The Company has decided not to disclose the remuneration details of the directors due to confidentiality and sensitivity attached to remuneration matters, and it would not be in the best interest of the Company to disclose the exact details of the remuneration of the directors.

The remuneration of the Group's top 7 key management personnel (in percentage terms) for FY2015 is set out in Table 4.

TABLE 4

	FY2015				
	Key Management	Salary %	Bonus %	Retirement Benefit %	Other Benefits %
$400,000 - $499,999	1	80	9	–	11
$200,000 - $299,999	2	80	13	7	–
$100,000 - $199,999	4	81	19	–	–

The remuneration of certain key management personnel is partially borne by a former related party of the Company for shared services during FY2015.

The remuneration of the top 7 key management personnel (excluding directors) in aggregate was $1,646,000 for FY2015. We have disclosed the remuneration in bands of $100,000 but have not identified the top 7 key management personnel to maintain confidentiality and for commercially sensitive reasons.

There were no employees who were immediate family members of the directors and whose remuneration exceeded $50,000 during FY2015.

Given that remuneration matters are highly confidential and sensitive in nature, the Board is of the view that appropriate disclosures of information have been made although not to the full extent as recommended by the Code.

As the information on the remuneration of directors and key management personnel has already been disclosed, the Board is of the view that there is no need to prepare a separate remuneration report.

LCD PERFORMANCE SHARE AWARD SCHEME

The LCD Performance Share Award Scheme (the "Share Award Scheme") was approved by shareholders on 26 October 2006 and is administered by the RC.

The key objective of the Share Award Scheme is to provide incentives and motivation for key senior management and senior executives to excel in their performance and to align the long term interests of the employees with the Group. The Share Award Scheme aims to reward deserving personnel who meet the performance targets which are prescribed with an emphasis to sustaining longer term growth linked to the Group's profitability, net assets value and share price performance, with a view to promoting the Group's market competitiveness, quality of returns, business growth and productivity growth.

Under the Share Award Scheme, the aggregate number of shares that may be issued or are issuable pursuant to the granting of the awards when added to the aggregate number of shares issued or issuable in respect of such other share-based incentive schemes of the Company, shall not exceed 15% of the total number of issued shares, excluding treasury shares, of the Company on the day immediately preceding the date on which the awards shall be granted.

Employees must be of a rank designated by the RC in order to be eligible for the Share Award Scheme. Awards are vested once the RC (which decides on the date of the award and number of shares under the award) is satisfied that the prescribed performance targets and performance period are satisfied. There is no vesting period beyond the performance achievement period.

The Company is not allowed to grant more than 25% of the available shares under the Share Award Scheme to the controlling shareholders and their associates provided that individually their grant does not exceed 10% of the available shares under the Share Award Scheme.

The duration of the Share Award Scheme is 10 years from the date that it was adopted. No further share award has been granted since the last grant in December 2011 which was vested in March 2013.

LCD SHARE OPTION SCHEME

The LCD Share Option Scheme (the "Share Option Scheme") was approved by shareholders on 25 October 2007 and is administered by the RC.

The purpose of the Share Option Scheme is to provide the opportunity for employees of the Group, who have contributed significantly to its growth and performance, to participate in the equity of the Company and to motivate them to greater dedication, loyalty and better performance. The Share Option Scheme also aims to attract the right talent and to align the interests of the employees with the interests of shareholders.

The duration of the Share Option Scheme is 10 years from the date that it was adopted. The Share Option Scheme allows options to be granted at a maximum discount of 20% of the Market Price (as defined under the Share Option Scheme). For options granted at Market Price, the exercise period commences after the first anniversary of the date of the grant and, for options granted at a discount the exercise period commences after the second anniversary of the date of the grant, both expiring on the fifth anniversary of the date of the grant.

The aggregate number of shares in respect of which options may be offered when added to the aggregate number of shares issued or issuable in respect of such other share-based incentive schemes of the Company, shall not exceed 15% of the total number of issued shares, excluding treasury shares, of the Company on the day immediately preceding the date of the grant. The Company is also not allowed to grant more than 25% of the available shares under the Share Option Scheme to the controlling shareholders and their associates provided that individually their grant does not exceed 10% of the available shares under the Share Option Scheme.

The Company has not granted any further share options since the last grant in July 2013.

ACCOUNTABILITY AND AUDIT

Accountability *(Principle 10)*

To enable the directors to fulfill their duties properly, the management submits financial and business reports to the Board on a regular and timely basis. The Board reviews and approves all quarterly announcement of results and other price sensitive reports with an aim to provide shareholders with a balanced and understandable assessment of the Group's performance, financial position and prospect.

For FY2015, the executive directors of the Company and senior management handling the Group's finance matters had provided written representations to the Board on the integrity of the interim financial statements covering the Company and its subsidiaries. Pursuant to Rule 705(5) of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Board had provided a negative assurance confirmation for the Group's interim financial statements.

In addition, the directors and executive officers of the Company also signed a letter of undertaking pursuant to the amended Rule 720(1) of the Listing Manual of the SGX-ST.

Risk Management and Internal Controls *(Principle 11)*

Based on an enterprise risk management exercise carried out by an external consultant, key areas of risks covering financial, operational, compliance and strategic risks faced by the Group were assessed and prioritised. A risk profile determining suitable risk tolerance levels for each business segment covering different locations was compiled and a consistent set of risk policies adopted to manage such risks on a more structured and systematic basis.

A risk management framework on the Group's ongoing process in identifying, assessing and reporting risks was also formalised and reviewed regularly. The Group's internal audit function performs risk assessment and conducts the review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, information technology controls and risk management systems. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC.

The internal controls in place maintained by the management throughout the year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that no system of internal controls and risk management could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The Group's internal control systems serve as the key in identifying and managing risks that are significant to the achievement of its business objectives. The risks are proactively identified and addressed. The ownership of these risks lies with the respective business and function heads with stewardship residing with the Board. The process of risk management has been integrated into the Group's business planning and monitoring process.

The Group's business and operational activities is regularly reviewed by management to identify areas of significant business risks. Appropriate measures are taken to assess, control and mitigate these risks.

Based on the risk management programmes, internal controls established and maintained by the Group, work performed by the internal and external auditors as well as reviews performed by the management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management were adequate and effective to meet the needs of the Group in its current business environment.

For FY2015, the Board has received assurance from the Chief Executive Officer and Group Financial Controller by way of a representation letter :

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) regarding the effectiveness of the Company's risk management and internal control systems.

Audit Committee *(Principle 12)*

The AC of the Company, which is chaired by Mr Meelan Gurung, now comprises 4 members, a majority of whom are non-executive and independent directors. No former partner or directors of the Company's existing audit firm is a member of the AC.

The Board is of the view that with their many years of relevant experience, the AC members, including the Chairman, have appropriate accounting or related financial management expertise or experience to discharge their responsibilities. The AC is kept abreast of changes to financial reporting standards by the management and external auditor. It meets on a regular basis to carry out its duties of reviewing and assessing the financial reporting process, the system of internal controls, the management of risks and the audit process. It has explicit authority to investigate any matter within its terms of reference and has full access to and the co-operation of management. It also has direct and independent access to the internal and external auditors, and full discretion to invite any director or executive officer to attend its meetings.

The functions performed by the AC as set out in its terms of reference include:

(a) review of significant financial reporting issues and judgments to ensure the integrity of financial statements and announcements relating to financial performance;

(b) review of the adequacy and effectiveness of internal controls including financial, operational, compliance and information technology controls;

(c) review and approval of audit plans of the Company's external auditor and internal auditor;

(d) review of the scope and results of external audit, and the independence and objectivity of the external auditor;

(e) review of the scope and findings of internal audit and the effectiveness of the internal audit function;

(f) review of the nature and extent of non-audit services performed by external auditor;

(g) review the fees and terms of engagement of the external auditor; and

(h) review of interested person transactions.

The AC has assessed the external auditor based on factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, given the size and complexity of the Group.

The AC meets with the Company's external auditor at least annually without the presence of the management and also reviews their independence annually. The current external auditor is Ernst & Young LLP and the AC is satisfied that they have maintained their independence and the nature and extent of their non-audit services did not affect their objectivity. The AC has therefore recommended to the Board that Ernst & Young LLP be nominated for re-appointment as external auditor at the forthcoming AGM of the Company. The aggregate amount of external auditor's fees for FY2015 and a breakdown of the fees into audit and non-audit fees are disclosed in Note 6 of the Notes to the Financial Statements on page 66.

The AC meetings are held on a quarterly basis. During the AC meeting at each half-year, the head of internal audit reports the progress of internal audit and reviews with the AC the findings without the presence of the management of the individual business units.

In the course of FY2015, the AC also reviewed the whistle-blowing policy, interested person transactions and material contracts.

WHISTLE-BLOWING POLICY

The AC oversees the Group's whistle-blowing policy which allows staff to raise concerns, in confidence, about possible improprieties in matters of financial reporting or other matters. The Company also accepts anonymous reports to ensure that independent investigations of such matters are carried out and that appropriate follow-up action is taken.

There have been no incidents pertaining to whistle-blowing for FY2015.

INTERESTED PERSON TRANSACTIONS

The Company has established a procedure for recording and reporting interested person transactions ("IPTs"). Particulars of IPTs entered into during FY2015 and disclosed in accordance with Rule 907 of the Listing Manual of SGX-ST are set out in Table 5.

TABLE 5

Name of Interested Person	Aggregate value of all IPTs during FY2015 (excluding transactions less than $100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	$'000	**$'000**
Lum Chang Holdings Limited Group *		
- Project management services (expired)	200	NA
- Technical consultancy services (expired)	160	NA
Total	360	NA

Name of Interested Person	Aggregate value of all IPTs during FY2015 (excluding transactions less than $100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	$'000	**$'000**
Aspial Corporation Limited Group		
- Purchase of bond and interest over the 5-year term of the bond	6,313	NA
- Corporate service fee payable	273	NA
Total	6,586	NA
Kelvin Lum Wen Sum (Resigned as Managing Director on 2 April 2015)		
- Contractual employment termination payment	882	NA
Iris Wu Hwee Tan (Resigned as Executive Director on 2 April 2015)		
- Contractual employment termination payment	554	NA

* Ceased to be an interested person of the Company in FY2015.

MATERIAL CONTRACTS

Save as disclosed in Table 5, there were no material contracts or loans entered into by the Company or any of its subsidiaries involving the interests of any director or controlling shareholder of the Company, either still subsisting at the end of FY2015 or if not subsisting, were entered into during FY2015.

Internal Audit *(Principle 13)*

The Board believes in maintaining sound internal controls and systems to provide reasonable assurance against material financial losses or misstatements as well as to ensure the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, the compliance with applicable legislations, regulations and best practices, and the identification and containment of business risks.

The Group has an internal audit function and the head of internal audit reports directly to the Chairman of the AC, with full and direct access to members of the AC at all times. The head of internal audit also reports administratively to the Chief Executive Officer. The internal audit team adopts the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by The Institute of Internal Auditors and is staffed with persons with the relevant qualifications and experience.

The functions of internal audit include the reviewing and evaluation of the Group's internal controls covering financial, operational, compliance and information technology controls, and risk management. The internal audit function performs regular audits of the Group's individual business units including its overseas operations. It reports its findings to the AC and follows up with management of the respective business units on remedial actions to be taken.

The AC annually reviews the adequacy and effectiveness of the internal audit function to ensure that the internal audit resources are adequate and that the internal audits are performed effectively.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights *(Principle 14)*
Communication with Shareholders *(Principle 15)*
Conduct of Shareholder Meetings *(Principle 16)*

The Company updates its shareholders primarily through the SGXNET. Quarterly and full-year results are released within the prescribed periods and material and/or price-sensitive information are released promptly. It also maintains a corporate website through which shareholders are able to access information on the Group.

Summary Financial Reports and/or Annual Reports of the Company and the notices of general meetings, setting out resolutions on each substantially separate issue for seeking shareholders' approval separately, together with explanatory notes are sent directly to shareholders.

The shareholder can provide feedback to the Company Secretary via the electronic mail address or registered address. General meetings also provide an excellent opportunity for the shareholders to query the directors with regard to the Company and their recommendations. The Company also avails the chairmen of the AC, NC and RC, the external auditor and the Company Secretary during the general meetings to address, or to assist the directors in addressing, any relevant queries by the shareholders.

The Company does not have a formal dividend policy. Dividends are declared based on the Group's financial performance, the consideration of the Group's future business plans, the position of the Company's retained earnings, and other factors as the Board may deem appropriate.

To accord shareholders their rights proportionate to their shareholdings in voting, the Company has since 2013, conducted voting at its general meetings by poll. The shareholders will be informed of the voting procedures at the general meetings.

Minutes of general meetings recording substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board, external auditor, Company Secretary and management are prepared and are available to shareholders for inspection upon their request.

The Company's Constitution places no limit on the number of proxies for nominee companies so that shareholders who hold shares through nominees can attend general meetings as proxies.

Voting in absentia is allowed under the Company's Constitution but not implemented due to concerns as to the integrity of information transmitted through the available media and concerns over the authenticity of the identity of shareholders.

DEALINGS IN SECURITIES

The Company has adopted an internal compliance code whereby directors and affected staff are prohibited from dealing in the Company's shares during the "black-out" periods which are as prescribed under the Listing Manual of the SGX-ST, that is, for a period of two weeks before the announcement of its quarterly financial results and one month before the announcement of its full year results. The directors and affected staff are also not allowed to deal in the Company's shares prior to the announcement of material price-sensitive information of which they are in possession.

Each year, the Company plans the release of the announcements of its quarterly and full year results and sets out the "black-out" periods. The Company ensures that each of the directors and affected staff is informed of the "black-out" periods. Notwithstanding that the directors and affected staff are permitted to trade in the Company's shares during the permitted periods, the Company also specifically highlights in its policy that the directors and affected staff should not deal in the Company's shares on short-term considerations during the permitted periods.

The Company provides regular updates to the directors and key management personnel on the developments in insider trading regulations with particular focus on developments in local case law and changes in the regulatory framework, regularly highlighting the importance of safeguarding confidential information as well as the consequences of misusing insider information.

DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of LCD Global Investments Ltd (the "Company") and its subsidiary companies (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial period from 1 July 2014 to 31 December 2015.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheets and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the period covering 1 July 2014 to 31 December 2015; and

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

DIRECTORS

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

Koh Wee Seng	*(appointed on 12 March 2015)*
Chay Yue Kai	*(appointed on 2 April 2015)*
Periakaruppan Aravindan	*(appointed on 12 March 2015)*
David Ong Mung Pang	*(retired on 30 October 2014 and appointed on 2 April 2015)*
Woo Peng Kong	*(appointed on 2 April 2015)*
Meelan Gurung	*(appointed on 2 April 2015)*

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors who held office at the end of the financial period had, according to the register of Directors' shareholdings kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in the shares of the Company and related corporation as stated below :

	Direct interest		Deemed interest	
Name of Director	**At 1 July 2014 or date of appointment**	**At 31 December 2015**	**At 1 July 2014 or date of appointment**	**At 31 December 2015**
AF Global Pte Ltd ("AF Global")				
(Immediate and ultimate holding company)				
Ordinary shares				
Koh Wee Seng	–	–	5,000,000	5,000,000
LCD Global Investments Ltd				
(The Company)				
Ordinary shares				
Koh Wee Seng	152,098,000	152,098,000	676,956,569	729,285,569
Periakaruppan Aravindan	100,000	100,000	–	–

There was no change in any of the abovementioned interests in the Company between the end of the financial period and 21 January 2016.

Aspial Corporation Limited ("Aspial"), a company listed on the Singapore Exchange Securities Trading Limited, holds 50% of the issued shares of AF Global. MLHS Holdings Pte Ltd ("MLHS") holds more than 50% of the issued shares of Aspial and in turn, Koh Wee Seng holds more than 20% of the issued shares of MLHS. By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Koh Wee Seng is deemed to have an interest in the shares of the Company and its subsidiaries to the extent held by AF Global.

Except as disclosed in this statement, no Director who held office at the end of the financial period had an interest in the shares, share options, share awards or debentures of the Company, or of related corporations, either at the beginning of the financial period, or date of appointment if later, or at the end of the financial period.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this statement, neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

LCD SHARE OPTION SCHEME ("OPTION SCHEME") AND LCD PERFORMANCE SHARE AWARD SCHEME ("AWARD SCHEME")

The Award Scheme and the Option Scheme were approved by shareholders at the Extraordinary General Meetings held on 26 October 2006 and 25 October 2007 respectively. The Remuneration Committee comprising David Ong Mung Pang (Chairman of the Remuneration Committee), Periakaruppan Aravindan and Woo Peng Kong is responsible for administering both the schemes.

Option Scheme

Details of options granted previously have been disclosed in the Directors' Reports of the respective years. Options to subscribe for ordinary shares of the Company, that were exercised and lapsed during the financial period, and outstanding at the end of the financial period were as follows :

Date of grant	Options outstanding as at 1 July 2014	Options exercised	Options lapsed	Options outstanding as at 31 December 2015	Exercise price	Exercise period
22.07.2011	505,000	(485,000)	(20,000)	–	$0.16	23.07.2012 to 22.07.2016
20.07.2012	1,495,000	(1,465,000)	(30,000)	–	$0.135[(1)]	21.07.2014 to 20.07.2017
26.07.2013	2,005,000	(1,975,000)	(30,000)	–	$0.136[(1)]	27.07.2015 to 26.07.2018
	4,005,000	(3,925,000)	(80,000)	–		

(1) The exercise price is set at a 10% discount to the Market Price (as defined in the Option Scheme).

No options were granted during the financial period.

Options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

During the financial period, out of 3,925,000 share options exercised pursuant to the Option Scheme, 1,303,000 share options were satisfied by issue and allotment of new ordinary shares in the capital of the Company and 2,622,000 share options were satisfied by transfer of treasury shares.

Details of options to subscribe for ordinary shares of the Company granted to Directors of the Company are as follows :

	Aggregate options				
Participant	**Granted in financial period ended 31 December 2015**	**Granted since commencement of Option Scheme to 31 December 2015**	**Exercised since commencement of Option Scheme to 31 December 2015**	**Lapsed since commencement of Option Scheme to 31 December 2015**	**Outstanding as at 31 December 2015**
Controlling shareholder and associate					
David Lum Kok Seng [1]	–	9,000,000	(9,000,000)	–	–
Kelvin Lum Wen Sum [2]	–	9,000,000	(8,560,000)	(440,000)	–
Director of the Company					
Iris Wu Hwee Tan [3]	–	1,520,000	(1,300,000)	(220,000)	–
	–	19,520,000	(18,860,000)	(660,000)	–

(1) Resigned as Senior Executive Director of the Company and ceased to be controlling shareholder on 25 September 2014.
(2) Associate of David Lum Kok Seng and resigned as Managing Director of the Company on 2 April 2015.
(3) Resigned as Executive Director of the Company on 2 April 2015.

Award Scheme

From the commencement of the Award Scheme to 31 December 2015, awards comprising an aggregate of 14,565,000 ordinary shares were granted by the Company on 6 December 2011. Out of these, 11,292,000 awards were vested and satisfied by transfer of treasury shares on 19 March 2013 when the prescribed performance targets were achieved.

No award was granted during the financial period.

As at 31 December 2015, apart from the abovementioned controlling shareholder and his associate, no participant under the Option Scheme and/or the Award Scheme has been granted options and/or awards which, in aggregate, represents 5% or more of the total number of shares available under both the schemes.

AUDIT COMMITTEE

At the date of this statement, the Audit Committee comprises the following members :

Meelan Gurung	(Chairman, Independent Director)
Periakaruppan Aravindan	(Non-Executive Director)
David Ong Mung Pang	(Independent Director)
Woo Peng Kong	(Independent Director)

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50 including a review of the financial statements of the Company and of the Group for the financial period and the external auditor's report thereon. The Audit Committee has conducted an annual review of the non-audit services provided by the external auditor and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. It has recommended to the Board of Directors that Ernst & Young LLP be nominated for re-appointment as external auditor at the forthcoming Annual General Meeting of the Company.

The functions performed by the Audit Committee are further elaborated under the Corporate Governance section of the Annual Report.

AUDITOR

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

On behalf of the Board of Directors,

KOH WEE SENG
Director

CHAY YUE KAI
Director

Singapore
18 March 2016

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LCD GLOBAL INVESTMENTS LTD
For the financial period from 1 July 2014 to 31 December 2015

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of LCD Global Investments Ltd (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages 38 to 114, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the period from 1 July 2014 to 31 December 2015, 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, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements 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 judgment, 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 the 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 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 financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the period from 1 July 2014 to 31 December 2015.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants

Singapore
18 March 2016

CONSOLIDATED INCOME STATEMENT

		Group	
	Note	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Revenue	3	81,194	55,499
Cost of sales		(42,251)	(29,534)
Gross profit		38,943	25,965
Other operating income	4	2,373	694
Marketing expenses		(3,367)	(2,416)
Administrative expenses		(26,098)	(16,788)
Other operating expenses		(9,597)	(16,540)
Operating profit/(loss)		2,254	(9,085)
Finance costs	5	(3,358)	(1,838)
Share of results of associated and joint venture companies		12,435	1,835
Profit/(loss) before taxation	6	11,331	(9,088)
Taxation	7	(3,328)	(2,631)
Profit/(loss) for the period/year		8,003	(11,719)
Earnings/(loss) per share (cents)	8		
- Basic		0.44	(1.38)
- Diluted		0.44	(1.38)
Attributable to :			
Shareholders of the Company		4,650	(14,374)
Non-controlling interests		3,353	2,655
		8,003	(11,719)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Profit/(loss) for the period/year	8,003	(11,719)
Other comprehensive income/(loss) :		
Items that may be reclassified subsequently to income statement :		
Foreign currency translation	5,121	(2,404)
Transfer from foreign currency translation reserve to income statement upon deregistration of foreign subsidiary companies	(918)	–
Fair value (loss)/gain on investment securities	(235)	112
Items that will not be reclassified to income statement :		
Net surplus on revaluation of property, plant and equipment	49,873	8,814
Adjustments of deferred tax liabilities to asset revaluation reserve	(7,952)	(585)
	45,889	5,937
Total comprehensive income/(loss) for the period/year	53,892	(5,782)
Attributable to :		
Shareholders of the Company	45,503	(3,678)
Non-controlling interests	8,389	(2,104)
	53,892	(5,782)

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

BALANCE SHEETS

	Note	Group 31 December 2015 $'000	Group 30 June 2014 $'000	Company 31 December 2015 $'000	Company 30 June 2014 $'000
Non-current assets					
Property, plant and equipment	9	333,367	283,796	–	541
Investment property	10	–	8,936	–	–
Intangible assets		52	161	–	108
Subsidiary companies	11	–	–	295,624	284,732
Associated companies		1,574	1,574	–	–
Joint venture companies	12	85,056	74,018	–	–
Investment securities	13	5,061	5,061	–	–
Deferred tax assets	14	126	99	–	–
		425,236	373,645	295,624	285,381
Current assets					
Asset held for sale	15	8,552	–	–	–
Investment securities	13	2,447	188	–	–
Inventories		414	504	–	–
Trade receivables	16	1,497	1,296	–	–
Other receivables	17	1,248	2,267	79	83
Tax recoverable		–	2	–	–
Prepayments		769	518	9	24
Cash and short-term deposits	28	18,566	35,287	506	4,413
		33,493	40,062	594	4,520
Current liabilities					
Provision		21	56	–	–
Trade payables	18	3,048	2,770	–	–
Other payables and accruals	19	7,945	7,476	1,282	613
Amount due to subsidiary companies	20	–	–	3,415	1,636
Provision for taxation		830	936	–	–
Hire purchase creditors	21	12	203	–	120
Term loans	22	14,538	5,985	9,650	–
		26,394	17,426	14,347	2,369
Net current assets/(liabilities)		7,099	22,636	(13,753)	2,151
Non-current liabilities					
Provision		48	43	–	–
Amount due to a subsidiary company	20	–	–	26,771	–
Hire purchase creditors	21	35	527	–	320
Term loans	22	60,536	40,002	–	–
Deferred tax liabilities	14	31,838	23,107	–	–
		92,457	63,679	26,771	320
Net assets		339,878	332,602	255,100	287,212
Equity attributable to shareholders of the Company					
Share capital	23	209,518	209,232	209,518	209,232
Treasury shares	24	–	(393)	–	(393)
Reserves		77,986	73,639	45,582	78,373
		287,504	282,478	255,100	287,212
Non-controlling interests	25	52,374	50,124	–	–
Total equity		339,878	332,602	255,100	287,212

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

STATEMENTS OF CHANGES IN EQUITY

Group	Share capital $'000	Treasury shares $'000	Capital and other reserves (Note 26) $'000	Revenue reserve $'000	Total reserves $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to shareholders of the Company						
2015							
As at 1 July 2014	209,232	(393)	37,191	36,448	73,639	50,124	332,602
Profit for the period	–	–	–	4,650	4,650	3,353	8,003
Other comprehensive income for the period, net of tax	–	–	40,853	–	40,853	5,036	45,889
Total comprehensive income for the period	–	–	40,853	4,650	45,503	8,389	53,892
<u>Contributions by and distributions to shareholders of the Company</u>							
Issue of ordinary shares on exercise of share options	218	–	(41)	–	(41)	–	177
Transfer of treasury shares on exercise of share options	68	393	(95)	–	(95)	–	366
Lapsing of share options	–	–	(2)	2	–	–	–
Dividends paid by the Company	–	–	–	(36,925)	(36,925)	–	(36,925)
Total contributions by and distributions to shareholders of the Company	286	393	(138)	(36,923)	(37,061)	–	(36,382)
<u>Change in ownership interest in a subsidiary company</u>							
Acquisition of a non-controlling interest without a change in control	–	–	–	(4,398)	(4,398)	(3,086)	(7,484)
Total change in ownership interest in a subsidiary company	–	–	–	(4,398)	(4,398)	(3,086)	(7,484)
<u>Others</u>							
Transfer from legal reserve	–	–	(30)	30	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	(3,086)	(3,086)
Return of investment to a non-controlling interest upon deregistration of a subsidiary company	–	–	–	–	–	(39)	(39)
Increase in net assets of a joint venture company	–	–	–	495	495	62	557
Share of reserves of a joint venture company	–	–	(97)	(95)	(192)	10	(182)
Total others	–	–	(127)	430	303	(3,053)	(2,750)
As at 31 December 2015	209,518	–	77,779	207	77,986	52,374	339,878

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

STATEMENTS OF CHANGES IN EQUITY

Group	Share capital $'000	Treasury shares $'000	Capital and other reserves (Note 26) $'000	Revenue reserve $'000	Total reserves $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to shareholders of the Company						
2014							
As at 1 July 2013	206,274	(464)	27,083	57,157	84,240	54,823	344,873
(Loss)/profit for the year	–	–	–	(14,374)	(14,374)	2,655	(11,719)
Other comprehensive income/(loss) for the year, net of tax	–	–	10,696	–	10,696	(4,759)	5,937
Total comprehensive income/(loss) for the year	–	–	10,696	(14,374)	(3,678)	(2,104)	(5,782)
Contributions by and distributions to shareholders of the Company							
Issue of ordinary shares on exercise of share options	2,912	–	(533)	–	(533)	–	2,379
Transfer of treasury shares on exercise of share options	46	71	(31)	–	(31)	–	86
Share-based compensation expense	–	–	63	–	63	–	63
Lapsing of share options	–	–	(179)	179	–	–	–
Dividends paid by the Company	–	–	–	(6,731)	(6,731)	–	(6,731)
Total contributions by and distributions to shareholders of the Company	2,958	71	(680)	(6,552)	(7,232)	–	(4,203)
Others							
Transfer to legal reserve	–	–	30	(30)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	(2,672)	(2,672)
Increase in net assets of a joint venture company	–	–	–	247	247	62	309
Share of reserves of a joint venture company	–	–	62	–	62	15	77
Total others	–	–	92	217	309	(2,595)	(2,286)
As at 30 June 2014	209,232	(393)	37,191	36,448	73,639	50,124	332,602

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

STATEMENTS OF CHANGES IN EQUITY

Company	Share capital $'000	Treasury shares $'000	Share-based compen-sation reserve $'000	Revenue reserve $'000	Total reserves $'000	Total equity $'000
2015						
As at 1 July 2014	209,232	(393)	138	78,235	78,373	287,212
Profit for the period, representing total comprehensive income for the period	–	–	–	4,270	4,270	4,270
Contributions by and distributions to shareholders of the Company						
Issue of ordinary shares on exercise of share options	218	–	(41)	–	(41)	177
Transfer of treasury shares on exercise of share options	68	393	(95)	–	(95)	366
Lapsing of share options	–	–	(2)	2	–	–
Dividends paid by the Company	–	–	–	(36,925)	(36,925)	(36,925)
Total contributions by and distributions to shareholders of the Company	286	393	(138)	(36,923)	(37,061)	(36,382)
As at 31 December 2015	209,518	–	–	45,582	45,582	255,100
2014						
As at 1 July 2013	206,274	(464)	818	84,484	85,302	291,112
Profit for the year, representing total comprehensive income for the year	–	–	–	303	303	303
Contributions by and distributions to shareholders of the Company						
Issue of ordinary shares on exercise of share options	2,912	–	(533)	–	(533)	2,379
Transfer of treasury shares on exercise of share options	46	71	(31)	–	(31)	86
Share-based compensation expense	–	–	63	–	63	63
Lapsing of share options	–	–	(179)	179	–	–
Dividends paid by the Company	–	–	–	(6,731)	(6,731)	(6,731)
Total contributions by and distributions to shareholders of the Company	2,958	71	(680)	(6,552)	(7,232)	(4,203)
As at 30 June 2014	209,232	(393)	138	78,235	78,373	287,212

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

CONSOLIDATED
CASH FLOW STATEMENT

	Group	
	1 July 2014 to 31 December 2015 $'000	**1 July 2013 to 30 June 2014 $'000**
Cash flows from operating activities :		
Profit/(loss) before taxation	11,331	(9,088)
Adjustments for :		
Depreciation of property, plant and equipment	12,218	7,602
Depreciation of investment property	384	344
Loss on sale of property, plant and equipment	16	533
Property, plant and equipment written off	484	9,550
Gain on sale of investment securities	(54)	–
Loss on sale of club memberships	28	–
Share of results of associated and joint venture companies	(12,435)	(1,835)
Amortisation of club memberships	24	17
Share-based compensation expense	–	63
Dividend income from investment securities	(176)	(200)
Interest income	(706)	(314)
Finance costs	3,358	1,838
Transfer from foreign currency translation reserve to income statement upon deregistration of foreign subsidiary companies	(918)	–
Currency realignment	(288)	451
Operating profit before reinvestment in working capital	13,266	8,961
Decrease in inventories	90	48
(Increase)/decrease in receivables and prepayments	(348)	540
Increase/(decrease) in payables	502	(1,576)
Cash flows generated from operations	13,510	7,973
Interest received	690	311
Interest paid	(2,905)	(1,846)
Income taxes paid	(2,806)	(3,490)
Net cash flows from operating activities	8,489	2,948
Cash flows from investing activities :		
Dividends received	6,095	2,950
Proceeds from sale of property, plant and equipment	866	470
Purchase of property, plant and equipment	(12,279)	(9,790)
Purchase of investment securities	(9,940)	–
Proceeds from sale of investment securities	7,708	–
Proceeds from sale of club memberships	60	–
Net cash flows used in investing activities	(7,490)	(6,370)

CONSOLIDATED
CASH FLOW STATEMENT

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Cash flows from financing activities :		
Proceeds from bank loans	55,574	4,129
Repayment of bank loans	(26,288)	(4,920)
Proceeds from exercise of share options	543	2,465
Repayment of advances by an associated company	100	54
Return of investment to a non-controlling interest upon deregistration of a subsidiary company	(39)	–
Repayment of loan by a non-controlling interest	–	234
Decrease in hire purchase creditors	(741)	(306)
Acquisition of a non-controlling interest	(7,484)	–
Dividends paid by the Company	(36,925)	(6,731)
Dividends paid to non-controlling interests	(3,086)	(2,672)
Net cash flows used in financing activities	(18,346)	(7,747)
Net decrease in cash and cash equivalents	(17,347)	(11,169)
Effects of exchange rate changes on opening cash and cash equivalents	625	(420)
Cash and cash equivalents at beginning of period/year	35,196	46,785
Cash and cash equivalents at end of period/year (Note 28)	18,474	35,196

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

1. CORPORATE INFORMATION

LCD Global Investments Ltd (the “Company”) is a limited liability company incorporated and domiciled in Singapore and listed on Singapore Exchange Securities Trading Limited (“SGX-ST”). On 12 March 2015, AF Global Pte Ltd, a company incorporated in Singapore and a joint venture of Aspial Corporation Limited and Fragrance Group Limited, became the immediate and ultimate holding company of the Company upon completion of a voluntary cash offer for the Company.

The registered office of the Company is at 55 Ubi Avenue 1, #07-11 Ubi 55 Building, Singapore 408935 and the principal place of business is at 55 Ubi Avenue 1, #06-11 Ubi 55 Building, Singapore 408935.

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies. The subsidiary, associated and joint venture companies invest in properties, develop properties for sale, provide a full suite of real estate consultancy services and own and operate hotels, serviced residences and family entertainment centres.

During the financial period, the Company changed its financial year end from 30 June to 31 December to align to the financial year end of its immediate and ultimate holding company, AF Global Pte Ltd. Consequently, the reporting period for 2015 covered a period of 18 months from 1 July 2014 to 31 December 2015 whereas the comparative period (previous financial year) covered a period of 12 months from 1 July 2013 to 30 June 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on the historical cost basis except where disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($’000) unless otherwise stated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Group has adopted all the new and revised FRS and Interpretations of FRS relevant to the Group’s operations which are effective for annual periods beginning on or after 1 July 2014. The adoption did not have any material effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following FRS applicable to the Group that have been issued but are not yet effective :

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110 & FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities : Applying the Consolidation Exception*	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018

Except for FRS 109 and FRS 115, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of FRS 109 and FRS 115 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements may require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt this new standard on the required effective date.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer, i.e., when performance obligations are satisfied.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt this new standard on the required effective date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.4 Significant accounting estimates and judgments

The preparation of the Company's and the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes will deviate from the assumptions when they occur.

(a) Revaluation of property, plant and equipment

The Group carries its property, plant and equipment at fair value with changes in fair values being recognised in other comprehensive income.

The fair values of property, plant and equipment are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise discounted cash flow method and market comparable approach.

The determination of the fair values of property, plant and equipment requires the use of estimates such as future cash flow from the assets and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of the reporting period.

The carrying amounts, key assumptions used to determine the fair values of the property, plant and equipment and sensitivity analysis are further explained in Note 36(a).

(b) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives. Management estimated useful lives of these property, plant and equipment are disclosed in Note 2.10. The carrying amount of the Group's property, plant and equipment at 31 December 2015 was $333,367,000 (2014 : $283,796,000). Changes in the expected level of usage and technological advancements could impact the economic useful lives of these assets. As a result, future depreciation charges could be revised. A 5% difference in the expected useful lives of these assets from management's estimates would result in an approximately 5% (2014 : 4%) variance in the Group's profit/(loss) before taxation.

Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements :

(a) Determination of control over investees

As at 31 December 2015, the Group owns 41% of equity in HIRP (Thailand) Limited ("HIRP"). It has been assessed that the Group has management control over the financial and operating policies of HIRP due to its majority representation on the board of this company. Consequently, this company is consolidated as a subsidiary company of the Group.

As at 31 December 2015, the Group owns 55% of equity in each of Xuzhou YinJian LumChang Real Estate Development Co., Ltd and Xuzhou RE Sales Co., Ltd ("Xuzhou companies"). It has been assessed that the Group does not have control over the Xuzhou companies because their operations are jointly controlled by the Group and the joint venture partner in accordance with a joint venture agreement. Consequently, the Xuzhou companies are accounted for as joint venture companies of the Group.

As at 31 December 2015, the Group owns 55% of equity in Knight Frank Pte Ltd ("KFPL"). KFPL in turn owns 100% of equity in Knight Frank Estate Management Pte Ltd, 90% of equity in Knight Frank Asset Management Pte Ltd and 100% of equity in KF Property Network Pte Ltd (collectively, "KFPL and its subsidiaries"). It has been assessed that the Group does not have control over KFPL and its subsidiaries because their operations are jointly controlled by the Group and the joint venture partner in accordance with a shareholders' agreement. Consequently, KFPL and its subsidiaries are accounted for as joint venture companies of the Group.

(b) *Income taxes*

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's tax recoverable and payable, deferred tax assets and liabilities at 31 December 2015 were Nil (2014 : $2,000), $830,000 (2014 : $936,000), $126,000 (2014 : $99,000) and $31,838,000 (2014 : $23,107,000) respectively.

(c) *Impairment of investments in subsidiary and joint venture companies*

The Group and the Company assess at the end of each reporting period whether there is any indication that the investments in subsidiary and joint venture companies may be impaired. Determining whether there are indicators of impairment require judgments. In making these judgments, the Group and the Company evaluate, among other factors, the performance of the subsidiary and joint venture companies. The carrying amounts of investments in subsidiary and joint venture companies at 31 December 2015 of the Group and the Company are disclosed in Notes 11 and 12 respectively.

2.5 *Functional and foreign currency*

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies, and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.5 Functional and foreign currency (cont'd)

(a) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the consolidated income statement on disposal of the foreign operation.

(b) Foreign currency translation

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rates of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

In the case of a partial disposal without loss of control of a subsidiary company that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences re-attributed to non-controlling interest is not recognised in the consolidated income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the consolidated income statement.

2.6 Basis of consolidation and business combinations

(A) Basis of consolidation

<u>Basis of consolidation from 1 July 2009</u>

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses, dividends and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary company, it :

- de-recognises the assets (including goodwill) and liabilities of the subsidiary company at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in the income statement;
- re-classifies the Group's share of components previously recognised in other comprehensive income to income statement or retained earnings, as appropriate.

Basis of consolidation prior to 1 July 2009

Certain of the above-mentioned requirements were applied on a prospective basis. In such instances, differences due to the previous basis of consolidation are carried forward :

- Acquisition of non-controlling interests, prior to 1 July 2009, was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired was recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 July 2009 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 July 2009 has not been restated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.6 Basis of consolidation and business combinations (cont'd)

(B) Business combinations

Business combinations from 1 July 2009

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and services are rendered.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the consolidated income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the consolidated income statement.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured on the acquisition date at their fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree, over the net fair values of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the consolidated income statement on the acquisition date.

Business combinations prior to 1 July 2009

In comparison to the above-mentioned requirements, the following differences had applied :

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.7 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

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

2.8 *Subsidiary companies*

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

2.9 *Associated and joint venture companies*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

An associated company is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associated and joint venture companies using the equity method from the date on which it becomes an associated or a joint venture company.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associated or joint venture company in the period in which the investment is acquired.

Under the equity method, the investment in associated or joint venture company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated or joint venture company. The profit or loss reflects the share of results of the operations of the associated or joint venture company. Distributions received from associated or joint venture company reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associated or joint venture company, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associated or joint venture company are eliminated to the extent of the interest in the associated or joint venture company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.9 Associated and joint venture companies (cont'd)

When the Group's share of losses in an associated or a joint venture company equals or exceeds its interest in the associated or joint venture company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated or joint venture company.

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in associated or joint venture company. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated or joint venture company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated or joint venture company and its carrying value and recognises the amount in the consolidated income statement.

The financial statements of the associated and joint venture company are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.18. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment other than land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Fair value is determined from market-based evidence by Directors and supported by appraisals undertaken by professionally qualified valuers where necessary. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

When an asset is revalued, any increase in the carrying amount is recognised in other comprehensive income and accumulated in the asset revaluation reserve. However, the increase is recognised in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the income statement. However, the decrease is recognised in other comprehensive income and reversed from the asset revaluation reserve to the extent of any credit balance existing in the reserve in respect of that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. The whole of the revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to revenue reserve on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows :

	Useful lives
Buildings on freehold land	50 years
Building improvements	10 years
Leasehold land and buildings	32 to 40 years
Plant and machinery	1 to 10 years
Furniture, fittings and equipment	1 to 10 years
Motor vehicles	5 to 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed on an annual basis and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on such derecognition is included in the income statement in the year the item of property, plant and equipment is derecognised.

2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are measured at cost, including transaction costs, less accumulated depreciation and accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Depreciation of investment property begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the investment property of 50 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its use. Any gain or loss on the retirement or disposal of an investment property is recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the carrying amount of the property transferred and the cost of that property for measurement or disclosure purposes do not change. 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 set out in Note 2.10 up to the date of change in use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.12 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset or cash-generating unit 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 that asset or cash-generating unit. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.13 Financial instruments

(a) Financial assets

Initial recognition and subsequent measurement

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available-for-sale financial assets upon initial recognition, as appropriate. Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

(i) Loans and receivables

Cash and short-term deposits and trade and other receivables are classified as loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. Investment securities classified as available-for-sale financial assets are measured at fair value and gains and losses arising from changes in fair value are taken to the fair value adjustment reserve. Investment securities whose fair value cannot be measured reliably are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired, which usually coincides with receipt of payments for the asset. On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in the income statement.

(b) *Financial liabilities*

Initial recognition and subsequent measurement

Financial liabilities include trade payables, which are normally settled on a 30 to 90-day term, other payables, amount due to subsidiary companies and interest-bearing loans and borrowings. Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities at amortised cost are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts which form an integral part of the Group's cash management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.15 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on a financial asset has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Financial assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of quoted equity and debt securities classified as available-for-sale, objective evidence of impairment includes (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged", against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayments and amortisation) and its current fair value, less any impairment loss previously recognised in income statement, is transferred from other comprehensive income and recognised in income statement. Reversals of impairment losses in respect of equity instruments are not recognised in income statement and increase in their fair value after impairment are recognised directly in other comprehensive income.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows :

- Food and beverage and general supplies – cost is determined on a weighted average or first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and estimated net realisable value.

2.17 Asset held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Asset held for sale is measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in the income statement. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing cots commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

2.20 Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.21 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

In particular, the Singapore companies in the Group make contributions to the Central Provident Fund, a defined contribution pension scheme in Singapore. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

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

(c) *Employee share option scheme and share award scheme*

Employees of the Group may receive remuneration in the form of share options or share awards as consideration for services rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the options or awards at the date on which the options or awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in the income statement, with a corresponding increase in the share-based compensation reserve, over the vesting period. The cumulative expense recognised at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options or awards that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised as an employee benefits expense.

No expense is recognised for options or awards that do not ultimately vest, except for options or awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option or award does not vest as a result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation. The share-based compensation reserve is transferred to retained earnings upon expiry of the share options or share awards. When the options are exercised or the awards are vested, the share-based compensation reserve is transferred to share capital if new shares are issued, or to treasury shares if the options or awards are satisfied by the transfer of treasury shares to the option or award holder.

2.22 Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, i.e., whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. Contingent rents are charged as expenses in the periods in which they are incurred.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease receipts are recognised as an income in the income statement on a straight-line basis over the lease term. The accounting policy for rental income is set out in Note 2.28(e). Contingent rents are recognised as revenue in the periods in which they are earned.

2.23 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Transaction costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Treasury shares

When the Company purchases its ordinary shares and decides to keep such shares as treasury shares, the consideration paid, including any directly attributable costs, is deducted from equity attributable to the Company's equity holders and presented as "treasury shares" within equity, until they are cancelled, sold or transferred.

When treasury shares are cancelled, the cost of treasury shares are deducted against the share capital account, if the shares are purchased out of capital of the Company, or against the retained profits of the Company, if the shares are purchased out of profits of the Company.

When treasury shares are subsequently sold or transferred pursuant to a share-based incentive scheme, the cost of the treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or transfer, net of any directly attributable transaction costs, is taken to the share capital of the Company.

Voting rights related to treasury shares are nullified and no dividends are allocated to them respectively.

2.25 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside the income statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.25 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except :

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary and associated companies and interests in joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except :

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary and associated companies and interests in joint venture companies, where deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax items recognised outside the income statement are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity, and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances is received. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in the income statement.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except :

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.26 Segment reporting

For management reporting purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the basis of evaluating the segment performance.

2.27 Contingencies

A contingent liability is :

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but where the liability is not recognised because :

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.28 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised :

(a) *Revenue from hotel, serviced residence and family entertainment centre operations*

Room revenue from the rental of serviced residences, hotel rooms and other facilities is recognised when the service is rendered.

Food and beverage income is recognised upon sale.

Revenue from the rendering of services is recognised when the service is rendered.

(b) *Revenue from properties under development for sale*

Revenue will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers. Revenue and profits are brought into the financial statements only in respect of sale agreements finalised.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Dividend income*

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

(e) *Rental income*

Rental income is recognised on a straight-line basis over the lease terms of ongoing leases.

(f) *Management fee*

Management fee income is recognised over the period in which the service is rendered.

2.29 Earnings per share

Basic earnings per share from continuing operations is calculated by dividing profit from continuing operations, net of tax, attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is calculated by dividing profit from continuing operations, net of tax, attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the potential conversion of all the dilutive ordinary shares into ordinary shares.

3. REVENUE

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Revenue comprised the following :		
Room revenue	57,481	37,681
Revenue from food and beverage	15,276	10,269
Revenue from services rendered	6,883	6,438
Rental income	1,169	818
Dividend income from investment securities	176	200
Interest income	148	3
Managing agent fees	61	90
	81,194	55,499

There was no contingent rent included in rental income in the current financial period (2014 : $34,000).

4. OTHER OPERATING INCOME

Interest income from fixed deposits	558	308
Interest income from loan to a non-controlling interest	–	3
Transfer from foreign currency translation reserve to income statement upon deregistration of foreign subsidiary companies	918	–
Foreign currency gains	461	–
Gain on sale of investment securities	54	–
Rental income from investment property	345	223
Others	37	160
	2,373	694

5. FINANCE COSTS

Interest on hire purchase	43	18
Interest on bank loans	3,312	1,818
Interest on loan from a non-controlling interest	3	2
	3,358	1,838

6. PROFIT/(LOSS) BEFORE TAXATION

The following items have been included in arriving at profit/(loss) before taxation :

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Audit fees		
- Auditor of the Company	359	280
- Other auditors	178	107
Non-audit fees		
- Auditor of the Company	23	5
- Other auditors	45	36
Total audit and non-audit fees	605	428
Legal and professional fees	826	425
Utilities	3,655	2,424
Repairs and maintenance	1,546	1,101
Foreign currency losses	–	519
Writeback of allowance for doubtful debts, net		
- Trade receivables	–	(8)
Loss on sale of property, plant and equipment	16	533
Loss on sale of club memberships	28	–
Property, plant and equipment written off	484	9,550
Amortisation of club memberships	24	17
Depreciation of property, plant and equipment	12,218	7,602
Depreciation of investment property	384	344
Employee benefits expense (Note 27)	30,513	19,648
Inventories recognised as an expense in cost of sales	6,046	4,429
Directors' fees	392	312
Rental expenses	2,606	3,091
Property tax	1,989	1,288

Included in rental expenses were contingent rents of $134,000 (2014 : $85,000).

7. TAXATION

The major components of income tax expense for the period/year ended 31 December 2015 and 30 June 2014 were :

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Current tax		
- Current period/year	2,522	2,535
- Under provision in respect of prior years	149	4
Deferred tax		
- Origination and reversal of temporary differences	657	92
Income tax expense recognised in the income statement	3,328	2,631

As at 31 December 2015, certain subsidiary companies in the Group had unabsorbed tax losses and unabsorbed capital allowances of approximately $119,634,000 and $344,000 (2014 : $117,061,000 and $756,000) respectively which may be available for set off against future taxable profits of the respective companies in which the tax losses and capital allowances arose. The availability and utilisation of these tax losses and capital allowances are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the companies operate. The tax losses of $5,838,000 (2014 : $3,368,000) will expire within the next 5 years. No deferred tax asset was recognised due to uncertainty of its recoverability except as disclosed in Note 14.

A reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate for the period/year ended 31 December 2015 and 30 June 2014 were as follows :

Profit/(loss) before taxation	11,331	(9,088)
Adjustment for :		
Share of results of associated and joint venture companies	(12,435)	(1,835)
	(1,104)	(10,923)
Tax at statutory rate of 17% (2014 : 17%)	(188)	(1,857)
Tax effect on expenses not deductible in determining taxable profit	3,859	4,187
Tax effect on income not taxable in determining taxable profit	(601)	(144)
Under provision of tax in respect of prior years	149	4
Tax effect on different statutory tax rates of other countries	(249)	(209)
Tax effect on double tax deduction on donations	(11)	(36)
Tax effect on net deferred tax assets not recognised	319	352
Withholding tax	75	420
Others, net	(25)	(86)
	3,328	2,631

8. EARNINGS/(LOSS) PER SHARE

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Profit/(loss) attributable to shareholders of the Company	4,650	(14,374)
Number of shares ('000)		
Weighted average number of ordinary shares in issue for basic and diluted earnings per share	1,054,515	1,038,585
Earnings/(loss) per share (cents)		
Basic	0.44	(1.38)
Diluted	0.44	(1.38)

The weighted average number of ordinary shares takes into account the weighted average effect of issuance of ordinary shares and changes in treasury shares transactions during the financial period.

There were no outstanding convertibles at the end of the financial period. In the last financial year, 4,005,000 share options granted to eligible employees under the LCD Share Option Scheme have not been included in the calculation of diluted earnings per share because they were anti-dilutive.

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Buildings on freehold land and building improvements $'000	Leasehold land and buildings $'000	Capital work-in-progress $'000	Plant and machinery $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Group								
Cost and valuation								
At 1 July 2014								
Cost	43,680	6,332	–	1,761	17,125	35,494	1,843	106,235
Valuation	167,974	71,940	16,558	–	–	–	–	256,472
	211,654	78,272	16,558	1,761	17,125	35,494	1,843	362,707
Additions	–	1,188	3,061	6,273	573	1,243	–	12,338
Revaluation	47,730	–	2,143	–	–	–	–	49,873
Disposals	–	–	–	–	(1,019)	(1,061)	(1,405)	(3,485)
Write off	–	(536)	–	–	(781)	(4,533)	–	(5,850)
Reclassification	–	2,119	–	(7,992)	117	5,756	–	–
Elimination of accumulated depreciation upon revaluation	–	–	(1,655)	–	–	–	–	(1,655)
Currency realignment	(646)	(261)	1,648	4	463	396	25	1,629
At 31 December 2015	258,738	80,782	21,755	46	16,478	37,295	463	415,557
Representing -								
Cost	–	–	–	46	16,478	37,295	463	54,282
Valuation	258,738	80,782	21,755	–	–	–	–	361,275
	258,738	80,782	21,755	46	16,478	37,295	463	415,557
Accumulated depreciation								
At 1 July 2014	–	34,013	199	–	14,846	29,143	710	78,911
Charge for the period	–	5,644	1,412	–	1,170	3,787	205	12,218
Disposals	–	–	–	–	(1,010)	(1,015)	(581)	(2,606)
Write off	–	(320)	–	–	(762)	(4,284)	–	(5,366)
Elimination of accumulated depreciation upon revaluation	–	–	(1,655)	–	–	–	–	(1,655)
Currency realignment	–	(155)	44	–	435	343	21	688
At 31 December 2015	–	39,182	–	–	14,679	27,974	355	82,190
Net book value								
At 31 December 2015	258,738	41,600	21,755	46	1,799	9,321	108	333,367

9. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

	Freehold land $'000	Buildings on freehold land and building improvements $'000	Leasehold land and buildings $'000	Capital work-in-progress $'000	Plant and machinery $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Group								
Cost and valuation								
At 1 July 2013								
Cost	45,920	13,717	–	1,315	20,811	40,451	1,760	123,974
Valuation	157,890	66,552	27,761	–	–	–	–	252,203
	203,810	80,269	27,761	1,315	20,811	40,451	1,760	376,177
Additions	–	2,691	–	5,668	240	910	600	10,109
Revaluation	8,581	–	394	–	–	–	–	8,975
Disposals	–	–	–	–	(3,343)	(3,838)	(532)	(7,713)
Write off	–	(9,399)	–	–	(290)	(3,463)	–	(13,152)
Reclassification	–	3,911	–	(5,158)	74	1,145	28	–
Elimination of accumulated depreciation upon revaluation	–	–	(11,331)	–	–	–	–	(11,331)
Currency realignment	(737)	800	(266)	(64)	(367)	289	(13)	(358)
At 30 June 2014	211,654	78,272	16,558	1,761	17,125	35,494	1,843	362,707
Representing -								
Cost	43,680	6,332	–	1,761	17,125	35,494	1,843	106,235
Valuation	167,974	71,940	16,558	–	–	–	–	256,472
	211,654	78,272	16,558	1,761	17,125	35,494	1,843	362,707
Accumulated depreciation								
At 1 July 2013	–	30,192	10,732	–	17,792	33,263	568	92,547
Charge for the year	–	3,514	795	–	931	2,051	311	7,602
Disposals	–	–	–	–	(3,327)	(3,231)	(160)	(6,718)
Write off	–	–	–	–	(275)	(3,447)	–	(3,722)
Elimination of accumulated depreciation upon revaluation	–	–	(11,331)	–	–	–	–	(11,331)
Currency realignment	–	307	3	–	(275)	507	(9)	533
At 30 June 2014	–	34,013	199	–	14,846	29,143	710	78,911
Net book value								
At 30 June 2014	211,654	44,259	16,359	1,761	2,279	6,351	1,133	283,796

	Motor vehicles	
	31 December 2015 $'000	30 June 2014 $'000
Company		
Cost		
Balance at beginning	737	737
Disposal	(737)	–
Balance at end	–	737
Accumulated depreciation		
Balance at beginning	196	49
Charge for the period/year	25	147
Disposal	(221)	–
Balance at end	–	196
Net book value	–	541

During the financial period, the Group partially financed the acquisition of property, plant and equipment by means of hire purchase for $59,000 (2014 : $319,000). The Group's cash outflow on acquisition of property, plant and equipment amounted to $12,279,000 (2014 : $9,790,000). The Group's and the Company's net book value of property, plant and equipment under hire purchase at the end of the reporting period amounted to $48,000 (2014 : $980,000) and Nil (2014 : $541,000) respectively.

During the last financial year, changes were made to the design and concept of the Group's hotel under redevelopment, Phuket Rawai Beach Resort. As a result, certain capitalised costs aggregating $9,519,000 in relation to the original design and concept were written off as they are no longer relevant and in line with the revised plans. The property, plant and equipment written off was classified in the "other operating expenses" line item in the consolidated income statement.

The Group's freehold and leasehold land and buildings consist of the following :

	Location	Description	Site area	Gross floor area	Tenure of land
(i)	Crowne Plaza London Kensington 100 Cromwell Road London United Kingdom	163-room hotel	3,426 sq.m.	8,800 sq.m.	Freehold
(ii)	Holiday Inn Resort Phuket 52 Thaweewong Road Tambol Patong Amphoe Kathu Phuket Thailand	398-room hotel	30,670 sq.m.	36,860 sq.m.	Freehold

9. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

	Location	Description	Site area	Gross floor area	Tenure of land
(iii)	Somerset Vientiane (formerly known as Parkview Executive Suites) Souphanouvong Avenue Sikottabong District Vientiane Lao People's Democratic Republic	116-unit serviced residence	12,395 sq.m.	15,554 sq.m.	40 years lease from 7 November 1994
(iv)	Cityview Apartments and Commercial Centre 12 Mac Dinh Chi Street Da Kao Ward District 1 Ho Chi Minh City Vietnam	66-unit serviced residence and office space	2,690 sq.m.	12,856 sq.m.	40 years lease from 1 March 1995
(v)	Phuket Rawai Beach Resort 100 Wiset Road Tambol Rawai Amphoe Muang Phuket Phuket Thailand	Resort hotel (under redevelopment and upgrading)	180,132 sq.m.	Not applicable	Freehold

The net written down value of the Group's land, buildings and capital work-in-progress included in property, plant and equipment that have been mortgaged to secure various loan facilities, as detailed in Note 22, amounted to $246,605,000 (2014 : $207,661,000).

The above land and buildings were revalued by various independent valuers in November 2015 and December 2015 to determine the fair values of the land and buildings. Details of valuation techniques and inputs used are disclosed in Note 36(a).

If the land and buildings were measured on historical cost basis, the carrying amounts would be :

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Freehold land	124,439	124,731
Buildings on freehold land	41,600	44,259
Leasehold land and buildings	14,912	11,830
	180,951	180,820

10. INVESTMENT PROPERTY

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Cost		
Balance at beginning	9,749	9,749
Transfer to asset held for sale	(9,749)	–
Balance at end	–	9,749
Accumulated depreciation		
Balance at beginning	813	469
Charge for the period/year	384	344
Transfer to asset held for sale	(1,197)	–
Balance at end	–	813
Net book value	–	8,936
Rental income from investment property		
- Minimum lease payments	345	223
Direct operating expenses (including repairs and maintenance)	104	59

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements at the end of the reporting period.

At the end of the last financial year, the fair value of the investment property, as detailed in Note 36(b), was $10,628,000.

Details of the investment property held by the Group are as follows :

Location	Description	Existing use	Tenure	Unexpired lease term
Flat 901, Block A 50 Holland Street London SE1 9FU United Kingdom	Apartment unit	Residential	Leasehold	991 years

11. SUBSIDIARY COMPANIES

	Company	
	31 December 2015 $'000	30 June 2014 $'000
Unquoted shares, at cost	216,323	208,839
Advances to subsidiary companies	225,193	221,785
Less : Provision for impairment loss	(145,892)	(145,892)
	295,624	284,732
Movement in provision for impairment loss :		
Balance at beginning	145,892	143,392
Charge to income statement	–	2,500
Balance at end	145,892	145,892

Advances to subsidiary companies are quasi-equity loans which represent an extension of investments in the subsidiary companies. They are unsecured and interest free except for the amounts of $2,841,000 (2014 : $381,000) which are interest bearing at 1.73% to 3.62% (2014 : 1.73% to 1.78%) per annum during the period. It is repayable only when the cash flow of the subsidiary companies permit.

During the financial period, management performed impairment test for investments in subsidiary companies that had been persistently making losses. No impairment (2014 : $2,500,000) was recognised in the financial period to write down these subsidiary companies to their recoverable amounts. In the last financial year, the recoverable amount of the investment in one of the subsidiary companies was determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projection was 12.00% per annum. The recoverable amount of the investment in another subsidiary company was determined based on fair value less cost of disposal. The fair value less cost of disposal was determined from market-based evidence by Directors using the sales comparison approach.

	Name of company	Country of incorporation and place of business	Principal activities	At cost 31.12.15	At cost 30.06.14	Percentage of equity held by the Group 31.12.15	Percentage of equity held by the Group 30.06.14
				$'000	$'000	%	%
	Held by the Company						
	LCD Property Management Pte Ltd	Singapore	Property management and investment	1,903	1,903	100	100
	Draycott Garden Pte Ltd	Singapore	Investment holding	1,000	1,000	100	100
	Hillgate Investment Pte Ltd	Singapore	Investment holding	1,200	1,200	100	100
	L.C. Hotels Pte Ltd	Singapore	Investment holding and provision of management services	162,651	162,651	100	100
	LCD Property Pte Ltd	Singapore	Investment holding	1,000	1,000	100	100
	LCD (Indochina) Pte Ltd	Singapore	Investment holding	100	100	100	100
	LCD (Vietnam) Pte Ltd	Singapore	Investment holding	800	800	80	80
	ZONE X Leisure Pte Ltd	Singapore	Family entertainment business	7,014	7,014	100	100
	Cheong Hock Chye & Co. (Pte) Ltd	Singapore	Investment holding	38,724	31,240	100	80
	Bon 88 Investment Pte Ltd	Singapore	Investment holding	100	100	100	100
	Bon (38) Investment Pte Ltd	Singapore	Investment holding	100	100	100	100
	Rawai 88 Investment Pte Ltd	Singapore	Investment holding	100	100	100	100
	Rawai (38) Investment Pte Ltd	Singapore	Investment holding	100	100	100	100
	AF Global Investment Holding Pte Ltd	Singapore	Investment holding	@	–	100	–
④	LCD Management Sdn Bhd	Malaysia	Dormant	1,531	1,531	100	100
⑤	Richful China Investments Limited	Hong Kong	Dormant	–	@	–	100
	Held through subsidiary companies						
	L.C. Logistics Pte Ltd	Singapore	Investment holding	**	**	100	100
	AF Phuket Hotels Pte Ltd	Singapore	Investment holding	**	–	100	–
	AF Rawai Hotels Pte Ltd	Singapore	Investment holding	**	–	100	–
④	Corpus Five Sdn Bhd	Malaysia	Dormant	**	**	100	100
⑤	Lum Chang (Hong Kong) Investments Limited	Hong Kong	Dormant	–	**	–	100

11. SUBSIDIARY COMPANIES *(cont'd)*

	Name of company	Country of incorporation and place of business	Principal activities	At cost 31.12.15	At cost 30.06.14	Percentage of equity held by the Group 31.12.15	Percentage of equity held by the Group 30.06.14
				$'000	$'000	%	%
	Held through subsidiary companies *(cont'd)*						
②	L.C. (London) Ltd	United Kingdom	Hotel investment	**	**	100	100
③	AF Global (Phuket) Limited* (formerly known as Thai Lum Chang Co., Ltd)	Thailand	Investment holding	**	**	49	49
③	HIRP (Thailand) Limited*^ (formerly known as L.C. (Thailand) Limited)	Thailand	Hotel investment	**	**	12.6	10.5
③	RP (Thailand) Limited* (formerly known as JTM (Thailand) Limited)	Thailand	Hotel investment	**	**	49	49
①	Phuket Island Property Fund	Thailand	Property fund	**	**	100	100
③	AF Global (Thailand) Limited*	Thailand	Investment holding	**	–	49	–
⑤	TCNB (Thailand) Limited*	Thailand	Dormant	–	**	–	44
⑤	RMTC (Thailand) Limited*	Thailand	Dormant	–	**	–	45
⑤	Devaraya Co., Ltd*	Thailand	Dormant	–	**	–	49
①	Gateway Enterprise Company Limited	Lao People's Democratic Republic	Serviced residence investment	**	**	100	100
①	Cityview Property Investment & Trading Limited	Vietnam	Serviced residence investment	**	**	54.8	54.8

@ The shareholdings in these companies are less than $1,000.

* Accounted for as a subsidiary company of the Group by virtue of the management control over financial and operating policies of the company.

** The shareholdings in these companies are held indirectly through subsidiary companies of the Company.

^ The Group holds a total equity interest of 41% (2014 : 29.3%) in this company including those held through indirect interest. The increase in equity interest during the period was due to restructuring which did not result in a change in the Group's effective interest.

All the companies are audited by Ernst & Young LLP, Singapore except for the following :

① Audited by member firms of Ernst & Young Global in the respective countries.

② Audited by Ferguson Maidment & Co., London, United Kingdom.

③ Audited by PricewaterhouseCoopers ABAS Ltd, Bangkok, Thailand.

④ Audited by LT Lim & Associates, Malaysia.

⑤ These companies were voluntarily deregistered during the period.

In the engagement of auditing firms for the Company, its subsidiary companies and significant associated and joint venture companies, the Company has complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

Interest in a subsidiary company with material non-controlling interest

The Group has the following subsidiary company with material non-controlling interest.

Name of company	Principal place of business	Proportion of accounting interest held by non-controlling interest %	Profit after tax allocated to non-controlling interest during the period $'000	Accumulated non-controlling interest at the end of reporting period $'000	Dividends paid to non-controlling interest $'000
31 December 2015					
HIRP (Thailand) Limited	Thailand	49	2,701	47,724	2,525
30 June 2014					
HIRP (Thailand) Limited	Thailand	49	1,999	43,505	1,849

Summarised financial information of a subsidiary company with material non-controlling interest

Summarised financial information and consolidation adjustments but before intercompany eliminations of the subsidiary company with material non-controlling interest are as follows :

	HIRP (Thailand) Limited	
	31 December 2015 $'000	30 June 2014 $'000
Summarised balance sheet		
Current assets	5,729	6,656
Current liabilities	(7,918)	(10,358)
Net current liabilities	(2,189)	(3,702)
Non-current assets	102,489	97,116
Non-current liabilities	(3,667)	(6,239)
Net non-current assets	98,822	90,877
Net assets	96,633	87,175

11. SUBSIDIARY COMPANIES *(cont'd)*

	HIRP (Thailand) Limited	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Summarised statement of comprehensive income		
Revenue	39,030	26,554
Profit before tax	5,500	4,074
Income tax expense	(1,211)	(828)
Profit after tax, representing total comprehensive income for the financial period/year	4,289	3,246
Other summarised information		
Net cash flows from operations	9,714	6,314

Acquisition of a non-controlling interest

On 11 February 2015, the Company acquired an additional 20% equity interest in Cheong Hock Chye & Co. (Pte) Ltd ("CHC") from its non-controlling interest for a cash consideration of $7,484,000. As a result of this acquisition, CHC became a wholly-owned subsidiary of the Company. The carrying value of the net assets of CHC at 31 January 2015 was $15,431,000 and the carrying value of the additional interest acquired was $3,086,000. The difference of $4,398,000 between the consideration and the carrying value of the additional interest acquired had been recognised within equity.

The following summarises the effect of the change in the Company's ownership interest in CHC on the equity attributable to shareholders of the Company :

	$'000
Consideration paid for acquisition of non-controlling interest	7,484
Decrease in equity attributable to non-controlling interest	(3,086)
Decrease in equity attributable to shareholders of the Company	4,398

12. JOINT VENTURE COMPANIES

The Group's material investments in joint venture companies are summarised below :

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Xuzhou YinJian LumChang Real Estate Development Co., Ltd ("XZYJLC")	55,483	42,964
Knight Frank Pte Ltd group ("KFG")	28,502	30,561
Others	1,071	493
	85,056	74,018

	Name of company	Country of incorporation and place of business	Principal Activities	Percentage of equity held by the Group 31 December 2015 %	30 June 2014 %
	Held through subsidiary companies				
①	Xuzhou YinJian LumChang Real Estate Development Co., Ltd	People's Republic of China	Property development and investment	55	55
①	Xuzhou RE Sales Co., Ltd	People's Republic of China	Real estate agency	55	55
	Knight Frank Pte Ltd^	Singapore	Valuers, auctioneers, estate agents and property consultants	55	44
	Held through a joint venture company				
	Knight Frank Estate Management Pte Ltd^	Singapore	Real estate management and consultancy services	55	40.8
	Knight Frank Asset Management Pte Ltd^	Singapore	Provision of mall and car park management services	49.5	39.6
	KF Property Network Pte Ltd^	Singapore	Real estate agency	55	44

^ Collectively, the Knight Frank Pte Ltd group.

All the companies are audited by Ernst & Young LLP, Singapore except for the following :

① Audited by Talent Certified Public Accountants Co., Ltd, People's Republic of China.

The Group jointly controls the ventures with its partners under contractual agreements which require unanimous consent for all major decisions over the relevant activities.

12. JOINT VENTURE COMPANIES *(cont'd)*

Summarised financial information in respect of the above joint venture companies, based on its financial statements prepared in accordance with FRS, and reconciliation with the carrying amount of the investment in the consolidated financial statements were as follows :

	XZYJLC		KFG	
	31 December 2015 $'000	**30 June 2014 $'000**	**31 December 2015 $'000**	**30 June 2014 $'000**
Summarised balance sheets				
Cash and cash equivalents	33,639	15,320	16,456	18,903
Other current assets	134,355	190,196	13,528	14,263
Current assets	167,994	205,516	29,984	33,166
Non-current assets	41	1,179	9,851	9,752
Total assets	168,035	206,695	39,835	42,918
Current financial liabilities (excluding trade, other payables and provisions)	29,933	32,416	141	141
Other current liabilities	11,505	96,162	14,092	12,730
Non-current financial liabilities (excluding trade, other payables and provisions)	19,049	–	473	680
Other non-current liabilities	–	–	18	4
Total liabilities	60,487	128,578	14,724	13,555
Net assets	107,548	78,117	25,111	29,363
Non-controlling interests	–	–	(243)	(803)
	107,548	78,117	24,868	28,560
Proportion of the Group's ownership	55%	55%	55%	55%
Group's share of net assets	59,151	42,964	13,677	15,708
Goodwill on acquisition	–	–	9,810	9,810
Other adjustments	(3,668)	–	5,015	5,043
Carrying amount of the investment	55,483	42,964	28,502	30,561

Dividends of $4,950,000 (2014 : $2,750,000) were received from KFG during the financial period.

	XZYJLC		KFG	
	1 July 2014 to 31 December 2015 $'000	**1 July 2013 to 30 June 2014 $'000**	**1 July 2014 to 31 December 2015 $'000**	**1 July 2013 to 30 June 2014 $'000**
Summarised statements of comprehensive income				
Revenue	148,766	–	96,574	72,795
Interest income	324	956	85	59
Operating expenses	(127,281)	(3,822)	(90,618)	(67,147)
Depreciation and amortisation	(18)	(14)	(699)	(675)
Interest expense	–	–	(59)	(41)
Profit/(loss) before tax	21,791	(2,880)	5,283	4,991
Income tax expense	(4,999)	1,165	(581)	(467)
Profit/(loss) after tax, representing total comprehensive income for the period/year	16,792	(1,715)	4,702	4,524

Information on the Group's investment in a joint venture company that is not material is as follows :

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Profit after tax, representing total comprehensive income for the period/year	975	962

13. INVESTMENT SECURITIES

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Non-current		
Available-for-sale unquoted equity investments, at cost	5,061	5,061
Current		
Available-for-sale quoted debt securities	2,447	–
Available-for-sale quoted equity investments	–	188
	2,447	188

There was no impairment due to the decline in the fair values of the quoted debt securities below their costs at the end of the reporting period (2014 : Nil).

14. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Group			
	Consolidated balance sheet		Consolidated income statement	
	31 December 2015 $'000	30 June 2014 $'000	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Deferred tax assets arise as a result of :				
Provisions	126	49	(77)	33
Differences in depreciation for tax purposes	–	50	50	4
	126	99		

Unrecognised deferred tax assets are disclosed in Note 7.

Deferred tax liabilities arise as a result of :				
Revaluation of assets				
- to asset revaluation reserve	24,603	16,502	–	–
- to revenue reserve	5,574	5,629	–	–
Other items	1,661	976	684	55
	31,838	23,107		
Deferred tax expense			657	92

At the end of the reporting period, no deferred tax liability had been recognised for taxes that would be payable on the undistributed earnings of a subsidiary company as the Group had determined that the undistributed earnings of this subsidiary company would not be distributed in the foreseeable future. The temporary difference for which no deferred tax liability had been recognised was estimated to be $12,071,000 (2014 : $10,285,000) and the related deferred tax liability amount was approximately $1,207,000 (2014 : $1,029,000).

There are no income tax consequences (2014 : Nil) attached to dividend to shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

15. ASSET HELD FOR SALE

An investment property as detailed in Note 10 was classified as asset held for sale as at 31 December 2015 following management's decision to offload the Group's non-core asset. The sale is expected to take place within one year.

16. TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally settled between 30 to 60 days. They are recognised at their original invoice amounts which represent their fair values at initial recognition.

At the end of the reporting period, the Group had trade receivables amounting to $184,000 (2014 : $67,000) that were past due but not impaired. These receivables are unsecured and the analysis of their ageing was as follows :

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Trade receivables past due but not impaired :		
Up to 30 days	132	62
31 to 60 days	29	5
61 to 90 days	6	–
More than 90 days	17	–
	184	67

No impairment for trade receivables was required at the end of the reporting period (2014 : Nil).

Trade receivables are denominated in the functional currencies of the respective companies.

Trade receivables that were individually determined to be impaired relate to debts that were long overdue. These receivables are not secured by any collateral or credit enhancements.

17. OTHER RECEIVABLES

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Sundry deposits	411	663	2	1
Interest receivable	4	11	3,550	3,552
Amounts due from related parties	–	7	–	3
Dividend receivable from a joint venture company	–	847	–	–
Others	833	739	–	–
Less : Provision for impairment loss	–	–	(3,473)	(3,473)
	1,248	2,267	79	83
Movement in provision for impairment loss :				
Balance at beginning and end of period/year	–	–	3,473	3,473

17. OTHER RECEIVABLES *(cont'd)*

Other receivables denominated in foreign currencies of the respective companies were as follows :

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Chinese Renminbi	–	847
Others	30	30
	30	877

Rental deposit held by a related party of $103,000 included in sundry deposits of the Group at the end of the last financial year was repaid during the period.

Interest receivable of the Company of $3,550,000 (2014 : $3,550,000) is receivable from a subsidiary company.

Amounts due from related parties and the dividend receivable from a joint venture company at the end of the last financial year were non-trade related, unsecured, non-interest bearing and were repaid during the period.

18. TRADE PAYABLES

Trade payables are denominated in the functional currencies of the respective companies and are non-interest bearing.

19. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Accrued expenses	5,059	3,932	548	569
Interest payable	1,304	1,089	411	–
Sundry creditors	1,137	1,050	35	44
Amounts due to related parties	288	163	288	–
Accrued development costs	157	1,242	–	–
	7,945	7,476	1,282	613

Amounts due to related parties are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Other payables and accruals are normally settled within six months.

Other payables and accruals denominated in foreign currencies of the respective companies were as follows :

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Sterling Pound	31	61
Singapore Dollar	–	95
Others	24	42
	55	198

20. AMOUNT DUE TO SUBSIDIARY COMPANIES

The amount due to subsidiary companies under current liabilities is denominated in Singapore Dollar. It is non-trade related, unsecured, non-interest bearing and is to be settled in cash within the next twelve months. The amount due to a subsidiary company under non-current liabilities is denominated in Sterling Pound. It is non-trade related, unsecured and bore interest at 2.95% to 3.10% (2014 : Nil) per annum during the period and is repayable only when the cash flow of the Company permits.

21. HIRE PURCHASE CREDITORS

	Total minimum hire purchase payments 31 December 2015 $'000	Present value of hire purchase payments 31 December 2015 $'000	Total minimum hire purchase payments 30 June 2014 $'000	Present value of hire purchase payments 30 June 2014 $'000
Group				
Not later than 1 year	14	12	220	203
Later than 1 year but not later than 5 years	42	35	573	527
Total minimum hire purchase payments	56	47	793	730
Less : Amounts representing finance charges	(9)	–	(63)	–
Present value of minimum hire purchase payments	47	47	730	730
Company				
Not later than 1 year	–	–	130	120
Later than 1 year but not later than 5 years	–	–	347	320
Total minimum hire purchase payments	–	–	477	440
Less : Amounts representing finance charges	–	–	(37)	–
Present value of minimum hire purchase payments	–	–	440	440

Hire purchase creditors are denominated in the functional currencies of the respective companies.

The average discount rate implicit in the hire purchase arrangements is 4.00% (2014 : 1.73%) per annum.

22. TERM LOANS

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Repayable within 12 months	14,538	5,985	9,650	–
Repayable after 12 months	60,536	40,002	–	–
	75,074	45,987	9,650	–

Term loans are denominated in the functional currencies of the respective companies.

Details of the Group's term loans are as follows :

(i) A revolving credit facility of $8,650,000 (2014 : Nil) secured by a pledge of shares of a company in the Group bore interest at 3.02% to 3.59% (2014 : Nil) per annum during the period. It is repayable on demand.

(ii) A revolving credit facility of $1,000,000 (2014 : Nil) which is unsecured and bore interest at 2.58% to 3.08% (2014 : Nil) per annum during the period. It is repayable on demand.

(iii) Two term loans totalling $36,818,000 (2014 : A term loan of $35,146,000) and a revolving credit facility of $22,371,000 (2014 : Nil) secured by a mortgage on the freehold land and building owned by a company in the Group, a fixed and floating charge over the assets of a company in the Group and a pledge of shares of a company in the Group. These loans and the facility bore interest at 2.68% to 2.87% (2014 : 2.75% to 2.76%) and 2.70% to 2.85% (2014 : Nil) per annum during the period respectively. They are repayable quarterly over 8 equal instalments of $580,000 with the remaining sum of $54,549,000 repayable in March 2018.

(iv) Two term loans totalling $6,235,000 (2014 : $10,841,000) secured by a mortgage on the freehold land and buildings owned by a company in the Group. The loans are repayable in 7 semi-annual instalments of a minimum sum of $335,000 and a maximum sum of $1,000,000 from June 2016 to June 2019. The loans bore interest at 5.40% to 6.13% (2014 : 5.63% to 6.38%) per annum during the period.

Term loans of the Company as at 31 December 2015 have no fixed term of repayment and can be rolled over when due.

23. SHARE CAPITAL

Ordinary shares of the Company :

	No. of shares		Share capital	
	31 December 2015 '000	30 June 2014 '000	31 December 2015 $'000	30 June 2014 '$'000
Balance at beginning	1,054,336	1,038,776	209,232	206,274
Issue of ordinary shares on exercise of share options	1,303	15,560	218	2,912
Transfer of treasury shares on :				
- Exercise of share options (Note 24)	–	–	68	46
Balance at end	1,055,639	1,054,336	209,518	209,232

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares (except treasury shares) carry one vote per share without restriction and carry a right to dividends as and when declared by the Company.

In the last financial year, options to subscribe for the Company's ordinary shares have been granted to eligible employees of the Group pursuant to the LCD Share Option Scheme.

24. TREASURY SHARES

Treasury shares held by the Company :

	No. of shares		Treasury shares	
	31 December 2015 '000	30 June 2014 '000	31 December 2015 $'000	30 June 2014 $'000
Balance at beginning	(2,622)	(3,162)	(393)	(464)
Transfer of treasury shares on exercise of share options :				
- For cash on exercise of share options	2,622	540	366	86
- Transfer from share-based compensation reserve	–	–	95	31
- Transfer of gain to share capital (Note 23)	–	–	(68)	(46)
	2,622	540	393	71
Balance at end	–	(2,622)	–	(393)

Treasury shares are ordinary shares of the Company that are purchased and held by the Company and are presented as a component within shareholders' equity.

The Company transferred 2,622,000 (2014 : 540,000) treasury shares during the financial period upon the exercise of share options granted under the LCD Share Option Scheme. The cost of the treasury shares transferred was the consideration paid by the Company for such shares on a first-in first-out basis.

The Company did not purchase any of its ordinary shares during the financial period (2014 : Nil).

25. NON-CONTROLLING INTERESTS

Included in non-controlling interests are advances amounting to $1,864,000 (2014 : $1,864,000) from a non-controlling interest which are unsecured. The advances are not due for repayment within the next twelve months. The advances are non-interest bearing except for an advance of $96,000 (2014 : $96,000) which is interest bearing at 1.73% to 1.86% (2014 : 1.73% to 1.78%) per annum during the period.

26. CAPITAL AND OTHER RESERVES

(a) *Asset revaluation reserve*

The asset revaluation reserve is used to record increases in the fair value of land and buildings, net of tax, and decreases to the extent that such decrease does not exceed the amount held in the asset revaluation reserve for that same asset. Revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred to the revenue reserve on retirement or disposal of the asset.

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Balance at beginning	55,696	45,077
Net surplus on revaluation of property, plant and equipment	44,187	11,735
Adjustments of deferred tax liabilities	(6,888)	(1,116)
Balance at end	92,995	55,696

(b) *Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The exchange difference is transferred to the income statement when the foreign operation is disposed.

Balance at beginning	(19,218)	(19,205)
Foreign currency translation gain/(loss)	4,712	(13)
Transfer to income statement upon deregistration of foreign subsidiary companies	(918)	–
Balance at end	(15,424)	(19,218)

(c) *Legal reserve*

Pursuant to the law of country of incorporation, two (2014 : four) foreign subsidiary companies of the Group are required to set aside at least 5% of its profits arising from its operations at each distribution of dividend until the amount set aside is not less than 10% of its registered capital. The legal reserve is non-distributable.

Balance at beginning	60	30
Transfer (to)/from revenue reserve	(30)	30
Balance at end	30	60

(d) ***Share-based compensation reserve***

The share-based compensation reserve is used to record the cumulative value of services received from employees of the Group over the vesting period commencing from the grant of share options or share awards to these employees, and is reduced when the share options or share awards lapse, are exercised by or vested in the employees.

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Balance at beginning	138	818
Transfer of treasury shares on exercise of share options	(136)	(564)
Share-based compensation expense	–	63
Lapsing of share options	(2)	(179)
Balance at end	–	138

(e) ***Other reserves***

Other reserves comprise fair value adjustment reserve which is used to record the cumulative net change in fair value of available-for-sale financial assets and share of reserves of a joint venture company.

Balance at beginning	515	363
Net (loss)/gain on fair value changes of available-for-sale financial assets	(240)	90
Share of reserves of a joint venture company	(97)	62
Balance at end	178	515

27. EMPLOYEE BENEFITS

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Employee benefits expense (including executive directors) :		
Salaries and other short-term employee benefits	28,798	18,386
Central Provident Fund and other defined contributions	1,715	1,199
Share-based compensation expense	–	63
	30,513	19,648

LCD Share Option Scheme

The LCD Share Option Scheme ("Option Scheme") is administered by the Remuneration Committee ("Committee"). Subject to the absolute discretion of the Committee, employees who have attained the age of 21 years on or prior to the relevant date of grant, are not undischarged bankrupts and who have, as at the relevant date of grant, been in the employment of the Group for a period of at least 12 months, or such shorter period as the Committee may determine, shall be eligible to participate in the Option Scheme. The exercise price of the options may be set at the market price or at a discount of not more than 20% to the market price of the Company's shares. Options granted at the market price shall be exercisable after the first anniversary of the date of grant and options granted at a discount to the market price shall only be exercisable after the second anniversary of the date of grant. The contractual life of the options is 5 years.

27. EMPLOYEE BENEFITS *(cont'd)*

Details of options granted

	No. of options						
Date of grant	**Granted**	**At 01.07.2014**	**Exercised**	**Lapsed**	**At 31.12.2015**	**Exercise price**	**Exercise period**
22.07.2011	5,865,000	505,000	(485,000)	(20,000)	–	$0.16	23.07.2012 to 22.07.2016
20.07.2012	2,015,000	1,495,000	(1,465,000)	(30,000)	–	$0.135[1]	21.07.2014 to 20.07.2017
26.07.2013	2,435,000	2,005,000	(1,975,000)	(30,000)	–	$0.136[1]	27.07.2015 to 26.07.2018

(1) The exercise price is set at a 10% discount to the market price of shares of the Company.

Movements of share options during the financial period

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial period :

	1 July 2014 to 31 December 2015		1 July 2013 to 30 June 2014	
	No.	**WAEP ($)**	**No.**	**WAEP ($)**
Outstanding at beginning	4,005,000	0.14	20,542,800	0.16
- Granted	–	–	2,435,000	0.14
- Exercised	(3,925,000)	0.14	(16,100,000)	0.15
- Lapsed	(80,000)	0.14	(2,872,800)	0.18
Outstanding at end	–	–	4,005,000	0.14
Exercisable at end	–	–	505,000	0.16

Fair value of share options granted

The fair value of the share options granted was estimated at the date of grant using the Trinomial Option Valuation Model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the option pricing model and the fair values of the options granted in the last financial year based on the inputs :

	26.07.2013	
	Senior staff with up to 5 years of service and all junior staff	**Senior staff with more than 5 years of service**
Annual dividend per share ($)	0.005	0.005
Expected volatility (%)	22.80	33.39
Risk-free interest rate (% per annum)	0.202	0.283
Expected life of option (years)	2.0	3.0
Share price at grant date ($)	0.151	0.151
Fair value of options at grant date ($)	0.0226	0.0342

The expected life of the options is an estimate and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

No option was granted during the financial period.

LCD Share Award Scheme

The LCD Share Award Scheme ("Award Scheme") is also administered by the Committee. Subject to the absolute discretion of the Committee, employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time, shall be eligible to participate in the Award Scheme. The awards will be vested when the Committee is satisfied that the prescribed performance targets have been achieved.

No award was granted during the financial period.

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Cash and bank balances	11,089	16,152	406	600
Fixed deposits	7,477	19,135	100	3,813
	18,566	35,287	506	4,413

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprised the following amounts as at 31 December 2015 and 30 June 2014 :

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Cash and short-term deposits	18,566	35,287
Less : Fixed deposits pledged	(92)	(91)
	18,474	35,196

28. CASH AND CASH EQUIVALENTS *(cont'd)*

Cash and cash equivalents denominated in foreign currencies of the respective companies were as follows :

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Chinese Renminbi	26	2,901	–	–
United States Dollar	976	2,622	–	275
Thai Baht	64	4,834	–	–
Others	182	627	–	–
	1,248	10,984	–	275

The weighted average effective interest rate of the fixed deposits of the Group at the end of the financial period was 3.50% (2014 : 1.80%) per annum.

29. OPERATING LEASE COMMITMENTS

As lessee

The Group has entered into certain commercial leases for land, retail and office premises and office equipment with remaining non-cancellable lease terms of between 4 months to 19 years. The contracts of these leases provided for varying terms, renewal option, contingent rent and escalation clauses. Non-cancellable operating lease payments recognised in the consolidated income statement during the period amounted to $2,495,000 (2014 : $3,006,000). The Group is restricted from subleasing to third parties.

Future minimum lease payments payable under non-cancellable operating leases as at 31 December 2015 and 30 June 2014 were as follows :

Not later than 1 year	891	1,743	12	155
Later than 1 year but not later than 5 years	1,036	1,367	6	102
Later than 5 years	792	776	–	–
	2,719	3,886	18	257

The Group has a three-year commercial lease with a related party for the rental of office premises at the end of the last financial year. The total future minimum lease payments payable was $682,000.

As lessor

The Group has entered into commercial leases on its property portfolio. These non-cancellable leases have remaining lease terms of up to 2 years.

Future minimum lease payments receivable under non-cancellable operating leases as at 31 December 2015 and 30 June 2014 were as follows :

	Group	
	31 December 2015 $'000	**30 June 2014 $'000**
Not later than 1 year	652	636
Later than 1 year but not later than 5 years	141	110
	793	746

30. CONTINGENT LIABILITY

Guarantee (unsecured) given to a financial institution for facilities granted to a joint venture company	11,974	17,829

31. CAPITAL COMMITMENTS

Commitments not provided for in the financial statements are in respect of :		
- property, plant and equipment	1,897	6,677
- investment commitment of an associated company	5,366	4,722
- capital commitments in relation to project development costs of a joint venture company	43,964	32,164

32. RELATED PARTY DISCLOSURES

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the period/year on terms agreed between the parties :

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
(a) Sale and purchase of goods and services		
(i) Key management personnel		
Sale of property, plant and equipment	116	–
(ii) Related parties		
Aspial Corporation Limited and its subsidiary company :		
Interest income received	69	–
Purchase of investment securities	(5,000)	–
Corporate service fee payable	(273)	–
Lum Chang Holdings Limited+ and its subsidiary companies :		
Managing agent fee received	23	90
Rental paid	(110)	(442)
Recharge of salary received	72	407
Recharge of salary paid	(195)	(607)
Purchase of property, plant and equipment	–	(596)
Sale of property, plant and equipment	–	186

\+ Ceased to be a related party of the Group during the financial period.

(b) Remuneration of key management personnel		
Salaries and other short-term employee benefits	(3,338)	(3,588)
Post-employment benefits	(2,550)	–
Termination benefits	(1,436)	–
Central Provident Fund contributions	(141)	(80)
Total remuneration paid to key management personnel	(7,465)	(3,668)
Comprised amounts paid to :		
- Directors of the Company	(6,011)	(2,857)
- Other key management personnel	(1,454)	(811)
	(7,465)	(3,668)

Director's interests in share options

	Options outstanding as at 1 July 2014 '000	Options exercised '000	Options outstanding as at 31 December 2015 '000	Exercise price	Exercise period
Grant date : 26 July 2013					
Iris Wu Hwee Tan ^	700	(700)	–	$0.136[(1)]	27.07.2015 to 26.07.2018
Grant date : 20 July 2012					
Iris Wu Hwee Tan ^	400	(400)	–	$0.135[(1)]	21.07.2014 to 20.07.2017
Grant date : 22 July 2011					
Iris Wu Hwee Tan ^	200	(200)	–	$0.16[(2)]	23.07.2012 to 22.07.2016
	1,300	(1,300)	–		

^ Resigned as Executive Director of the Company on 2 April 2015.
(1) The exercise price is set at a 10% discount to the market price of shares of the Company.
(2) The exercise price is set at the market price of shares of the Company.

33. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of products and services provided. The reportable operating segments are as follows :

The property segment relates to project and property management, real estate consultancy services, investment in properties and development of properties for sale.

The hotel and serviced residence segment relates to ownership and operation of hotels and serviced residences.

The leisure and others segment relates mainly to ownership and operation of family entertainment centres and investment holding activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of the operating segments, as shown in the table below.

Transfer prices between operating segments are based on contractual agreements.

33. SEGMENT INFORMATION *(cont'd)*

	Property $'000	Hotel and serviced residence $'000	Leisure and others $'000	Consolidated $'000
2015				
Segment revenue				
Total segment sales	265	76,556	8,607	85,428
Inter-segment sales	(28)	(18)	(4,188)	(4,234)
Revenue	237	76,538	4,419	81,194
Segment results	(691)	7,289	(4,344)	2,254
Finance costs	–	(2,658)	(700)	(3,358)
Share of results of associated and joint venture companies	12,329	–	106	12,435
Profit/(loss) before taxation	11,638	4,631	(4,938)	11,331
Taxation	(157)	(3,171)	–	(3,328)
Profit/(loss) for the period	11,481	1,460	(4,938)	8,003
Segment assets	753	353,346	1,814	355,913
Asset held for sale	8,552	–	–	8,552
Investment in an associated company	–	–	1,574	1,574
Investment in joint venture companies	85,056	–	–	85,056
Investment securities	5,061	–	2,447	7,508
Deferred tax assets	–	126	–	126
Total assets	99,422	353,472	5,835	458,729
Segment liabilities	96	9,779	1,234	11,109
Term loans	–	65,424	9,650	75,074
Tax liabilities	26	32,642	–	32,668
Total liabilities	122	107,845	10,884	118,851
Other segment information :				
Capital expenditures	–	12,131	207	12,338
Depreciation of property, plant and equipment	52	11,700	466	12,218
Depreciation of investment property	384	–	–	384
Amortisation expenses	–	4	20	24
Interest income	16	515	175	706
Property, plant and equipment written off	–	470	14	484

	Property $'000	Hotel and serviced residence $'000	Leisure and others $'000	Consolidated $'000
2014				
Segment revenue				
Total segment sales	321	50,387	7,615	58,323
Inter-segment sales	(30)	(2)	(2,792)	(2,824)
Revenue	291	50,385	4,823	55,499
Segment results	(870)	(4,624)	(3,591)	(9,085)
Finance costs	–	(1,826)	(12)	(1,838)
Share of results of associated and joint venture companies	1,780	–	55	1,835
Profit/(loss) before taxation	910	(6,450)	(3,548)	(9,088)
Taxation	(174)	(2,502)	45	(2,631)
Profit/(loss) for the year	736	(8,952)	(3,503)	(11,719)
Segment assets	11,828	313,648	7,291	332,767
Investment in associated companies	6	–	1,568	1,574
Investment in joint venture companies	74,018	–	–	74,018
Investment securities	5,249	–	–	5,249
Deferred tax assets	–	99	–	99
Total assets	91,101	313,747	8,859	413,707
Segment liabilities	181	9,494	1,400	11,075
Term loans	–	45,987	–	45,987
Tax liabilities	20	24,023	–	24,043
Total liabilities	201	79,504	1,400	81,105
Other segment information :				
Capital expenditures	12	10,036	61	10,109
Depreciation of property, plant and equipment	25	6,804	773	7,602
Depreciation of investment property	344	–	–	344
Amortisation expenses	–	2	15	17
Interest income	30	248	36	314
Property, plant and equipment written off	–	9,545	5	9,550

33. SEGMENT INFORMATION *(cont'd)*

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Revenue disclosed in geographical segments are based on sales generated in that location.

	Revenue		Non-current assets	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Singapore	4,656	5,114	30,689	34,851
Thailand	39,030	26,554	174,266	163,291
Vietnam	3,113	1,830	9,957	8,292
Lao People's Democratic Republic	3,413	2,388	12,369	8,407
People's Republic of China	–	–	56,554	43,457
United Kingdom	30,982	19,613	136,214	110,187
	81,194	55,499	420,049	368,485

Non-current assets information presented above consists of property, plant and equipment, intangible assets, associated companies and joint venture companies. Investment property at the end of last financial year was reclassified to current assets during the financial period.

Information about major customers

There was no concentration of revenue derived from any one single customer for both period and year ended 31 December 2015 and 30 June 2014 respectively.

34. DIVIDENDS

	Group and Company	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Declared and paid during the period/year		
Dividends on ordinary shares :		
Special dividend for 2013 of 0.15 cent per share	–	1,553
First and Final dividend for 2014 of 1.00 cent per share (Final dividend for 2013 of 0.50 cent per share)	10,534	5,178
Interim dividend for 2015 of 1.50 cents per share	15,835	–
Second interim dividend for 2015 of 1.00 cent per share	10,556	–
	36,925	6,731

	Group and Company	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Proposed but not recognised as a liability as at 31 December 2015 and 30 June 2014		
Dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting :		
Final dividend for 2015 of 1.00 cent per share (First and Final dividend for 2014 of 1.00 cent per share)	10,556	10,522

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprised term loans, hire purchase contracts, and cash and short-term deposits which are used for the Group's operations. The Group has other financial assets and liabilities, such as, trade receivables and trade payables arising directly from its operations. It is not the Group's policy to engage in foreign exchange and/or derivatives speculation or trading.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and market risk. The Directors review and agree policies and procedures for managing these risks which are then executed by the management. The Audit Committee provides an independent oversight to the effectiveness of the risk management process. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The Group's approach in managing each of these risks so as to minimise any potential material adverse effects from the exposures is summarised below.

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposures to market risk of changes in interest rates relate primarily to its long-term debt obligations.

The Group manages its exposure to interest rate risk by sourcing for the most favourable interest rates without increasing its foreign currency exposure. It maintains an efficient and optimal interest cost structure by borrowing at both fixed and floating rates, as far as possible, to balance its exposure to interest rate volatility.

Surplus funds of the Group are mainly placed in fixed deposits of varying maturities and interest rate terms with reputable financial institutions to generate some returns.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(a) *Interest rate risk (cont'd)*

The table below illustrates the effect of a change of 100 basis points in interest rate at the end of the reporting period on the Group's profit/(loss) before taxation assuming all other variables are held constant.

	Group	
	Increase by 100bp Increase/ (Decrease) $'000	Decrease by 100bp Increase/ (Decrease) $'000
1 July 2014 to 31 December 2015		
Profit before taxation		
Fixed deposits	75	(75)
Term loans	(751)	751
	(676)	676
1 July 2013 to 30 June 2014		
Loss before taxation		
Fixed deposits	(191)	191
Term loans	460	(460)
	269	(269)

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) *Foreign currency risk*

As the Group's operations are significantly overseas, the Group's balance sheet is affected by fluctuations in the exchange rates of the various foreign currencies. The Group's sales and costs of sales are largely denominated in the respective functional currencies of the Group entities. Foreign currency exchange rate movements on sales and purchases, assets and liabilities which arise from daily operations are hedged naturally by a matching sale, purchase or a matching asset, liability of the same currency and amount. The Group also manages its exposure to foreign exchange risk by borrowing, whenever necessary, in the currency of the country where it operates, as far as possible.

In relation to the Group's overseas investments in foreign subsidiary companies whose net assets are exposed to currency translation risk, the differences arising from such translation are captured under the foreign currency translation reserve. As these overseas investments are long-term in nature, there is no fixed or pre-determinable pattern of repatriation. Therefore, the exposure to such risk which is dependent on the fluctuations in exchange rates of the various currencies of these overseas investments cannot be anticipated. However, these translation differences in the reserve are reviewed and monitored on a regular basis.

The table below illustrates the sensitivity of the Group's financial instruments that are denominated in a currency other than the functional currencies of the Group entities, to a reasonably possible change in the exchange rate of the United States Dollar at the end of the reporting period on the Group's profit/(loss) before taxation with all other variables held constant.

	Group	
	Strengthened	Weakened
	1% Increase/ (Decrease) $'000	1% Increase/ (Decrease) $'000
1 July 2014 to 31 December 2015		
Profit before taxation		
United States Dollar	10	(10)
1 July 2013 to 30 June 2014		
Loss before taxation		
Thai Baht	(48)	48
United States Dollar	(26)	26
Chinese Renminbi	(38)	38
	(112)	112

(c) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group actively manages its operating cash flows to ensure that it has sufficient funding for its working capital requirements. It also ensures the availability of funding through committed bank facilities for both standby lines as well as longer term project financing. In arranging for credit lines, the expected future revenue stream is closely monitored to time the maturity of the borrowings so as to ensure that repayment and refinancing can be met.

At the end of the reporting period, approximately 19% (2014 : 13%) of the Group's loans and borrowings, including hire purchase creditors, will mature within one year based on the carrying amounts reflected in the financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(c) *Liquidity risk (cont'd)*

The following table sets out the carrying amounts, by maturity, of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	31 December 2015				30 June 2014			
	Within 1 year $'000	Over 1 to 5 years $'000	Over 5 years $'000	Total $'000	Within 1 year $'000	Over 1 to 5 years $'000	Over 5 years $'000	Total $'000
Group								
Financial assets								
Investment securities	2,447	–	5,061	7,508	–	188	5,061	5,249
Trade and other receivables	2,745	–	–	2,745	3,563	–	–	3,563
Cash and short-term deposits	18,566	–	–	18,566	35,287	–	–	35,287
Total undiscounted financial assets	23,758	–	5,061	28,819	38,850	188	5,061	44,099
Financial liabilities								
Trade and other payables	10,993	–	–	10,993	10,246	–	–	10,246
Hire purchase creditors	14	42	–	56	220	573	–	793
Term loans	16,972	63,009	–	79,981	7,642	43,146	–	50,788
Total undiscounted financial liabilities	27,979	63,051	–	91,030	18,108	43,719	–	61,827
Total net undiscounted financial (liabilities)/assets	(4,221)	(63,051)	5,061	(62,211)	20,742	(43,531)	5,061	(17,728)
Company								
Financial assets								
Subsidiary companies	–	–	96,123	96,123	–	–	92,715	92,715
Other receivables	79	–	–	79	83	–	–	83
Cash and short-term deposits	506	–	–	506	4,413	–	–	4,413
Total undiscounted financial assets	585	–	96,123	96,708	4,496	–	92,715	97,211
Financial liabilities								
Other payables and accruals	1,282	–	–	1,282	613	–	–	613
Amount due to subsidiary companies	4,227	27,784	–	32,011	1,636	–	–	1,636
Hire purchase creditors	–	–	–	–	130	347	–	477
Term loans	9,953	–	–	9,953	–	–	–	–
Total undiscounted financial liabilities	15,462	27,784	–	43,246	2,379	347	–	2,726
Total net undiscounted financial (liabilities)/assets	(14,877)	(27,784)	96,123	53,462	2,117	(347)	92,715	94,485

The table below shows the contractual expiry by maturity of the Group's contingent liability. The amount of the financial guarantee is allocated to the earliest period in which the guarantee could be called.

	31 December 2015				30 June 2014			
	Within 1 year $'000	Over 1 to 5 years $'000	Over 5 years $'000	Total $'000	Within 1 year $'000	Over 1 to 5 years $'000	Over 5 years $'000	Total $'000
Group								
Financial guarantee	11,974	–	–	11,974	17,829	–	–	17,829

(d) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposures to credit risk arise primarily from trade and other receivables. For other financial assets (including investment securities and cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to in-house credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by a nominal amount of $11,974,000 (2014 : $17,829,000) relating to a guarantee provided by a subsidiary company to a financial institution for facilities granted to a joint venture company.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period was as follows :

	Group			
	31 December 2015		30 June 2014	
	$'000	% of total	$'000	% of total
Hotel and serviced residence	1,497	100	1,289	99
Leisure and others	–	–	7	1
	1,497	100	1,296	100

As at the end of the reporting period, there was no significant concentration of credit risk from any one single customer within the Group or the Company for the financial period and year ended 31 December 2015 and 30 June 2014 respectively.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(d) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(e) Market risk

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). As the Group holds investments in debt securities, the fair value of the investments will fluctuate because of changes in market prices. Assuming all other variables are held constant, a 2% increase or decrease in the quoted market prices at the end of the reporting period will have minimal impact on the Group's fair value adjustment reserve.

36. FAIR VALUE OF ASSETS AND LIABILITIES

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows :

- 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).

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement.

(a) ***Assets and liabilities measured at fair values***

The following table shows an analysis of the Group's assets and liabilities measured at fair value at the end of the reporting period :

	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
31 December 2015				
Group				
Non-financial asset				
Property, plant and equipment (Note 9)	–	–	361,275	361,275
Financial asset				
Investment securities				
- Quoted debt securities (Note 13)	2,447	–	–	2,447
30 June 2014				
Group				
Non-financial asset				
Property, plant and equipment (Note 9)	–	–	256,472	256,472
Financial asset				
Investment securities				
- Quoted equity shares (Note 13)	188	–	–	188

Fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial period and year ended 31 December 2015 and 30 June 2014 respectively.

36. FAIR VALUE OF ASSETS AND LIABILITIES *(cont'd)*

(a) Assets and liabilities measured at fair values (cont'd)

Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3) :

Description	Fair value $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
31 December 2015				
Property, plant and equipment	307,496	Income approach	Discounted rate	7.50%-11.00% per annum
Property, plant and equipment	53,779	Market comparable approach	Yield adjustments based on management's assumptions*	5.00%-30.00% per annum
30 June 2014				
Property, plant and equipment	256,472	Income approach	Discounted rate	8.00%-12.00% per annum

* The yield adjustments are made for any difference in the nature, location or condition of specific property.

Significant increase or decrease in discount rate would result in a significantly lower or higher fair value of the property, plant and equipment.

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3) :

	Fair value measurements using significant unobservable inputs (Level 3) $'000
Group	
Property, plant and equipment	
Balance at 1 July 2013	252,203
Additions	3,918
Net surplus on revaluation	8,975
Elimination of accumulated depreciation upon revaluation	(11,331)
Currency realignment	2,707
Balance at 30 June 2014	256,472
Balance at 1 July 2014	256,472
Additions	6,368
Assets reclassified from cost basis to valuation basis	50,012
Write off	(536)
Net surplus on revaluation	49,873
Elimination of accumulated depreciation upon revaluation	(1,655)
Currency realignment	741
Balance at 31 December 2015	361,275

The Directors oversee the valuation process and are responsible for the Group's valuation policies and procedures.

For all significant valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage independent external valuation experts to perform the valuation. The Directors are responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the Directors review the appropriateness of the valuation methodologies and assumptions adopted. The Directors also evaluate the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

36. FAIR VALUE OF ASSETS AND LIABILITIES *(cont'd)*

(b) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at the end of the last financial year but for which fair value was disclosed :

	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
30 June 2014				
Group				
Non-financial asset				
Investment property (Note 10)	–	10,628	–	10,628

Determination of fair value

The fair value of investment property as disclosed in the table above was determined from market-based evidence by Directors using the sales comparison approach.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of cash and short-term deposits, trade and other receivables, trade and other payables, based on their notional amounts, reasonably approximate their fair values because they are short-term in nature. The carrying amounts of term loans and hire purchase reflect the corresponding fair values because they are repriced to or approximate the market interest rates near the end of the reporting period.

(d) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value at the end of the reporting period were as follows :

	31 December 2015		30 June 2014	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Group				
Financial asset				
Investment securities	5,061	*	5,061	*
Company				
Financial asset				
Subsidiary companies	96,123	**	92,715	**

<u>* Investment securities carried at cost</u>

Available-for-sale unquoted equity investments represent ordinary shares in a Singapore and an overseas incorporated companies. As it is not practicable to determine the fair value of these investments with sufficient reliability, these investments are carried at cost in the financial statements. The Group does not intend to dispose of these investments in the foreseeable future.

<u>** Subsidiary companies</u>

Advances to subsidiary companies have no fixed repayment term and are repayable only when the cash flow of the respective subsidiary companies permits. Accordingly, fair values are not determinable as the timing of the repayment cannot be estimated reliably.

37. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Loans and receivables $'000	Available for sale $'000	Non-financial assets $'000	Total $'000
31 December 2015				
Group				
Assets				
Non-current				
Property, plant and equipment	–	–	333,367	333,367
Intangible asset	–	–	52	52
Associated company	–	–	1,574	1,574
Joint venture companies	–	–	85,056	85,056
Investment securities	–	5,061	–	5,061
Deferred tax assets	–	–	126	126
Current				
Asset held for sale	–	–	8,552	8,552
Investment securities	–	2,447	–	2,447
Inventories	–	–	414	414
Trade and other receivables	2,745	–	–	2,745
Prepayments	–	–	769	769
Cash and short-term deposits	18,566	–	–	18,566
	21,311	7,508	429,910	458,729

	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
31 December 2015			
Group			
Liabilities			
Current			
Provision	–	21	21
Trade and other payables	10,993	–	10,993
Provision for taxation	–	830	830
Hire purchase creditor	12	–	12
Term loans	14,538	–	14,538
Non-current			
Provision	–	48	48
Hire purchase creditor	35	–	35
Term loans	60,536	–	60,536
Deferred tax liabilities	–	31,838	31,838
	86,114	32,737	118,851

	Loans and receivables $'000	Available for sale $'000	Non-financial assets $'000	Total $'000
30 June 2014				
Group				
Assets				
Non-current				
Property, plant and equipment	–	–	283,796	283,796
Investment property	–	–	8,936	8,936
Intangible assets	–	–	161	161
Associated companies	–	–	1,574	1,574
Joint venture companies	–	–	74,018	74,018
Investment securities	–	5,061	–	5,061
Deferred tax assets	–	–	99	99
Current				
Investment securities	–	188	–	188
Inventories	–	–	504	504
Trade and other receivables	3,563	–	–	3,563
Tax recoverable	–	–	2	2
Prepayments	–	–	518	518
Cash and short-term deposits	35,287	–	–	35,287
	38,850	5,249	369,608	413,707

	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
30 June 2014			
Group			
Liabilities			
Current			
Provision	–	56	56
Trade and other payables	10,246	–	10,246
Provision for taxation	–	936	936
Hire purchase creditors	203	–	203
Term loans	5,985	–	5,985
Non-current			
Provision	–	43	43
Hire purchase creditors	527	–	527
Term loans	40,002	–	40,002
Deferred tax liabilities	–	23,107	23,107
	56,963	24,142	81,105

37. CLASSIFICATION OF FINANCIAL INSTRUMENTS *(cont'd)*

	Loans and receivables $'000	Non-financial assets $'000	Total $'000
31 December 2015			
Company			
Assets			
Non-current			
Subsidiary companies	96,123	199,501	295,624
Current			
Other receivables	79	–	79
Prepayments	–	9	9
Cash and short-term deposits	506	–	506
	96,708	199,510	296,218

	Liabilities at amortised cost $'000
31 December 2015	
Company	
Liabilities	
Current	
Other payables and accruals	1,282
Amount due to subsidiary companies	3,415
Term loans	9,650
Non-current	
Amount due to a subsidiary company	26,771
	41,118

	Loans and receivables $'000	Non-financial assets $'000	Total $'000
30 June 2014			
Company			
Assets			
Non-current			
Property, plant and equipment	–	541	541
Intangible assets	–	108	108
Subsidiary companies	92,715	192,017	284,732
Current			
Other receivables	83	–	83
Prepayments	–	24	24
Cash and short-term deposits	4,413	–	4,413
	97,211	192,690	289,901

	Liabilities at amortised cost $'000
30 June 2014	
Company	
Liabilities	
Current	
Other payables and accruals	613
Amount due to a subsidiary company	1,636
Hire purchase creditors	120
Non-current	
Hire purchase creditors	320
	2,689

38. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial period and year ended 31 December 2015 and 30 June 2014 respectively.

As disclosed in Note 26, two (2014 : four) foreign subsidiary companies of the Group are required to maintain a non-distributable statutory reserve by setting aside at least 5% of its profits arising from its operations at each distribution of dividend until the amount accumulated in the reserve is not less than 10% of its registered capital. This externally imposed capital requirement has been complied with by the said subsidiary companies for the financial period and year ended 31 December 2015 and 30 June 2014 respectively.

The Group will continue to be guided by prudent financial policies of which gearing is an important aspect. The Group's policy is to maintain a gearing ratio of not more than 0.75 times. Gearing ratio is calculated using net debt divided by total equity. Net debt includes term loans and hire purchase creditors less fixed deposits and cash and bank balances.

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Term loans (Note 22)	75,074	45,987
Hire purchase creditors (Note 21)	47	730
Less : Fixed deposits (Note 28)	(7,477)	(19,135)
Cash and bank balances (Note 28)	(11,089)	(16,152)
Net debt	56,555	11,430
Total equity	339,878	332,602
Gearing (times)	0.17	0.03

39. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the period from 1 July 2014 to 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 18 March 2016.

STATISTICS OF SHAREHOLDINGS

As at 7 March 2016

Number of issued and fully paid up shares of the Company (the "Shares")	:	1,055,639,464 (with voting rights)
Class of Shares	:	Ordinary Shares
Voting rights	:	One vote per Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%(1)
1	-	99	146	2.47	4,609	0.00
100	-	1,000	765	12.94	454,517	0.04
1,001	-	10,000	2,466	41.71	13,002,183	1.23
10,001	-	1,000,000	2,518	42.59	99,202,805	9.40
1,000,001	and	above	17	0.29	942,975,350	89.33
			5,912	**100.00**	**1,055,639,464**	**100.00**

TWENTY LARGEST SHAREHOLDERS

as shown in the Register of Members and Depository Register

	Name	No. of Shares	%(1)
1.	DBS Nominees (Private) Limited	642,558,357	60.87
2.	Aspial Corporation Limited	100,519,000	9.52
3.	Koh Wee Seng	56,098,000	5.31
4.	Phillip Securities Pte Ltd	50,592,312	4.79
5.	Maybank Kim Eng Securities Pte Ltd	21,103,358	2.00
6.	United Overseas Bank Nominees (Private) Limited	17,941,352	1.70
7.	UOB Kay Hian Private Limited	15,239,556	1.44
8.	OCBC Securities Private Limited	8,401,404	0.80
9.	Citibank Nominees Singapore Pte Ltd	7,574,460	0.72
10.	OCBC Nominees Singapore Private Limited	5,784,954	0.55
11.	CIMB Securities (Singapore) Pte Ltd	5,767,059	0.55
12.	Ko Lee Meng	3,754,000	0.36
13.	Estate of Thian Thin Khoon, Deceased	1,800,000	0.17
14.	Soh Eng Tai	1,750,000	0.17
15.	Tam Kwok Wing	1,550,000	0.15
16.	Toh Kam Choy	1,337,000	0.13
17.	Raffles Nominees (Pte) Limited	1,204,538	0.11
18.	TH Strategic Investments Pte Ltd	850,000	0.08
19.	Thian Yian Chiew	838,000	0.08
20.	Tan Chek Teck	796,000	0.08
		945,459,350	**89.58**

STATISTICS OF SHAREHOLDINGS

As at 7 March 2016

SUBSTANTIAL SHAREHOLDERS (INCLUDING DEEMED INTERESTS)

as shown in the Register of Substantial Shareholders

	Name	No. of Shares	%[1]
1.	AF Global Pte Ltd ("**AF Global**")	881,383,569 [2]	83.49
2.	Aspial Corporation Limited ("**Aspial**")	881,383,569 [3]	83.49
3.	Koh Wee Seng	881,383,569 [4]	83.49
4.	Ko Lee Meng	885,137,569 [4]	83.85
5.	Koh Lee Hwee	881,383,569 [4]	83.49
6.	MLHS Holdings Pte Ltd ("**MLHS**")	881,383,569 [4]	83.49
7.	Fragrance Group Limited ("**Fragrance**")	881,383,569 [3]	83.49
8.	Koh Wee Meng	881,383,569 [5]	83.49

Based on information available to the Company as at 7 March 2016, approximately 16.12% of the Shares is held by the public and, therefore, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

Notes :

(1) Based on 1,055,639,464 Shares.

(2) On 16 November 2015, AF Global, a company in which each of Aspial and Fragrance holds 50% of the issued shares, entered into a conditional sale and purchase agreement with Aspial, Koh Wee Seng and Tan Su Lan (Tan Su Lan, together with Aspial and Koh Wee Seng, the "Sellers"), pursuant to which AF Global agreed to purchase from the Sellers all the Shares held by the Sellers comprising, in aggregate, 304,946,000 Shares (the "Sale Shares") representing approximately 28.89% of the total Shares, for an aggregate cash consideration of S$74,159,973.32 (the "Transaction"). Completion of the Transaction is subject to and conditional upon the satisfaction of the condition precedent set out in the sale and purchase agreement. Following the entry into the Transaction, AF Global has a deemed interest in the Sale Shares, representing approximately 28.89% of the total Shares. AF Global will have a direct interest in the Sale Shares upon completion of the Transaction in addition to its direct interest in the 576,437,569 Shares held.

(3) Aspial and Fragrance hold not less than 20% of the issued shares of AF Global and are deemed to have an interest in the Shares in which AF Global has an interest.

(4) MLHS holds more than 50% of the issued shares of Aspial and is deemed to have an interest in the Shares in which Aspial has an interest. Koh Wee Seng, Ko Lee Meng and Koh Lee Hwee each holds not less than 20% of the issued shares of MLHS and are deemed to have an interest in the Shares in which MLHS has an interest.

(5) Koh Wee Meng holds more than 50% of the issued shares of Fragrance and is deemed to hold an interest in the Shares in which Fragrance has an interest.

NOTICE OF
ANNUAL GENERAL MEETING

LCD Global Investments Ltd
Company Registration No.: 197301118N
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **43rd Annual General Meeting** of the Company will be held at 456 Alexandra Road, #04-07 Fragrance Empire Building, Singapore 119962 on **Thursday, 28 April 2016** at **10.00 a.m.** to transact the following business :

AS ORDINARY BUSINESS :

1. To receive and adopt the Financial Statements for the financial period ended 31 December 2015, the Directors' Statement and the Auditor's Report thereon.

2. To declare a Final Dividend of 1.00 cent per ordinary share as recommended by the Directors for the financial period ended 31 December 2015.

3. To approve Directors' fees for the period from 1 July 2014 to 31 December 2015 amounting to $368,812 (year ended 30 June 2014 : $297,390).

4. To re-elect the following Directors who cease to hold office pursuant to Article 81 of the Constitution of the Company and who, being eligible, offer themselves for re-election :

   (a) Mr Koh Wee Seng
   (b) Mr Chay Yue Kai
   (c) Mr Periakaruppan Aravindan
   (d) Mr Woo Peng Kong
   (e) Mr Meelan Gurung

   Note : Mr Koh Wee Seng, a Non-Executive Chairman, when re-elected, will remain as a member of the Nominating Committee.

   Mr Periakaruppan Aravindan, a Non-Executive Director, when re-elected, will remain as members of the Audit Committee and Remuneration Committee.

   Mr Woo Peng Kong, an Independent Director, when re-elected, will remain as Chairman of the Nominating Committee and members of the Audit Committee and Remuneration Committee.

   Mr Meelan Gurung, an Independent Director, when re-elected, will remain as Chairman of the Audit Committee and a member of the Nominating Committee.

   (See Explanatory Note 1)

5. To re-appoint Ernst & Young LLP as the external auditor of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS :

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

6. **Authority to Directors to issue Shares**

"That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, the Constitution of the Company and the listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (including any supplemental measures thereto from time to time), the Directors of the Company be and are hereby authorised to :

(a) (i) allot and issue shares in the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,

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

(b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force :

(i) issue additional Instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and

(ii) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force or such additional Instruments in b(i) above,

PROVIDED ALWAYS THAT :

(I) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution (as calculated in accordance with subparagraph (II) below), of which the aggregate number of Shares issued other than on a *pro rata* basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with subparagraph (II) below);

(II) subject to such manner of calculation as may be prescribed by SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (I) above, the percentage of the issued Shares is based on the Company's total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution after adjusting for :

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares; and

(III) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note 2)

7. **Authority to Directors to issue Shares pursuant to the Option Scheme and the Award Scheme**

"That the Directors of the Company be and are hereby authorised to :

(i) allot and issue from time to time such number of ordinary shares in the capital of the Company (the "**Shares**") as may be required to be issued pursuant to the exercise of options under the LCD Share Option Scheme (the "**Option Scheme**"); and/or

(ii) allot and issue or deliver from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of awards under the LCD Performance Share Award Scheme (the "**Award Scheme**"),

PROVIDED ALWAYS THAT :

(a) the aggregate number of Shares over which the committees may offer to grant options and awards on any date, when added to the number of new Shares issued and/or issuable and/or existing Shares transferred and/or transferable in respect of the options granted under the Option Scheme and the awards granted under the Award Scheme and in respect of all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time; and

(b) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note 3)

8. **Approval for renewal of Share Purchase Mandate**

(a) "That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 of Singapore (the "**Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of :

(i) on-market purchases (each an "**On-Market Share Purchase**") on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Share Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of :

(i) the date on which the next Annual General Meeting of the Company is held; or

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;

(c) in this Resolution :

"**Prescribed Limit**" means 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding :

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price,

where :

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days ("**Market Day**" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

(d) the Directors of the Company and/or each of them be and are hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

(See Explanatory Note 4)

9. **Any Other Business**

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

BY ORDER OF THE BOARD

LIM SWEE ANN
Company Secretary

Singapore
28 March 2016

Notes :

1. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to the share or shares held by the member of which the number of shares shall be specified.

   "Relevant intermediary" means :

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act (Cap. 36) providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 55 Ubi Avenue 1, #07-11 Ubi 55 Building, Singapore 408935 not less than 48 hours before the time appointed for holding the Annual General Meeting.

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

Explanatory Notes to the Resolutions :

1. Detailed information on these Directors can be found under 'Board of Directors', 'Present & Past Directorships' and 'Corporate Governance' sections in the Company's Annual Report 2015.

2. The ordinary resolution proposed in item 6 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, to issue Shares up to an amount not exceeding (i) 50% of the total number of issued Shares (excluding treasury shares), of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of Shares which may be issued shall be based on the total number of issued Shares at the time that ordinary resolution 6 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that ordinary resolution 6 is passed, and any subsequent bonus issue or consolidation or subdivision of Shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

3. The ordinary resolution proposed in item 7 above, if passed, will enable the Directors of the Company, unless varied or revoked by the Company in general meeting, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to issue Shares pursuant to the exercise of options under the Option Scheme and/or the vesting of awards under the Award Scheme, provided that the aggregate number of Shares over which the committees may offer to grant options and awards on any date, when added to the aggregate number of new Shares issued and/or issuable and/or existing Shares transferred and/or transferable in respect of such options and/or awards and in respect of any other share-based incentive schemes of the Company shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time.

4. The ordinary resolution proposed in item 8 above, if passed, will enable the Directors of the Company, unless varied or revoked by the Company in general meeting, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated, whichever is the earliest, to purchase Shares by way of On-Market Share Purchases and/or Off-Market Share Purchases of up to 10% of the total number of issued Shares (excluding treasury shares) at the time of the passing of the ordinary resolution and up to the Maximum Price. The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its purchase of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchase of Shares cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchase. The rationale for, the authority and the limits on, and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial period ended 31 December 2015 (for illustrative purposes only) are set out in greater detail in the Appendix to the Notice of Annual General Meeting dated 28 March 2016 in relation to the proposed renewal of the Share Purchase Mandate.

Proxy Form for Annual General Meeting

LCD Global Investments Ltd *Company Registration No.: 197301118N*
(Incorporated in the Republic of Singapore)

Important:
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy LCD Global Investments Ltd's shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their CPF Approved Nominees if they have any queries regarding their appointment as proxies (Please see Note 3).
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in this Proxy Form.

I/We ________________________ NRIC/Passport No./ Company Registration No. ________________

of ____

being a member/members of LCD GLOBAL INVESTMENTS LTD hereby appoint:-

Name:	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address:			

and/or (delete as appropriate)

Name:	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address:			

or, both of whom failing, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at 456 Alexandra Road, #04-07 Fragrance Empire Building, Singapore 119962 on Thursday, 28 April 2016 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting as he/they may think fit, as he/they will on any other matter arising at the AGM.

Ordinary Resolutions		Number of Votes For*	Number of Votes Against*
1.	To adopt the Financial Statements for the financial period ended 31 December 2015, the Directors' Statement and the Auditor's Report		
2.	To approve a Final Dividend of 1.00 cent per ordinary share		
3.	To approve Directors' Fees amounting to $368,812		
4(a).	To re-elect Mr Koh Wee Seng who ceases to hold office pursuant to Article 81 of the Constitution of the Company as a Director of the Company		
4(b).	To re-elect Mr Chay Yue Kai who ceases to hold office pursuant to Article 81 of the Constitution of the Company as a Director of the Company		
4(c).	To re-elect Mr Periakaruppan Aravindan who ceases to hold office pursuant to Article 81 of the Constitution of the Company as a Director of the Company		
4(d).	To re-elect Mr Woo Peng Kong who ceases to hold office pursuant to Article 81 of the Constitution of the Company as a Director of the Company		
4(e).	To re-elect Mr Meelan Gurung who ceases to hold office pursuant to Article 81 of the Constitution of the Company as a Director of the Company		
5.	To re-appoint Auditor		
6.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
7.	To authorise Directors to issue shares pursuant to the Option Scheme and the Award Scheme		
8.	To approve the renewal of Share Purchase Mandate		

* If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ____________________ 2016

Total No. of Shares Held (See Note 1)

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT -
PLEASE READ THE NOTES BELOW BEFORE COMPLETING THIS PROXY FORM

Notes:-

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to the share or shares held by the member of which the number of shares shall be specified.

   "Relevant intermediary" means :

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act (Cap. 36) providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. CPF/SRS investors whose names have been given by their CPF Approved Nominees to the Company or the Company's share registrar, as the case may be, pursuant to a blanket proxy form may attend and vote in person at the meeting. In the event that such CPF/SRS investors are unable to attend the meeting but would like to vote, they should inform their CPF Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case they shall be precluded from attending the meeting.

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

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 55 Ubi Avenue 1, #07-11 Ubi 55 Building, Singapore 408935 not less than 48 hours before the time appointed for holding the AGM.

6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

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

8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument (including any related attachment). In addition, in the case of a member whose shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if such member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy :

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

LCD Global Investments Ltd

55 Ubi Avenue 1
#06-11 Ubi 55 Building
Singapore 408935

WWW.LCDGI.COM