



TTTJ HOLDINGS LIMITED

STRUCTURES
that **SHAPE** the
FUTURE

ANNUAL REPORT 2015

Contents

| | |
|----|--|
| | Corporate Profile |
| 02 | Chairman's Message |
| 04 | Corporate Structure |
| 05 | Financial Highlights at a Glance |
| 06 | Operating & Financial Review |
| 08 | Board of Directors |
| 09 | Management Team |
| 10 | Corporate Social Responsibility |
| 12 | Corporate Information |
| 13 | Corporate Governance |
| 31 | Financial Reports |
| 86 | Statistics of Shareholdings |
| 88 | Notice of Annual General Meeting Proxy Form |

Corporate Profile

Established in 1981 and listed on the Mainboard of the Singapore Stock Exchange on 1 April 2010, T T J Holdings Limited ("T T J" or the "Group") is one of the largest structural steel fabricators in Singapore. The Group has two core businesses comprising its Structural Steel business and Dormitory business.

Structural Steel Business

T T J is a reputed leading structural steel specialist in Singapore. Both of the Group's factories are specially designed around an in-line production concept based on Computerised Numerically Controlled ("CNC") machinery. In addition, T T J's Singapore factory in Pioneer Road has a waterfront loading area which enables the loading of heavy materials and large assemblies onto barges for transport by sea.

The Group is S1-graded¹ by the Singapore Structural Steel Society and has a combined annual production capacity of 42,000 tonnes for normal structural steel at its two fabrication facilities in Singapore and Johor, Malaysia. Testament to its strong commitment to quality, T T J is ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified.

Over the years, T T J has built up substantial experience and expertise which have equipped it to deliver highly sophisticated structural steel

solutions. Its solutions are used in diverse industries ranging from commercial building construction and offshore oil and gas to industrial plants as well as in iconic landmarks such as the National Art Gallery, the Orchard Gateway bridge, the SuperTrees and OCBC Skyway at Gardens by the Bay, The Helix at Marina Bay, Pinnacle@Duxton, Henderson Waves, the Supreme Court and Changi Airport Terminals 2 and 3, amongst others.

The Group's comprehensive manufacturing capabilities include, among others, heavy lifting cranes, ship-lift platforms, structures for high rise buildings and petrochemical complexes, heavy roof trusses, civil defence shelter doors, steel moulds and launching girders for bridges and highways, pressurised vessels and tanks, vehicular aluminium parapets, expansion joints and bearings for highways and roads.

Dormitory Business

T T J also operates a dormitory in Singapore that provides a stable and recurring income stream for the Group. Located at 5A Jalan Papan, Terusan Lodge I has a capacity of approximately 5,300 persons.

For more information, please visit
www.ttj.com.sg.

¹ For works undertaken by our fully owned subsidiary T T J Design and Engineering Pte Ltd



Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you our annual report for the 12 months ended 31 July 2015 ("FY2015"). It has been a challenging year for us due to an uncertain global economic climate and an increasingly competitive structural steel market in Singapore. Against this backdrop, T T J stayed focused on its fundamentals, delivering high quality work to our customers, keeping our profit margins healthy and generating cash flows to augment our cash resources.

Signaling our continued confidence in the long-term prospects of our business, and also in appreciation of the support from loyal shareholders, our Board has proposed a first and final cash dividend of 8.0 cents per share for FY2015, an amount that is significantly higher than previous years. This dividend is expected to be paid on 18 December 2015, subject to approval by shareholders at our AGM.

FY2015 Financial Performance

For FY2015, our revenue dipped 30% to \$94.1 million while net attributable profit declined 29% to \$15.5 million, compared to \$134.7 million and \$21.8 million respectively for the 12 months ended 31 July 2014 ("FY2014"). In spite of this, we still managed to achieve a 1.7 percentage point increase in gross profit margin to 29.2% in FY2015 compared to 27.5% a year ago which was mainly driven by our Dormitory business.

Our key revenue contributors in FY2015, came from Tanjong Pagar Centre, Mediapolis @ one-North, Yishun Community Hospital, Tuas West MRT Extension Depot, DUO, and MRT Downtown Line 2 and 3.

Global uncertainties coupled with Singapore's slowing economy and a tight foreign labour market has had an impact on local construction sentiments and T T J's business was not spared. During this challenging year and to-date, T T J managed to clinch approximately \$104 million in new contracts, building our order book to a respectable \$130 million as at 15 October 2015. These projects include structural steelworks for the fixed gangways at Changi Airport Terminal 1 and 2, Tampines Town Hub, several projects on Jurong

Island and a Liquefied Natural Gas ("LNG") project at Pengerang, Johor. In addition to these, we have also been engaged to provide civil defence doors for a number of MRT stations along the Thomson Line. We expect to substantially complete these projects between FY2016 and FY2017.

Outlook and Prospects

In August 2015, the Ministry of Trade and Industry narrowed the GDP growth forecast of Singapore for 2015 to between 2 and 2.5 per cent, from an earlier forecast of 2 to 4 per cent¹. Amidst Singapore's slowing economy, we expect to face challenges in the private sector construction market, particularly as this segment has become increasingly competitive. There are bright sparks though and we look to public sector infrastructure projects as a source of opportunities for us. According to the Building and Construction Authority ("BCA") of Singapore, construction demand is expected to be sustained between \$29 and \$36 billion in 2015 with public sector projects like industrial projects, as well as institutional and civil engineering works, driving this growth².

Over the longer term, various infrastructure works needed for Singapore's long-term population needs, including transportation and various public facilities will sustain the growth in construction demand. BCA forecasts the average construction demand to be sustained between \$26 to \$37 billion per year between 2016 and 2019². Some of the notable opportunities for T T J include MRT³ transportation projects like the Thomson-East Coast Line, Cross Island Line, Jurong Region Line and Eastern Region Line, as well as the Kuala Lumpur-Singapore High Speed Rail⁴ development. On Jurong Island, LNG projects⁵ like the Phase Three expansion of Singapore's first LNG terminal and the fourth LNG storage tank, as well as the construction of a second LNG Terminal also present some opportunities for us.

We are determined to go all out to pursue these prospects while keeping a close eye on our bottomline performance. This means we will continue to be prudent in our selection of projects, with the right fit of capabilities and yields as important considerations. In relation to our Dormitory business, the tenure for

Chairman's Message

“In FY2015 and to-date, T T J managed to clinch approximately \$104 million in new contracts, building our order book to a respectable \$130 million as at 15 October 2015.”

our dormitory at Terusan Lodge I, which T T J has been operating since 2008, expires in January 2017. Though we would like to see this business grow, T T J will still participate in tendering for new dormitories only at the right price.

Appreciation

I am extremely thankful for your continuing support during this challenging year, which has enabled us to carry out our plans smoothly and effectively. To my fellow business partners, thank you for your confidence and I look forward to working hand in hand again to achieve our common business goals.

I also want to thank our own management and staff for your dedication and tenacity which has been instrumental in growing the business.

Finally, I am very grateful to my fellow board members for sharing your invaluable knowledge and bringing your enthusiasm to the business, which will be highly beneficial to the business as we seek the various new opportunities in the future. Let's work together to create better years ahead!



Teo Hock Chwee

Chairman and Managing Director



¹ Channel News Asia: “Singapore narrows 2015 GDP growth forecast: MTI”, 11 August 2015

² The Building and Construction Authority: “Public Sector Projects To Sustain Construction Demand In 2015”, 8 January 2015

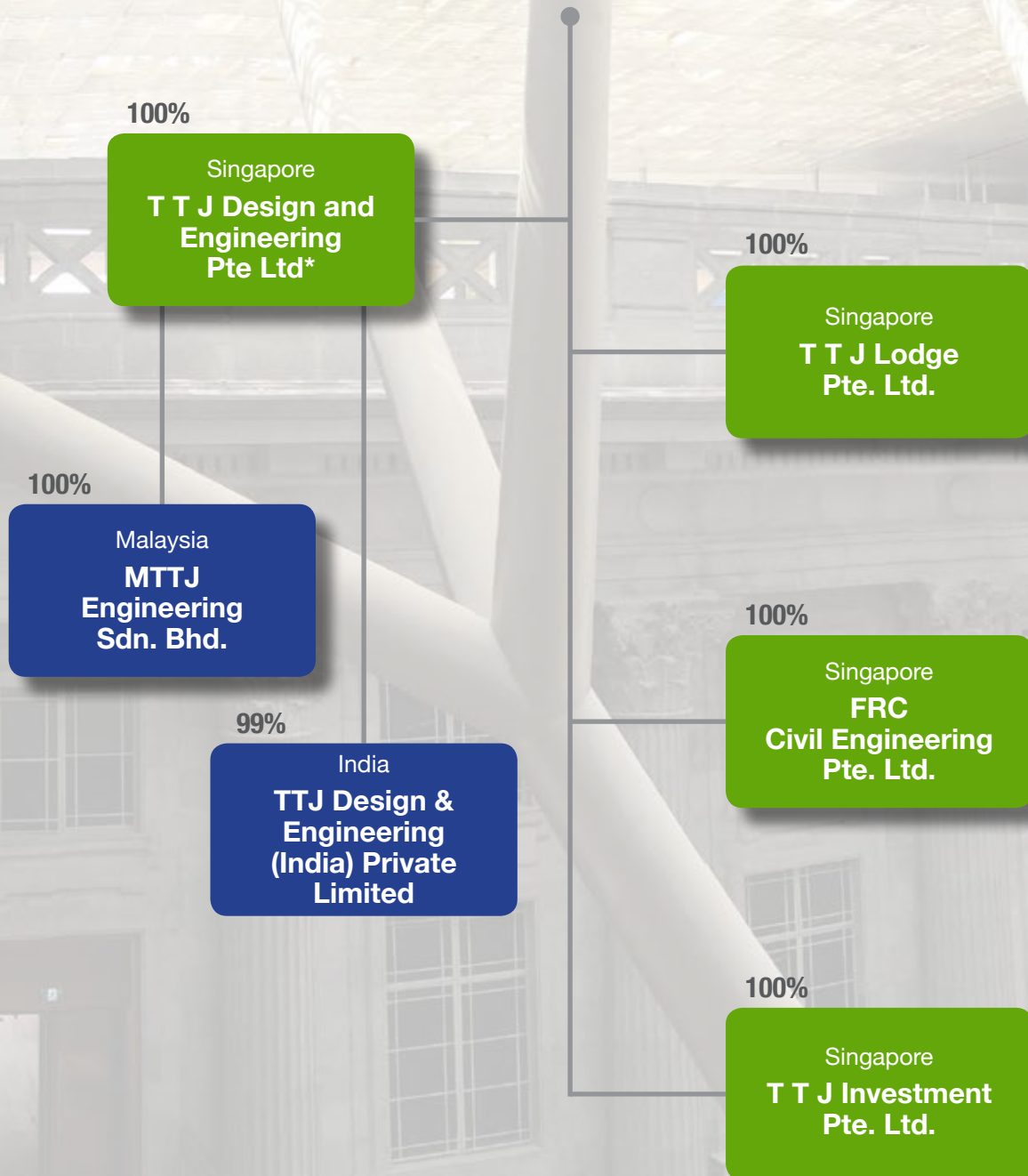
³ Land Transport Authority: <http://www.lta.gov.sg/content/ltaweb/en/public-transport/mrt-and-lrt-trains.html>

⁴ Urban Redevelopment Authority: “New developments and the Kuala Lumpur-Singapore High Speed Rail terminus set for Jurong East”, 11 May 2015

⁵ Business Times “Volatility in oil prices won't derail Singapore's LNG ambition”, 2 January 2015

Corporate Structure

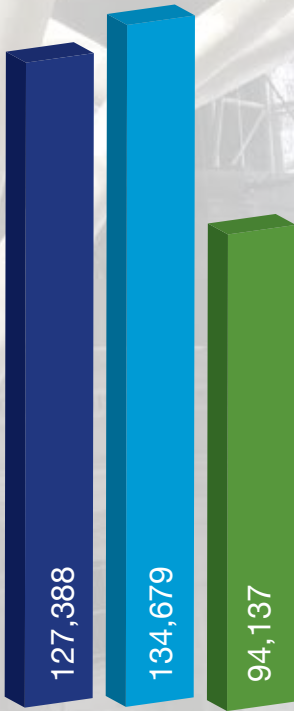
T T J Holdings Limited



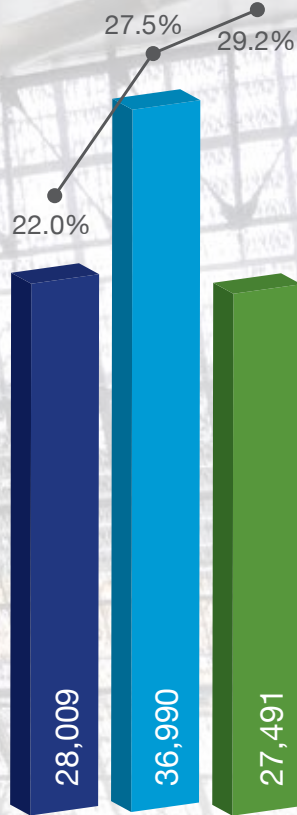
* The Group also has a Representative Office in Vietnam via our wholly owned subsidiary T T J Design and Engineering Pte Ltd

Financial Highlights at a Glance

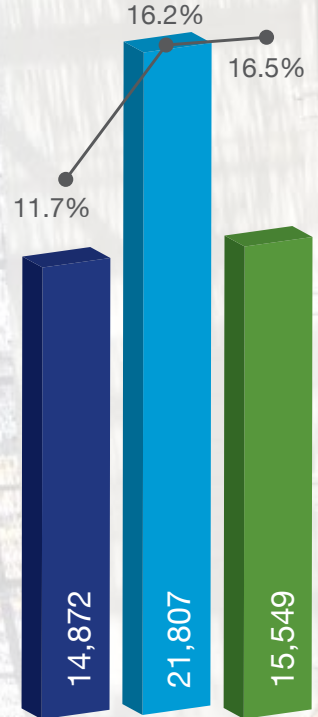
Revenue (\$'000)



Gross Profit (\$'000) and Margin (%)

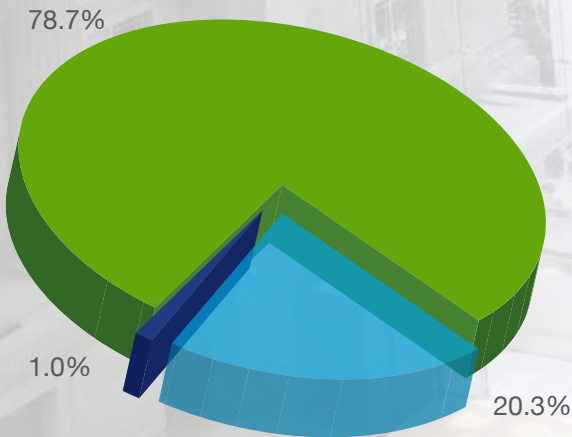


Net Profit (\$'000) and Margin (%)



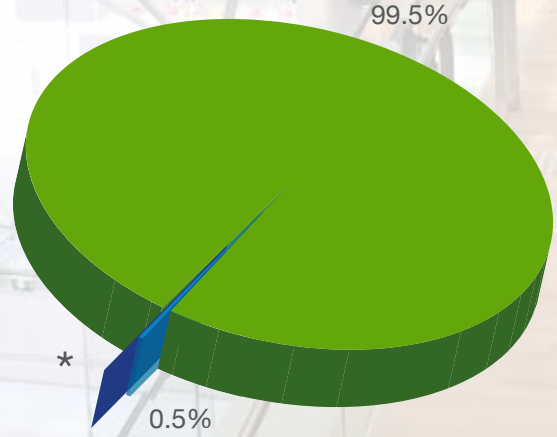
FY2013 FY2014 FY2015

FY2015 Revenue by Business Segment (%)



Structural Steel
Dormitory
Other

FY2015 Revenue by Geographical Market (%)



Singapore
Malaysia
India * (less than 0.1%)

Operating & Financial Review



FY2015 in Review

Income Statement: Profitable Bottomline Amid Keen Competition

The Group delivered a revenue of \$94.1 million for the 12 months ended 31 July 2015 (“FY2015”) compared to \$134.7 million for the 12 months ended 31 July 2014 (“FY2014”), representing a year-on-year decrease of 30%.

FY2015, the Group recorded lower sales in its Structural Steel business, which declined 36% to \$74.1 million, resulting from lesser work completed for on-going projects and fewer large-scale projects completed relative to FY2014. This was offset by better rental rates from its Dormitory business, which posted a 6% rise in revenue to \$19.1 million in FY2015.

Similarly, the Group’s gross profit, which narrowed 26% to \$27.5 million in FY2015 compared to \$37.0 million in FY2014, was due chiefly to the slowdown in its Structural Steel business. This was again offset by the increase in revenue from its Dormitory business. In terms of profitability, T T J improved its gross profit margin by 1.7 percentage points to 29.2% in FY2015 from 27.5% in FY2014, supported by the positive rental reversion at its dormitory.

Other gains decreased 40% to \$1.2 million in FY2015 from \$2.0 million in FY2014 due mainly to lower sales

of scrap materials. The Group wrote off \$2.2 million in inventory and incurred foreign exchange losses of \$0.7 million, which contributed to a 10-fold increase in its other losses to \$3.0 million in FY2015 from \$0.3 million in FY2014.

In contrast, T T J’s administrative expenses decreased 37% to \$7.7 million in FY2015 from \$12.2 million in FY2014.

As a result of these factors, the Group reported a profit before tax of \$18.5 million in FY2015 compared to \$26.6 million in FY2014.

Financial Position and Cash Flows: Healthy and Strong

For the period under review, the Group maintained its healthy financial position with total assets climbing 2% to \$151.6 million in FY2015 from \$148.0 million in FY2014. This was due mainly to an increase in cash and cash equivalents, which compensated for a decrease in trade and other receivables, inventories and non-current assets.

The decrease in non-current assets in FY2015 was attributable to a decrease in investment property resulting from depreciation; a decrease in property, plant and equipment brought about by depreciation and foreign exchange adjustments; and a decrease in other investments as a result of a disposal of its quoted investments and gold certificates.

Operating & Financial Review

On the back of a decrease in trade and other payables and income tax payables, the Group's total liabilities stood at \$22.9 million as at 31 July 2015, down 22% from \$29.2 million a year ago.

Shareholders' equity of the Group improved 8% year-on-year to \$128.7 million as at 31 July 2015 mainly due to an increase in the Group's retained earnings.

The Group ended FY2015 in a healthy cash position with net cash flows from operating activities increasing marginally to \$30.9 million in FY2015 from \$29.5 million in FY2014. At the same time, the Group's also saw its net cash flows from investing activities amount to \$1.0 million contributed mainly by proceeds from the disposal of other financial assets. This was a reverse from a net cash outflow of \$2.8 million in FY2014. Net cash flows used in financing activities amounted to \$5.6 million in FY2015 compared to \$10.4 million in FY2014. The higher cash flow used in financing activities in FY2014 was mainly due to the repayment of bank borrowings.

Notwithstanding this, the Group's cash and cash equivalents amounted to a strong \$84.1 million as at 31 July 2015, representing an increase of \$26.3 million from \$57.8 million the year before.

Per Share Data

Based on a weighted average number of ordinary shares in issue of 349,568,000 in FY2015, T T J posted an Earnings Per Share ("EPS") of 4.45 cents compared to an EPS of 6.23 cents in FY2014, while Net Asset Value per share rose to 36.82 cents as at 31 July 2015 from 33.94 cents a year ago.

The Board has recommended a first and final dividend of 8.0 cents per share in FY2015 compared to 1.4 cents per share in FY2014.



Mediapolis @ one-north

Segment Review

Revenue by Business Segment

The Group's Structural Steel business and Dormitory business accounted for 78.7% and 20.3%, or \$74.1 million and \$19.1 million, of FY2015 revenue respectively. The remaining 1.0%, or \$0.9 million was derived from the Group's other business segment comprising mainly its training centre in India.

During the reporting period, T T J's Structural Steel business delivered key projects for Tanjong Pagar Centre; Mediapolis @ one-North; Yishun Community Hospital; Tuas West MRT Extension Depot; DUO and MRT Downtown Lines 2 and 3.

Meanwhile, its Dormitory business saw a marginal increase in rental in FY2015 that improved the Group's segment revenue and profitability.

Revenue by Geographical Market

The Group derived a revenue of \$93.7 million from Singapore, representing 99.5% of its FY2015 revenue. The bulk of the remaining 0.5% of its revenue was derived from Malaysia, while a marginal sum was derived from India.

Key Projects: Ongoing and in the Pipeline

As at 15 October 2015, the Group maintains a healthy order book of \$130 million which it expects to deliver between FY2016 and FY2017.

| Ongoing Projects | Type |
|----------------------------------|-----------------------------|
| Tanjong Pagar Centre | Building |
| DUO | Building |
| Changi Airport Terminals 1 and 2 | Fixed Gangways |
| Tampines Town Hub | Building |
| Projects on Jurong Island | Piperacks and Building |
| LNG project at Pengerang, Johor | Piperacks and Building |
| Thomson Line MRT | Civil defence shelter doors |

Board of Directors



▲ Left to right: Lim Yian Poh, Leong Yee Yew, Ling Chien Yien, Teo Hock Chwee, Chiong Su Been

Teo Hock Chwee Chairman and Managing Director

Mr Teo, founder of the Group, has over 45 years of working experience of which almost 41 years were directly spent in the structural steelworks industry. As Chairman and Managing Director of the Group, Mr Teo is responsible for its overall business strategy and the management of its dormitory business. At only 20 years of age, he formed a partnership trading under the name of Teo Contractor to engage in steel fabrication works and gained valuable hands-on experience. In 1981, he started T T J Design and Engineering Pte Ltd and began to engage in large scale structural steelworks projects. Through his leadership over the last 34 years, the Group has grown into a leading steel fabricator and a Class S1 Steel Fabricator accredited by the Singapore Structural Steel Society.

Chiong Su Been Executive Director and Chief Financial Officer

Ms Chiong joined the Group in 2005 bringing with her vast experience in accounting and finance. She is responsible for the full spectrum of financial and taxation functions in the Group and played an instrumental role in its initial public offering in 2010. Prior to joining the Group, she was with Barang Barang Pte Ltd as Finance Manager from 2004 to 2005. From 2000 to 2003, she was a Senior Accountant with Liang Huat Aluminium Limited. Ms Chiong is a Fellow Member of the Association of Chartered Certified Accountants and a Provisional Member of the Institute of Singapore Chartered Accountants.

Lim Yian Poh Lead Independent Director

Mr Lim joined the Board in 1996 as an Independent Director. He has more than 20 years of experience in the banking and finance industry, having worked in major international banks including Citibank, Banque Nationale de Paris (now known as BNP Paribas) and Arab Banking Corporation, where he held regional responsibilities. He possesses a wealth of experience and an extensive network of contacts both in Singapore and the region. In 1993, he left as General Manager of Arab Banking Corporation, Singapore Branch to set up Yian Poh Associates, a financial consultancy and investment firm. Currently, he sits on the board

of CASA Holdings Limited and Zicom Group Limited, a company listed on the Australian Stock Exchange. He has been an honorary Commercial Advisor to the Administrative Committee of Jiaxing Economic Development Zone, China since 2000. He was appointed as a member of the advisory committee to the Singapore Food Manufacturers' Association in 2009. He obtained his Bachelor of Science Degree from Nanyang University in 1969 and his Master of Science Degree from the University of Hull, England in 1972.

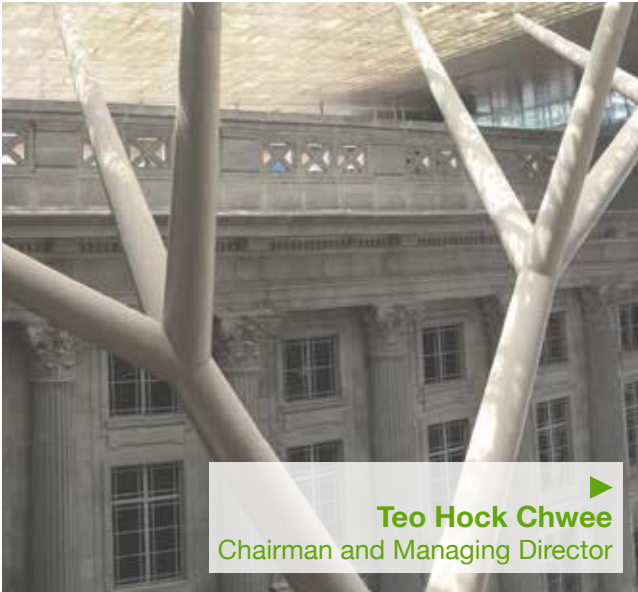
Ling Chien Yien Independent Director

Mr Ling joined the Board in 1996 as an Independent Director. He has more than 25 years of mechanical engineering and project management expertise in both public and private sectors. During his career, Mr Ling has worked for organisations that included Public Works Department of Singapore, Guthrie Engineering (S) Pte Ltd, ACE Equipment (S) Pte Ltd and a Singapore consortium company, Mainland Investors (Singapore) Pte Ltd from 1970 to 1995. Mr Ling, who holds a Bachelor of Engineering from University of New South Wales, has been retired since 1996.

Leong Yee Yew Independent Director

Mr Leong joined the Board in 2010 as an Independent Director. He has more than 17 years of experience in auditing gained from PricewaterhouseCoopers, formerly known as Coopers & Lybrand, in Singapore and London; and Patrick Tay & Co. He was with Marina Centre Holdings Pte. Ltd., a subsidiary of Singapore Land Limited, and was its Company Secretary and Financial Controller until March 2005 when he reached the compulsory retirement age. Mr Leong currently sits on the Board of Zicom Group Limited, a company listed on the Australian Stock Exchange. He is co-opted a Member of the Board of Directors of the Children's Charities Association in 2008, was elected the Honorary Treasurer in 2015 and prior to which, he was the Honorary Treasurer from 2008 to 2011. He holds a Master of Business Administration from the Strathclyde Business School and is a Fellow Member of The Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants.

Management Team



Teo Hock Chwee
Chairman and Managing Director



Chiong Su Been
Executive Director and Chief Financial Officer



Elavarasu Somasundaram
Chief Operating Officer

Mr Somasundaram, who was promoted to Chief Operating Officer in January 2015, is responsible for the overall operation department, project management and the business development of the Group. He joined the Group in 1992 and has, to date, 23 years of working experience with the Group, out of which 15 years were spent in project management. Prior to joining the Group, he was with TTG Industries Ltd. in India as a Quality Control Engineer from 1990 to 1992, and was a Technical Assistant cum Lecturer with Annamalai University from 1988 to 1990. He graduated with a Bachelor Degree in Mechanical Engineering from Annamalai University, India in 1988.



Corporate Social Responsibility



Bowling Competition 2015

Striving to always be a fair and accountable corporate citizen, T T J has put in place a rigorous directive encompassing our Corporate Social Responsibility. Internally, we are constantly raising the bar to achieve better results, and this is balanced by our firm commitment to the diverse interests of our shareholders, employees, customers and the community.

Commitment to Shareholders

Investor Relations (IR)

We adhere closely to compliance rules while providing transparent, relevant and up-to-date information to our shareholders and the larger investing community to better understand our business. We are able to achieve this through our IR section on our corporate website, with our financial and operational information including latest announcements, press releases, corporate material and a dedicated IR contact email address – ir@ttj.com.sg. We make it a point to address queries channelled to this email from shareholders in a timely manner.

Our Board of Directors and Management Team are always present at our Annual General Meeting to interact with shareholders and communicate the Group's directions as well as clarify their queries. Further, we hold half-yearly meetings with analysts and institutional investors, which are chaired by our Chairman and Managing Director as well as our Chief Financial Officer, to better engage the investment community. In addition, to these official events, our Management Team also meets investors on a one-on-one basis upon request.

Commitment to Employees

Our employees are important resources that enable our Group to set itself apart from the competition. As such we see value in boosting their knowledge base and capabilities as well as providing a safe and enriching working environment for them to achieve their fullest potential.

Health & Safety

Our bizSAFE STAR certification is testament to our strict internal safety protocols and our stellar workplace health and safety track record. We are able to provide a safe working environment for our employees by mandating an in-house safety orientation and introductory training programme for all new employees. Selected existing employees are also periodically sent for specialised safety training courses to learn and then train other employees. We also conduct situational planning drills for all our employees to familiarise themselves with our standard operating procedures and to put our safety procedures to test.

Training

From an operational standpoint, we regularly send our employees for training with the aim to increase their workplace productivity, effectiveness and broaden their skill sets. While this may increase the economic value of our employee and lower our operational costs in the long-run, we also engage our employees holistically by charting career progression paths through leadership training programmes.

Welfare

We recognise that having a welfare programme in place boosts employee morale and offers situations for our employees to foster stronger relationships with

Corporate Social Responsibility

one another. This year, we brought our employees to Bintan Lagoon where the team participated in team bonding activities and enjoyed a well-deserved and refreshing break. Rounding off the year in style, our Christmas celebrations involved singing competition and performances from each department.

To encourage a more active and healthier lifestyle, we regularly engage our employees to participate actively on sports and outdoors event. In FY2015 our employees organised a bowling competition and participated at “The New Paper Big Walk 2014”. We also introduced a fortnightly fruit distribution programme where employees are treated to a range of fresh fruits as part of our corporate campaign to promote healthy living.



Bigwalk 2014

Commitment to Customers

Striving to go beyond just meeting our customers' requirements, we treat every project as a showcase of T T J's competence and innovation. We are willing to go the extra mile on all our projects as we know that in the long-run, it will lead to better business and greater industry recognition for the Group. Our clients will also have the confidence to repeat their orders with us and refer other projects to us.

Our proven track record of delivering high quality, safe and efficient works spans over 30 years. As testament to our Group's standing in the industry, T T J has repeatedly been awarded contracts for the tightly controlled oil and gas, marine, petrochemical and power industries and for the airports and MRT lines. These are jobs which require utmost attention to safety and the highest quality of work.

T T J has also delivered numerous award winning and iconic works. In the past, we were awarded the Merit Award (Community or Residential Structures) by the Singapore Structural Steel Society (“SSSS”) for our Dawson Sky Bridges project. Moreover, we have also been presented the SSSS Steel Design Award for our Henderson Waves and The Helix projects, both of which also made it to Forbes list of “The World's most Incredible Bridges”. In addition, we have also worked on a variety of complex and iconic projects including the SuperTree and OCBC Skyway at Gardens by the

Bay; tree-like structures at the National Art Gallery and the world's heaviest skybridge for Pinnacle@Duxton.

To improve quality standards and improve traceability of our steel products, the Group has put in place adequate processes for tracking and verification of steel products and ensured that all our steel products are certified and approved by the BCA.

Commitment to Community

To give back to the community, T T J has inculcated a culture of compassion, volunteerism and leadership within the Group.

This year, the T T J family visited the elderly at St. John's Home twice to celebrate Chinese New Year and the Dumpling Festival with them. T T J staff volunteered their time to bond and care for the residents of the home. In an ongoing effort to give back to society, we also sponsored the children from low-income families to the Trick Eye Museum and S.E.A. Aquarium in November 2014.



Outing with Children - Trick Eye Museum & SEA Aquarium

We also participated in the Plant-A-Tree Programme at Pulau Ubin organised by National Parks Board on 01 April 2015 this year. The team spent a day planting 50 trees to commemorate Singapore's Jubilee celebrations (SG50) and also marked T T J being listed on the SGX mainboard for the 5th year.

At our dormitory, Terusan Lodge I, we house approximately 5,300 foreign construction workers. We realise the need to be well-prepared and trained for emergencies which we pay particular attention to implementing sufficient safety measures including conducting an annual fire drill to ensure a secure and safe environment for every employee and resident at our dormitory.

T T J has also continued our tradition of integrating the foreign workers into our culture and making them feel at home by celebrating local festivities such as Chinese New Year, Deepavali and Christmas with them. The annual May Day Celebration is the highlight of every year where we engaged professional event organiser and overseas artists to perform for our residents as well as the workers residing nearby.

Corporate Information



Mediapolis @ one-north

Board of Directors

Teo Hock Chwee (Chairman and Managing Director)
Chiong Su Been (Executive Director and Chief Financial Officer)
Lim Yian Poh (Lead Independent Director)
Ling Chien Yien (Independent Director)
Leong Yee Yew (Independent Director)

Audit Committee

Lim Yian Poh (Chairman)
Ling Chien Yien
Leong Yee Yew

Remuneration Committee

Leong Yee Yew (Chairman)
Lim Yian Poh
Ling Chien Yien

Nominating Committee

Ling Chien Yien (Chairman)
Lim Yian Poh
Leong Yee Yew
Teo Hock Chwee

Company Secretaries

Tan Swee Gek, LLB (Hons)
Lim Kok Meng, LLB (Hons)

Auditors

RSM Chio Lim LLP
8 Wilkie Road, #04-08, Wilkie Edge
Singapore 228095
Partner-in-charge: Lam Chien Ju
Effective from year ended 31 July 2015

Share Registrar

B.A.C.S. Private Limited
8 Robinson Road
#03-00, ASO Building
Singapore 048544

Registered Office

57 Pioneer Road
Singapore 628508

Corporate Website

www.ttj.com.sg

Company Registration Number

199204617M

Corporate Governance

The Board of Directors and Management are committed to maintaining a high standard of corporate governance by complying with the principles and guidelines of the revised Code of Governance 2012 (the “Code”) issued by the Corporate Governance Committee.

Good corporate governance is integral to a sound corporation as it promotes corporate transparency and protects and enhances shareholders’ interest. This statement outlines the main corporate governance practices and processes that were in place since the financial year beginning on 1 August 2014 and ended on 31 July 2015 (“FY2015”) and provides the rationale for areas where the Company has deviated from the Code.

(A) BOARD MATTERS

Board’s Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

In FY2015, the Board of Directors (the “Board”) comprised two (2) Executive Directors and three (3) Independent Directors, all possessing the right core competencies and diversity of experience which enabled them to effectively contribute to the Group. As at the date of this Annual Report, the Board comprises the following members:

Mr Teo Hock Chwee (Chairman and Managing Director)
Ms Chiong Su Been (Executive Director and Chief Financial Officer)
Mr Lim Yian Poh (Lead Independent Director)
Mr Ling Chien Yien (Independent Director)
Mr Leong Yee Yew (Independent Director)

The Board’s role is to:

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- (b) establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders’ interests and the company’s assets;
- (c) review management performance;
- (d) identify the key stakeholder groups and recognise that their perceptions affect the Group’s reputation;
- (e) set the Group’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Board Processes

To assist in the execution of its responsibilities, the Board has established a number of Board Committees including a Nominating Committee, a Remuneration Committee and an Audit Committee. The effectiveness of each committee is constantly monitored. The Board has also established a framework for the management of the Group including a system of internal control.

Corporate Governance

The Board currently holds four (4) scheduled meetings each year. It also holds additional meetings at such other times as may be necessary to address any specific significant matters that may arise. The agenda for meetings is prepared in consultation with the Group's Chairman and Managing Director ("MD"). Standing items include the management report, financial reports, strategic matters, governance, business risk issues and compliance. Executive Officers may, from time to time, be invited to attend Board meetings to provide updates on operational matters.

The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

Board and Board Committee Meetings held in FY2015

For FY2015, the Board held four (4) meetings and the attendance of each Director at the Board and Board Committee meetings is as follows:

| Name | Board | | Audit Committee | | Nominating Committee | | Remuneration Committee | |
|--|----------------------|--------------------------|----------------------|--------------------------|----------------------|--------------------------|------------------------|--------------------------|
| | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended |
| Teo Hock Chwee (Chairman and Managing Director) | 4 | 4 | 4 ⁽¹⁾ | 4 ⁽¹⁾ | 1 | 1 | 1 ⁽¹⁾ | 1 ⁽¹⁾ |
| Chiong Su Been (Executive Director and Chief Financial Officer) | 4 | 4 | 4 ⁽¹⁾ | 4 ⁽¹⁾ | 1 ⁽¹⁾ | 1 ⁽¹⁾ | 1 ⁽¹⁾ | 1 ⁽¹⁾ |
| Lim Yian Poh (Lead Independent Director) | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Ling Chien Yien (Independent Director) | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Leong Yee Yew (Independent Director) | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |

Note:

⁽¹⁾ Attendance by invitation.

Matters Requiring Board Approval

The Company has prepared a document with guidelines setting forth the matters reserved for the Board's decision and clear directions to Management on matters that must be approved by the Board. The document specifies that the Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends.

On 30 November 2011, the shareholders of the Company approved the Group's diversification into the business of property development, property investment and property management (the "Property Business"). Before undertaking any project as part of the Property Business, Management will prepare a proposal containing a cost-benefit analysis, credentials of the prospective joint venture partners, the proposed structure of the joint venture (including management and operational rights and obligations) and the funding needs of the project concerned before forwarding the same to the Board for review. The

Corporate Governance

Board will review the proposal and, if required, seek the advice of reputable property consultants and/or other external consultants and experts. The Group will undertake the project only if it is approved by the Board. In addition, the Board, which reviews the risk exposure of the Group for all its businesses at regular intervals, will additionally review the risk exposure of the Property Business at more frequent intervals of no less than 6 months.

All other matters are delegated to Board Committees whose actions are reported to and monitored by the Board. The Board does not abdicate its responsibility for such delegations of authority.

Training of Directors

Directors receive comprehensive and tailored induction on joining the Board including their duties as Directors and how to discharge those duties. Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings; and they also have the opportunity to visit the Group's operational facilities and meet with Management to gain a better understanding of business operations.

The Company does not have a formal training program for new Directors. However, to assist the Board in discharging its duties, newly appointed Directors will be briefed on the business operations and regulatory issues relating to the Group to ensure that they are familiar with the Group's business and governance practices and be provided with a formal letter setting out the Director's duties and obligations. Directors are also informed of regulatory changes affecting the Group. In addition, the Board encourages its members to participate in seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company understands that some of the Independent Directors have participated in seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company will also share its industry-specific knowledge with Directors as appropriate and may hire professionals to provide training for first-time Directors in areas such as accounting and legal rights and responsibilities as appropriate.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Annual Report, the Board comprises five (5) Directors of which three (3) are Independent Directors. The three (3) Independent Directors are Mr Lim Yian Poh, Mr Ling Chien Yien and Mr Leong Yee Yew. The criterion of independence is based on the definition given in the Code. The Board and the Nominating Committee (hereinafter referred to as "NC") consider a Director to be "independent" if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of that Directors' independent business judgement with a view to the best interests of the Company. The Board and the NC are of the opinion that the Independent Directors satisfy these criteria. The NC is of the opinion that the Independent Directors are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement as at the date of this Annual Report, there are no Independent Directors of the Company who sit on the board of any of the Company's principal subsidiaries.

Mr Lim Yian Poh and Mr Ling Chien Yien have served on the Board since 1996 and their independence has been subject to particularly rigorous review. The Board notes that Mr Lim Yian Poh and Mr Ling Chien Yien should be considered independent because they have been active during Board discussions and have on many occasions voiced strong opinions which have differed from Management's view and were able to convince Management to accept their recommendation. Furthermore, Mr Lim Yian Poh and Mr Ling Chien Yien have a wealth of experience from which the Management is happy to tap on (please refer to page 8 of this Annual Report for a more detailed write-up on the extensive experience and wealth of

Corporate Governance

knowledge of Mr Lim Yian Poh and Mr Ling Chien Yien which the Group continues to leverage on) and they or their immediate family members have no business relationship at all with any of the other directors and they do not hold any shares in the Company. As such, the Board has established that both directors remain independent in character and judgement and there were no relationships with Management or substantial shareholders or circumstances which were likely to affect, or could appear to affect, their independence. The Board is therefore satisfied with their performance and continued independence. Furthermore, the Board holds the view that continuity and stability of the Board is also important and the aforesaid Directors, through their years of involvement with the Company, have gained valuable insight and understanding of the Company and together with their diverse experience and expertise, have contributed and will continue to contribute effectively as Independent Directors by providing educated, impartial and autonomous views at all times. The Board nevertheless will on a continual basis, review the need for progressive refreshing of its Board.

The composition of the Board is determined in accordance with the following principles:

- The Board and its Board Committees should comprise a sufficient number of Directors to fulfill its responsibilities and who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. They also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified);
- The Board should comprise a majority of Non-executive Directors, with at least half of the Board made up of Independent Non-executive Directors; and
- The Board should have enough Directors to serve on various committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities.

With three (3) out of five (5) Directors deemed to be independent, the Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues. Furthermore, the Board will be able to interact and work with the management team through a robust exchange of ideas and views to help shape the Group's strategic direction.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position.

Independent members of the Board exercise no management functions in the Company or any of its subsidiaries. Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in reviewing and monitoring the performance of executive management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Board considers its Non-executive and Independent Directors to be of sufficient calibre and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The Independent Directors have no financial or contractual interests in the Group other than by way of their fees as set out in the Statement by Directors.

The Board is of the view that its current composition of five (5) Directors is appropriate taking into account the scope and nature of the operations of the Company and of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

Corporate Governance

Other key information on the individual Directors of the Company is set out in page 8 of this Annual Report. Their shareholdings in the Company are also disclosed in the Statement by Directors. None of the Directors hold shares in the subsidiary of the Company.

Chairman and MD

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Group's Chairman and MD, Mr Teo Hock Chwee, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision.

The Chairman's role is to:

- (a) lead the Board to ensure its effectiveness on all aspects of its role;
- (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promote a culture of openness and debate at the Board;
- (d) ensure that the Directors receive complete, adequate and timely information;
- (e) ensure effective communication with shareholders;
- (f) encourage constructive relations within the Board and between the Board and Management;
- (g) facilitate the effective contribution of Independent and Non-executive Directors in particular; and
- (h) promote high standards of corporate governance.

The responsibilities set out above provide guidance and should not be taken as a comprehensive list of all the duties and responsibilities of a Chairman.

The Board has not appointed any Non-executive Chairman at this point. In view of the key position played by the Group's Chairman and MD, the Board has appointed Mr Lim Yian Poh as the Lead Independent Director to ensure that a channel of communication is always available to shareholders where they have concerns and where contact through normal channels of the Group's Chairman and MD or the Chief Financial Officer ("CFO") has failed to resolve the concerns. The appointment of the Lead Independent Director is in line with the Board's policy of adopting a high standard of corporate governance in accordance with the guidelines in the Code which recommends that a Lead Independent Director be appointed *inter alia* when the Chairman and MD is the same person.

The Lead Independent Director's role includes, *inter alia*, leading the Independent Directors in meeting periodically without the presence of the other Executive Directors, and to provide any feedback to the Chairman after such meetings.

All major decisions like substantial acquisitions, material contracts, acquisitions of banking facilities made by Chairman and MD are under the purview of review by the Audit Committee. His performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package will be reviewed periodically by the Remuneration Committee. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Corporate Governance

The Board has no dissenting view on the Group's Chairman and MD's statement for the year under review.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises Mr Ling Chien Yien as the Chairman and Mr Lim Yian Poh, Mr Leong Yee Yew and Mr Teo Hock Chwee as members. Except for Mr Teo Hock Chwee, the Chairman and the other two (2) members of NC are all independent. The NC considers that the appointment of Mr Teo as a member is necessary in view of his close knowledge of the operation team members especially in the case of appointing Executive Officers, and his appointment will not compromise the independence of the NC.

The Board has approved the written terms of reference of the NC. The NC performs the following functions:

- (a) To make recommendations to the Board on the appointment of new Executive and Non-executive Directors, including making recommendations on the composition and progressive renewal of the Board and review each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, whether he/she remains independent in the case of the Independent Directors and the balance between Executive and Non-executive Directors appointed to the Board.
- (b) To regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
- (c) To determine the process for search, nomination, selection and appointment of new Board members and be responsible for assessing the requisite qualifications and fulfilment of being independent of the nominees or candidates for appointment or election to the Board.
- (d) To make plans for succession, in particular for the Chairman and MD.
- (e) To determine, on an annual basis, and as and when circumstances require, if a Director is independent. If the NC determines that a Director, who has one (1) or more of the relationships mentioned under the Code is in fact independent, the Company should disclose in full, the nature of the Director's relationship and provide its views to the Board for the Board's consideration. The NC may at its discretion determine a Director as non-independent even if he has no business or other relationships with the Company, its related companies or its officers and should similarly provide its views to the Board for the Board's consideration.
- (f) To make recommendations to the Board for the continuation (or not) in services of any Director who has reached the age of seventy (70) years, where appropriate.
- (g) To recommend Directors who are retiring by rotation to be put forward for re-election.
- (h) To decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations taking into consideration the Director's number of listed company board representations and other principal commitments.
- (i) To be responsible for assessing the effectiveness of the Board as a whole and for assessing the effective contribution and commitment of each individual Director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the Chairman and the assessment shall be disclosed annually.
- (j) To review of training and professional development programs for the Board.

Corporate Governance

In the event there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC will review the change to be implemented and make recommendations to the Board accordingly. For the new appointment of Directors, the NC will, in consultation with the Board, examine the existing Board's strength, capabilities and the existing Directors' contribution of skills, knowledge and experience to the Group and the Board. The NC will take into account the future needs of the Group and together with the Board, it will seek candidates who are able to contribute to the Group. The NC will attempt to seek candidates widely and beyond persons directly known to the existing Directors and recommend suitable candidates to the Board and if such candidates are appointed, announcements relating to their appointment shall be released via SGXNET. In the event of cessation of appointment of any director or executive officer, the NC will conduct exit interviews with such director or executive officer, as the case may be, and announcements relating to such cessation will also be released via SGXNET.

The NC has in place internal guidelines to address the conflict of competing time commitments of Directors serving on multiple boards. If a Director is on the board of other companies, the NC shall consider whether he/she has been able to devote adequate time and attention to the affairs of the Group. In the event there are sufficient grounds for complaint, the Chairman of the Board will on the advice of the NC, discuss, and if necessary, advise the Director concerned of the issues and the consequences of failure to rectify the situation within the period required.

The current board members generally have not more than three directorships in other listed companies, which, in the opinion of the NC, means that they have sufficient energy and time to focus on the affairs of the Group. As such, the NC has currently not set a limit on the number of directors' directorships in other listed companies. The NC will however not rule out the requirement to set limits subsequently on its directors' directorships in other listed companies should subsequent situations warrant such action. After conducting reviews, the NC is satisfied that currently the Directors have been able to devote adequate time and attention to the affairs of the Group and that they are able to satisfy their duties as directors to the Company.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. The Company's Articles and Association provides that one third of the Board or the number nearest to one third is to retire by rotation at every Annual General Meeting ("AGM"). In addition, the Company's Articles of Association also provides that newly appointed Directors are required to submit themselves for re-nomination and re-election at the next AGM of the Company.

The dates of the appointment and last re-election of each Director as at the date of this Annual Report as well as their directorships in listed companies are set out below:

| Name of Director | Date of Appointment | Date of Last Re-election | Directorship in Listed Company | |
|------------------------------|---------------------|-------------------------------|--|------------------------|
| | | | Present | Past Preceding 3 years |
| Teo Hock Chwee | 28 August 1992 | Not applicable ⁽¹⁾ | T T J Holdings Limited | Nil |
| Chiong Su Been | 7 April 2008 | 28 November 2014 | T T J Holdings Limited | Nil |
| Lim Yian Poh ⁽²⁾ | 5 July 1996 | 30 November 2012 | T T J Holdings Limited Zicom Group Limited CASA Holdings Limited | Nil |
| Ling Chien Yien | 5 July 1996 | 29 November 2013 | T T J Holdings Limited | Nil |
| Leong Yee Yew ⁽³⁾ | 11 January 2010 | 28 November 2014 | T T J Holdings Limited Zicom Group Limited | Nil |

Corporate Governance

Notes:

- (1) In accordance with the Company's Articles of Association, the Group's Chairman and MD, Mr Teo Hock Chwee, is not subject to retirement by rotation while he is the Managing Director of the Company and continues to hold that position, and he shall not be taken into account in determining the rotation of retirement of Directors.
- (2) Mr Lim Yian Poh was last re-elected on 30 November 2012, therefore in accordance with the Company's Articles of Association, he will be subject to re-election at this forthcoming AGM.
- (3) Mr Leong Yee Yew, having reached 70 years of age, will therefore in accordance with section 153(6) of the Companies Act (Cap. 50) of Singapore, be subject to re-election at this forthcoming AGM.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by the directors to the effectiveness of the Board.

The NC has established a process for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board. The performance criteria which have been approved by the Board for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities. In its assessment, the NC takes into consideration the frequency of the Board meetings, Board independence, the rate at which issues raised are adequately dealt with, the effectiveness of the Board Committees, and reports from the various committees. Given the relatively small size of the Board, the Board and the NC are of the opinion that there is no need at present to conduct a separate formal assessment of the Board Committees other than the assessments being carried out in respect of individual Directors and the Board.

The Board and the NC evaluate individual Directors on whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for board and committee meetings, and any other duties) and have endeavoured to ensure that Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-considered decisions. The NC also considers whether the Director has a reasonable understanding of the Company's business and the industry, the Director's working relationship with the other members of the Board, as well as feedback from other Directors.

With respect to FY2015 and after due evaluation, the NC considered the performance of each individual Director and the Board to be satisfactory. For avoidance of doubt, each member of the NC abstains from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

Access to Information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors receive a regular supply of complete, adequate information in a timely manner from Management about the Group and are entitled to request from Management and should be provided with such additional information as needed to make informed decisions so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from Management on financial, business and corporate issues to enable Directors to be properly briefed on issues to be considered at Board meetings. Information provided includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements, including explanations for any material variance between projections and actual results.

All Directors have unrestricted access to the Group's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties.

Corporate Governance

Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

All Directors have separate and independent access to the Company Secretary. The Company Secretary administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Articles of Association and relevant rules and regulations, including requirements of the Companies Act and the Singapore Exchange Securities Trading Limited ("SGX-ST") are complied with. The Company Secretary ensures that good information flows within the Board and its Board Committees and between Management and Non-executive Directors, advises the Board on all governance matters, as well as facilitates orientation and assists with professional development as required.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties the cost of such professional advice will be borne by the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee (hereinafter referred to as "RC") comprises Independent Directors, Mr Leong Yee Yew as the Chairman, and Mr Lim Yian Poh and Mr Ling Chien Yien as members.

The Board has approved the written terms of reference of the RC. The RC performs the following functions:

- (a) To review and recommend to the Board, a general framework of remuneration and to determine the specific remuneration packages and terms of employment for:
 - each Director;
 - the Chairman and MD (or executive of equivalent rank);
 - senior management of the Group; and
 - employees related to Directors or, substantial shareholders of the Group.
- (b) Meetings of the RC will be held as the RC deems appropriate. The RC should meet at least once a year and meetings should be organised so that attendance is maximised. Meetings may be called, at any other time, by the Chairman or any member of the RC. Director or Management may be invited to the meetings.
- (c) The Secretary of the RC shall be the Company Secretary for the time being or, such other person as may be nominated by the RC.
- (d) The Company Secretary shall attend all meetings and minute the proceedings thereof.
- (e) Minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all members of the RC.
- (f) If the Chairman of the RC so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided there is no conflict of interest and with the agreement of the Chairman, obtain copies of the minutes of RC meetings.

Corporate Governance

- (g) The notice of each meeting of the RC, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the RC at least three (3) working days prior to the date of the meeting.
- (h) To recommend to the Board, the T T J Employee Share Option Scheme or any other performance bonus schemes which may be set up from time to time and to do all acts necessary in connection therewith.
- (i) To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

As part of its review, the RC shall ensure that:

- (i) all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;
- (ii) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element; and
- (iii) the remuneration package of employees related to Directors or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.
- (iv) existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.
- (v) the Executive Directors' and key management personnel's contracts of service contain fair and reasonable termination clauses which are not overly generous.

If necessary, the RC should seek expert advice inside and/or outside the Company on remuneration of all Directors.

The members of the RC do not participate in any decision concerning their own remuneration.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more for this purpose.

A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Group's remuneration policy is to provide compensation packages appropriate to attract, retain and motivate the Directors and key personnel required to run the Group successfully.

The remuneration of the Chairman and MD, Mr Teo Hock Chwee is based on the terms of the service agreement entered into between Mr Teo Hock Chwee and the Company on 1 May 2008 (as the same may be amended and supplemented by the supplemental letter dated 3 November 2009). The aforesaid service agreement shall continue unless otherwise terminated by either party giving not less than six (6) months' notice in writing to the other.

In determining the remuneration of the Non-executive Directors, the RC ensures that the level of remuneration is appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the Non-executive Directors. The RC ensures that Non-executive Directors

Corporate Governance

are not over-compensated to the extent that their independence may be compromised. The Board will, if necessary, consult experts on the remuneration of Non-executive Directors. The Board will recommend the remuneration of the Non-executive Directors for approval at the AGM.

With regard to the remuneration of other key executives, the RC, together with Management, reviews proposals which are made by the Executive Directors. The remuneration policy for the key management executives takes into consideration the Group's performance, the responsibility and performance of individual key management executives. The latter is measured by goals and objectives set for each key management executive in congruence with the Group's overall goals and objectives. None of the employees in the Company or any of its principal subsidiaries whose remuneration exceed S\$50,000 during the year is a relative of a Director or Substantial Shareholder of the Company or any of its principal subsidiaries. In addition, the Group is of the view that there is no requirement to institute contractual provisions to allow the Group to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss as they owe a fiduciary duty to the Group and the Group should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The total remuneration and detailed breakdown of the remuneration of the top executives of the Group is not disclosed in this Annual Report due to confidentiality and to avoid poaching of the Group's staff. The Group is not disclosing the remuneration of the Executive Directors and the MD to the nearest thousand but in bands of S\$100,000 for similar reasons.

Details of remuneration paid to the Directors and the Group's top two (2) key executives⁽¹⁾ are set out below:

| Remuneration Band and Name | Fees | Salary | Bonus | Others | Total |
|---|------|--------|-------|--------|-------|
| Directors who are paid between S\$1,300,000 to S\$1,400,000 | | | | | |
| Mr Teo Hock Chwee | – | 35% | 64% | 1% | 100% |
| Directors who are paid between S\$200,000 to S\$300,000 | | | | | |
| Ms Chiong Su Been | – | 77% | 12% | 11% | 100% |
| Directors who are paid below S\$100,000 | | | | | |
| Mr Lim Yian Poh ⁽²⁾ | 100% | – | – | – | 100% |
| Mr Ling Chien Yien ⁽³⁾ | 100% | – | – | – | 100% |
| Mr Leong Yee Yew ⁽⁴⁾ | 100% | – | – | – | 100% |
| Key Executives who are paid between S\$200,000 to S\$300,000 | | | | | |
| Mr Hiroshi Utada ⁽⁵⁾ | – | 78% | – | 22% | 100% |
| Mr Elavarasu Somasundaram | – | 78% | 8% | 14% | 100% |

Corporate Governance

Notes:

- (1) The Group only have two key executives in FY2015.
- (2) Mr Lim Yian Poh's total remuneration for FY2015 in the form of Directors' fees amounts to S\$52,500.
- (3) Mr Ling Chien Yien's total remuneration for FY2015 in the form of Directors' fees amounts to S\$47,250.
- (4) Mr Leong Yee Yew's total remuneration for FY2015 in the form of Directors' fees amounts to S\$47,250.
- (5) Mr Hiroshi Utada resigned on 31 August 2015 and is currently serving his notice as at the date of this Annual Report.

(C) ACCOUNTABILITY, AUDIT AND RISK MANAGEMENT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Our Company announces its financial results on a quarterly basis and other information via SGXNET in accordance with the requirement of SGX-ST. The Company aims to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

Management provides all members of the Board with management accounts and such explanation and information on a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Risk Management and Internal Control

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board determines the Group's levels of risk tolerance and risk policies, and oversees the management in the design, implementation and monitoring of the risk management and internal control systems.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board reviews regularly the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls. The Board is of the opinion that the internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

The Board has also received the following assurance from the Group's Chairman and MD and the CFO:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal controls system are effective.

Corporate Governance

The Audit Committee reviews the Group's system of internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management. This ensures that such system is sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational and compliance risks.

Based on the internal controls established and maintained by the Group, work performed by the external auditors as well as the internal auditors and reviews performed by Management, the Board, with the concurrence of the Audit Committee, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems put in place by the management is adequate and effective to address financial, operational and compliance risks of the Group.

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all the significant control policies and procedures and highlight all significant findings to the Directors and the Audit Committee.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises of Non-executive Independent Directors, Mr Lim Yian Poh as the Chairman, and Mr Ling Chien Yien and Mr Leong Yee Yew as members. Mr Lim Yian Poh has financial management experience and Mr Leong Yee Yew has recent and relevant accounting expertise and experience, accordingly, the AC is appropriately qualified to discharge their responsibilities. The AC will assist the Board in discharging their responsibility to safeguard the assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group. The AC will provide a channel of communication between the Board, Management and the external auditors of the Group on matters relating to audit.

The Board has approved the written terms of reference of the AC. Specifically, the AC's duties include the following:

- (a) review the Group's financial and results of operations and accounting policies;
- (b) review the Group's audit plans of the external auditors and the internal auditors, their scope of work and the results of the external auditors' examination and the internal auditors' evaluation of the Group's internal accounting control systems;
- (c) review the Group's annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board for approval;
- (d) review the financial statements of the Company and the Group before the submission to the Board for approval and prior to the Group's announcement of the results at the end of each reporting period;
- (e) review and discuss with external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response;

Corporate Governance

- (f) review the co-operation given by the Group's management and officers to the external auditors;
- (g) undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (h) review and evaluate the Group's administrative, operating and internal accounting controls and procedures;
- (i) review the Group's procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;
- (j) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that may impact negatively on the Group;
- (k) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- (l) review any potential conflicts of interests;
- (m) consider and recommend to the Board on proposals to the shareholders on the appointment and re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors and approving the remuneration and terms of engagement of the external auditors;
- (n) review the appointments of and (on an annual basis) review the remuneration of persons occupying managerial positions who are related to a Director, MD or a substantial shareholder of the Company;
- (o) generally undertake such other functions and duties which may be required by statute or the rules of the SGX-ST Listing Manual, and by such amendments made thereto from time to time;
- (p) ensure that all internal control weaknesses are satisfactorily and properly rectified;
- (q) evaluate the independence of the external auditors;
- (r) review the adequacy and effectiveness of the internal audit function and ensuring that a clear reporting structure is in place between the AC and the internal auditors;
- (s) review the Group's key financial risk areas; the outcome of the aforesaid reviews shall be disclosed in the Company's annual report (or in instances where the findings are material, make appropriate disclosures via SGXNET immediately);
- (t) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's results of operations and/or financial position;
- (u) commission and review the annual internal controls audit until such time the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses; and

Corporate Governance

- (v) review and report to the Board on the Group's system of internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management. This ensures that such system is sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational and compliance risks.

The AC is authorised to investigate any matter within its terms of reference, and has full access to Management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any Executive Director or executive management to attend its meetings.

The AC has reviewed the Group's financial reporting function, internal controls and processes and is satisfied with the adequacy and quality of the same. The AC is satisfied with the adequacy of the Group's accounts and financial reporting resources and the performance of the Group's Finance Department.

The AC has also reviewed the policy and arrangements by which the employees of the Group and any other persons may, in confidence, raise concerns about the possible improprieties in matters of financial reporting or other matters within the Group, with the objectives of ensuring that arrangements are put in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken as and when the need arises. As at the date of this Annual Report, the Group has put in place the Whistle-blowing Policy for this purpose. Copies of the "Whistle Blowing" policy have been circulated to the employees and are also available at the Company's registered office.

The Group's existing auditors, RSM Chio Lim LLP, have been the external auditors of the Group since 19 August 2002 and Ms Lam Chien Ju is the current audit partner in charge effective from year ended 31 July 2015. During FY2015, the aggregate amount of fees paid to the external auditors was S\$175,000 (exclusive of GST) with audit related work carried out by the external auditors amounting to fees of S\$141,000 and non-audit related work carried out by the external auditors amounting to fees of S\$34,000 (exclusive of GST). The AC is satisfied that the external auditors' independence has not been impaired.

The AC also has full access to the external auditors without the presence of Management and is authorised to have full and unrestricted access to Management and all personnel, records, operations, properties and other informational sources of the Group as required or desirable to properly discharge its responsibilities. The AC has full discretion to invite any Director or Executive Officer to its meetings and has the authority to conduct or authorise investigations into any matters within its scope of responsibilities.

Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the AC are of the opinion that a suitable auditing firm has been appointed to meet the Group's auditing obligations. The Company complies with Rules 712 and 715 of the Listing Manual of the SGX-ST.

The AC recommends to the Board the nomination of RSM Chio Lim LLP for re-appointment as external auditors at the forthcoming AGM of the Company.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal auditors' primary line of reporting is to the AC Chairman although the internal auditors would also report administratively to the MD. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

Corporate Governance

The AC also ensures that the internal audit function is adequately resourced and has appropriate standing within the Group.

The internal audit function is staffed with persons with the relevant qualifications and experience and carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Company has outsourced its internal audit function to Paul Wan & Co. Paul Wan & Co. has conducted its internal audit for the Group in FY2015 and reported directly to the Audit Committee on its finding. There were no major internal control weaknesses highlighted by Paul Wan & Co. for the attention of Audit Committee for FY2015. The Audit Committee has reviewed Paul Wan & Co.'s report on internal controls and processes and is satisfied with the adequacy of the same. The Audit Committee will annually assess and ensure the adequacy of the internal audit function.

(D) SHAREHOLDERS

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company facilitates the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders.

Whilst the Company currently does not allow corporations which provide nominee or custodial services to appoint more than two (2) proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies, the Company has allowed such shareholder(s) who hold shares through such corporation to attend its general meetings as observer(s).

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Rules and the Singapore Companies Act, the Board's policy is that shareholders are informed of all major developments that impact the Group. The Company has an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, the Company will be as descriptive, detailed and forthcoming as possible and avoid boilerplate disclosures.

Information is communicated to shareholders on a timely basis through SGXNET and other information channels, including a well-maintained and updated corporate website. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as promptly as possible. The Board has established regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns. Communication is made through:

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the Annual Report includes all relevant information about the Group, including future developments and other disclosures required by the Companies Act and the relevant accounting standards;

Corporate Governance

- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of and explanatory memoranda for AGMs and extraordinary general meetings;
- press and analyst briefings for the Group's half-yearly and annual results as well as other briefings, as appropriate;
- press releases on major developments of the Group;
- disclosures to the SGX-ST; and
- the Group's website at www.ttj.com.sg at which shareholders can access information on the Group. The website provides, inter alia, products information and profile of the Group.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of the shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders have the opportunity to participate effectively in and to vote at general meetings of shareholders to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The Directors regard general meeting of the shareholders as an opportunity to communicate directly with shareholders and encourage greater shareholder participation.

The notice of general meetings of shareholders is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least fourteen (14) days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the general meetings of shareholders. All Directors normally attend general meetings of shareholders. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the meeting to answer those questions relating to the work of these committees. The Company's external auditors will also be present to assist the Directors in addressing queries by shareholders.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and makes these minutes available to shareholders upon their request.

The Company puts all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting to avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

Corporate Governance

(E) DEALING IN SECURITIES

The Company adopts the following policies in relation to dealings in its securities:

- Officers are not to deal in its securities during the period commencing two (2) weeks before the announcement of the Group's quarterly financial statements and one (1) month before the announcement of the Group's financial statements for the full year, and ending on the date of the announcement of the relevant results.
- In addition, the Company reminds its officers to observe the laws on insider trading at all times, even when dealing in its securities within the permitted trading period.
- The Company's internal compliance code requires that its officer should not deal in the Company's securities on short term considerations.

The Board confirms that the Company has complied with Rule 1207(19) of the SGX-ST Listing Rules.

(F) MATERIAL CONTRACTS

Save for the service agreement between the Group's Chairman and MD, Mr Teo Hock Chwee and the Company, there were no other material contracts of the Company or its subsidiary involving the interest of any Director or controlling shareholders subsisting at the end of the reporting year ended 31 July 2015.

(G) INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

The Company has not obtained any general mandate pursuant to Rule 920 of the Listing Manual. There were no interested person transaction was entered into during the financial year under review (excluding transactions less than S\$100,000).

Financial Reports

- 32 Statement by Directors
- 36 Independent Auditors' Report
- 38 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 39 Statements of Financial Position
- 40 Statements of Changes in Equity
- 42 Consolidated Statement of Cash Flows
- 43 Notes to the Financial Statements



Statement by Directors

The directors of the Company are pleased to present the accompanying audited financial statements of the Company and of the Group for the reporting year ended 31 July 2015.

1 Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2 Directors in office at date of report

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

Teo Hock Chwee
Chiong Su Been
Lim Yian Poh
Ling Chien Yien
Leong Yee Yew

3 Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares in or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

| Name of directors and companies in which interests are held | Number of shares of no par value Direct interest | |
|--|---|-----------------------|
| | As at 1 August 2014 | As at 31 July 2015 |
| The Company – T T J Holdings Limited | | |
| Teo Hock Chwee | 157,500,000 | 154,900,000 |
| Chiong Su Been | 1,115,000 | 1,115,000 |

Statement by Directors

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

| Name of directors and companies in which interests are held | Number of shares of no par value Deemed interest | |
|--|---|-----------------------|
| | As at 1 August 2014 | As at 31 July 2015 |

The Company – T T J Holdings Limited

| | | |
|----------------|------------|------------|
| Teo Hock Chwee | 77,000,000 | 80,000,000 |
|----------------|------------|------------|

By virtue of section 7 of the Act, Teo Hock Chwee with interests is deemed to have an interest in the Company and in all the related body corporate of the Company.

The directors' interests as at 21 August 2015 were the same as those at the end of the reporting year.

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

Neither at the end of the reporting year nor at any time during the reporting year did there subsist any arrangements to which the Company is a party, being arrangements whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

5 Share options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

The T T J Employee Share Option Scheme (the "Scheme") for selected directors and full-time employees of the Group was approved by shareholders of the Company at an Extraordinary General Meeting in January 2010.

The Scheme, which forms an integral component of its compensation plan, is designed to reward and retain eligible participants whose services are vital to its well-being and success. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate and also increase the dedication and loyalty of these participants and motivate them to perform better.

Under the rules of the Scheme, selected directors and full-time employees of the Group are eligible to participate in the Scheme. Controlling shareholders or their associates are however not eligible to participate in the Scheme.

The Scheme is administered by the Remuneration Committee whose members are:

Leong Yee Yew (Chairman)
Lim Yian Poh
Ling Chien Yien

Statement by Directors

5 Share options (cont'd)

The number of options to be offered to a participant shall be determined at the discretion of the Remuneration Committee who shall take into account criteria such as the rank and responsibilities with the Group, performance, years of service and potential for future development of the employee, and the performance of the Group. Of the total number of Shares available under the Scheme and the aggregate number of Shares which may be offered to each participant, no participant shall be entitled to more than 10% of the Shares available under the Scheme.

The total number of options to be granted by the Remuneration Committee in any one reporting year shall not exceed 40% of the total number of options which may be granted under the Scheme.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6 Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7 Report of Audit Committee

The members of the Audit Committee at the date of this report are as follows:

| | |
|-----------------|-------------------------------|
| Lim Yian Poh | (Chairman of Audit Committee) |
| Ling Chien Yien | (Independent director) |
| Leong Yee Yew | (Independent director) |

The Audit Committee performs the functions specified by Section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the Audit Committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The Audit Committee has recommended to the Board of Directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next Annual General Meeting of the Company.

Statement by Directors

8 Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the Audit Committee and the board are of the opinion that Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 July 2015.

9 Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 23 September 2015, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

The Board of Directors approved and authorised these financial statements for issue.

On behalf of the directors

Teo Hock Chwee
Director

Chiong Su Been
Director

1 October 2015

Independent Auditors' Report

To the Members of T T J Holdings Limited (Registration No: 199204617M)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of T T J Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 July 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 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 reporting year ended on that date.

Independent Auditors' Report

To the Members of T T J Holdings Limited (Registration No: 199204617M)

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 auditor have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

1 October 2015

Partner in charge of audit: Lam Chien Ju
Effective from year ended 31 July 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 July 2015

| | Notes | Group | |
|---|-------|----------------|----------------|
| | | 2015 \$'000 | 2014 \$'000 |
| Revenue | 5 | 94,137 | 134,679 |
| Cost of sales | | (66,646) | (97,689) |
| Gross profit | | 27,491 | 36,990 |
| Other items of income | | | |
| Interest income | 6 | 597 | 267 |
| Other gains | 7 | 1,186 | 1,978 |
| Other items of expense | | | |
| Administrative expenses | 8 | (7,711) | (12,170) |
| Finance costs | 10 | (35) | (182) |
| Other losses | 7 | (3,028) | (325) |
| Profit before tax from continuing operations | | 18,500 | 26,558 |
| Income tax expense | 11 | (2,951) | (4,751) |
| Profit from continuing operations, net of tax | | 15,549 | 21,807 |
| Other comprehensive (loss) / income: | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translating foreign operations, net of tax | | (626) | 250 |
| Available-for-sale financial assets, net of tax | 24C | 23 | 68 |
| Other comprehensive (loss) / income for the year, net of tax: | | (603) | 318 |
| Total comprehensive income | | 14,946 | 22,125 |
| Profit attributable to owners of the parent, net of tax | | 15,548 | 21,806 |
| Profit attributable to non-controlling interests, net of tax | | 1 | 1 |
| Profit net of tax | | 15,549 | 21,807 |
| Total comprehensive income attributable to owners of the parent | | 14,945 | 22,124 |
| Total comprehensive income attributable to non-controlling interests | | 1 | 1 |
| Total comprehensive income | | 14,946 | 22,125 |
| Earnings per share | | | |
| Earnings per share currency unit | | Cents | Cents |
| Basic and diluted | 13 | 4.45 | 6.23 |

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

Statements of Financial Position

As at 31 July 2015

| | Notes | Group | | Company | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 14 | 19,686 | 21,865 | – | – |
| Investment property | 15 | 3,495 | 5,963 | – | – |
| Investments in subsidiaries | 16 | – | – | 6,440 | 6,440 |
| Other receivables | 17 | – | – | 1,875 | 2,062 |
| Other financial assets | 18 | 833 | 1,866 | 833 | 1,085 |
| Total non-current assets | | 24,014 | 29,694 | 9,148 | 9,587 |
| Current assets | | | | | |
| Inventories | 19 | 3,351 | 5,806 | – | – |
| Trade and other receivables | 20 | 39,595 | 53,975 | 5,064 | 11,774 |
| Other assets | 21 | 550 | 403 | 23 | 28 |
| Cash and cash equivalents | 22 | 84,110 | 58,082 | 23,890 | 12,781 |
| Total current assets | | 127,606 | 118,266 | 28,977 | 24,583 |
| Total assets | | 151,620 | 147,960 | 38,125 | 34,170 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 23 | 22,890 | 22,998 | 22,890 | 22,998 |
| Retained earnings | | 106,792 | 96,137 | 14,028 | 8,913 |
| Other reserves | 24 | (1,000) | (397) | 65 | 76 |
| Equity, attributable to owners of the parent | | 128,682 | 118,738 | 36,983 | 31,987 |
| Non-controlling interests | | 4 | 3 | – | – |
| Total equity | | 128,686 | 118,741 | 36,983 | 31,987 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | 11 | 1,279 | 1,395 | – | – |
| Total non-current liabilities | | 1,279 | 1,395 | – | – |
| Current liabilities | | | | | |
| Income tax payable | | 3,235 | 4,391 | 97 | 2 |
| Trade and other payables | 25 | 17,812 | 21,677 | 1,045 | 2,181 |
| Other financial liabilities | 26 | 166 | 720 | – | – |
| Other liabilities | 27 | 442 | 1,036 | – | – |
| Total current liabilities | | 21,655 | 27,824 | 1,142 | 2,183 |
| Total liabilities | | 22,934 | 29,219 | 1,142 | 2,183 |
| Total equity and liabilities | | 151,620 | 147,960 | 38,125 | 34,170 |

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

Statements of Changes in Equity

Year Ended 31 July 2015

| Group | Total equity \$'000 | Attributable to parent sub-total \$'000 | Share capital \$'000 | Retained earnings \$'000 | Other reserves \$'000 | Non-controlling interests \$'000 |
|--|------------------------|--|-------------------------|-----------------------------|--------------------------|-------------------------------------|
| Current year: | | | | | | |
| Opening balance at 1 August 2014 | 118,741 | 118,738 | 22,998 | 96,137 | (397) | 3 |
| Movements in equity: | | | | | | |
| Total comprehensive income for the year | 14,946 | 14,945 | – | 15,548 | (603) | 1 |
| Purchase of treasury shares (Note 23) | (108) | (108) | (108) | – | – | – |
| Dividends paid (Note 12) | (4,893) | (4,893) | – | (4,893) | – | – |
| Closing balance at 31 July 2015 | 128,686 | 128,682 | 22,890 | 106,792 | (1,000) | 4 |
| Previous year: | | | | | | |
| Opening balance at 1 August 2013 | 99,764 | 99,762 | 22,998 | 76,379 | 385 | 2 |
| Movements in equity: | | | | | | |
| Total comprehensive income for the year | 22,125 | 22,124 | – | 21,806 | 318 | 1 |
| Transfer of share-based payments reserve to retained earnings (Note 24B) | – | – | – | 1,100 | (1,100) | – |
| Dividends paid (Note 12) | (3,148) | (3,148) | – | (3,148) | – | – |
| Closing balance at 31 July 2014 | 118,741 | 118,738 | 22,998 | 96,137 | (397) | 3 |

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

Statements of Changes in Equity

Year Ended 31 July 2015

| Company | Total equity \$'000 | Share capital \$'000 | Retained earnings \$'000 | Other reserves \$'000 |
|---|---------------------------|----------------------------|--------------------------------|-----------------------------|
| Current year: | | | | |
| Opening balance at 1 August 2014 | 31,987 | 22,998 | 8,913 | 76 |
| Movements in equity: | | | | |
| Total comprehensive income for the year | 9,997 | – | 10,008 | (11) |
| Purchase of treasury shares (Note 23) | (108) | (108) | – | – |
| Dividends paid (Note 12) | (4,893) | – | (4,893) | – |
| Closing balance at 31 July 2015 | 36,983 | 22,890 | 14,028 | 65 |
| Previous year: | | | | |
| Opening balance at 1 August 2013 | 26,527 | 22,998 | 3,005 | 524 |
| Movements in equity: | | | | |
| Total comprehensive income for the year | 8,608 | – | 8,549 | 59 |
| Transfer of share-based payments reserve to retained earnings (Note 24B) | – | – | 507 | (507) |
| Dividends paid (Note 12) | (3,148) | – | (3,148) | – |
| Closing balance at 31 July 2014 | 31,987 | 22,998 | 8,913 | 76 |

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

Consolidated Statement of Cash Flows

Year Ended 31 July 2015

Group

2015
\$'000

2014
\$'000

Cash flows from operating activities

| | | |
|---|---------|---------|
| Profit before tax | 18,500 | 26,558 |
| Adjustments for: | | |
| Interest expense | 35 | 182 |
| Interest income | (597) | (267) |
| Depreciation of investment property | 2,468 | 2,467 |
| Depreciation of property, plant and equipment | 1,868 | 1,882 |
| Dividend income | (32) | (19) |
| Net gain on disposal of available-for-sale financial assets | (102) | (62) |
| Gain on disposal of plant and equipment | (37) | (29) |
| Plant and equipment written off | 64 | 148 |
| Operating cash flows before changes in working capital | 22,167 | 30,860 |
| Cash restricted in use over three months | 310 | 477 |
| Trade and other receivables | 14,404 | 8,936 |
| Inventories | 2,463 | (3,041) |
| Trade and other payables | (4,286) | (4,366) |
| Net cash flows from operations | 35,058 | 32,866 |
| Income taxes paid | (4,243) | (3,496) |
| Income taxes refund | 82 | 103 |
| Net cash flows from operating activities | 30,897 | 29,473 |

Cash flows from investing activities

| | | |
|--|-------|---------|
| Dividend received | 3 | 2 |
| Purchase of property, plant and equipment (Note 22B) | (948) | (1,875) |
| Purchase of other financial assets | (60) | (2,196) |
| Proceeds from disposal of plant and equipment | 200 | 29 |
| Proceeds from disposal of other financial assets | 1,247 | 957 |
| Interest received | 597 | 267 |
| Net cash flows from / (used in) investing activities | 1,039 | (2,816) |

Cash flows from financing activities

| | | |
|---|---------|----------|
| Repayments of borrowings | – | (3,252) |
| Decrease in bills payables | (567) | (3,691) |
| Finance leases repayments | – | (143) |
| Interest paid | (35) | (182) |
| Dividend paid to equity owners | (4,893) | (3,148) |
| Purchase of treasury shares | (108) | – |
| Net cash flows used in financing activities | (5,603) | (10,416) |

Net increase in cash and cash equivalents

| | | |
|---|--------|--------|
| Cash and cash equivalents, statement of cash flows, beginning balance | 57,772 | 41,599 |
| Net effect of exchange rate changes on cash and cash equivalents | 5 | (68) |

Cash and cash equivalents, statement of cash flows, ending balance (Note 22A)

84,110 57,772

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

Notes to the Financial Statements

31 July 2015

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollar and they cover the Company (referred to as “parent”) and the subsidiaries.

The Board of Directors approved and authorised these financial statements for issue on the date of the Statement by Directors.

The Company is an investment holding company. It is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The principal activities of the subsidiaries are described in the notes to the financial statements below.

The registered office is: 57 Pioneer Road, Singapore 628508. The Company is situated in Singapore.

2. Summary of significant accounting policies

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the Group’s ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group’s and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The Company’s separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company’s separate statement of profit or loss and other comprehensive income is not presented.

Notes to the Financial Statements

31 July 2015

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

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest is recognised using the effective interest method. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established. This is usually ex-dividend date for quoted shares. Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts (see below).

Construction contracts – revenues and results

When the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with the contract are recognised in profit or loss by reference to the stage of completion of the contract activity at the end of the reporting year using the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs method except where this would not be representative of the stage of completion. Contract costs consist of costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract and such other costs as are specifically chargeable to the customer under the terms of the contract. Variations in contract work, claims and incentive payments are included to the extent that they will result in revenue and they are capable of being reliably measured. The stage of completion method relies on estimates of total expected contract revenue and costs, as well as dependable measurement of the progress made towards completing a particular contract. Recognised revenues and profits are subject to revisions during the contract in the event that the assumptions regarding the overall contract outcome are revised. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The work in progress contracts have operating cycles longer than one year. The management includes in current assets amounts relating to the contracts realisable over a period in excess of one year.

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

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Notes to the Financial Statements

31 July 2015

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

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

Property, plant and equipment

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

| | |
|---------------------------------------|--|
| Leasehold properties and improvements | – Over the terms of lease that are from 1.67% to 3.33% |
| Leasehold land | – Over the terms of lease that is 3.33% |
| Plant, fixtures and equipment | – 10% to 33.3% |

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

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

Property, plant and equipment (cont'd)

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Investment property

Investment property is property owned or held under a finance lease 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 sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs, the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes, the fair values are measured periodically on a systematic basis at least once yearly by management. The annual rate of depreciation is 13% over the terms of the lease.

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

31 July 2015

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

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity 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. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary 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. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

31 July 2015

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

Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.
4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading available-for-sale financial assets reserve. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against available-for-sale financial assets reserve and is not subsequently reversed through profit or loss. However for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. The financial assets are classified as non-current assets unless management intends to dispose of the investments within 12 months of the end of the reporting year. Usually non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value. For unquoted equity instruments impairment losses are not reversed.

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

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Notes to the Financial Statements

31 July 2015

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

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

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

Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note on inventories.

Construction contracts:

On construction contracts, revenues are recorded on the stage of completion basis. The stage of completion is determined by dividing the cumulative costs incurred as at the end of reporting year by the sum of incurred costs and anticipated costs for completing a contract. The stage of completion is then applied to the contract value to determine the cumulative revenue earned. This method of revenue recognition requires management to prepare cost estimates to complete contracts in progress, and in making such estimates, judgements are required to evaluate contingencies such as potential variances in scheduling, cost of materials, labour costs and productivity, the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. Estimated revenues on contracts include future revenues from claims when such additional revenues can be reliably established. These estimates are based on management's business practices as well as its historical experience, and management regularly reviews underlying estimates of project profitability. The related amounts are disclosed in Notes 5 and 20A.

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the class of assets at the end of the reporting year affected by the assumption is \$5,456,000 (2014: \$6,422,000).

Notes to the Financial Statements

31 July 2015

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

Critical judgements, assumptions and estimation uncertainties (cont'd)

Term of lease of leasehold property:

The annual rates of depreciation for leasehold properties are charged over the terms of the respective leases. There is leasehold property with carrying value of \$5,338,000 (2014: \$5,474,000) with a lease term of 30 years and with an option to renew for a further 30 years. The leasehold property has been depreciated on the assumption that the Group will exercise the option to extend the lease by another 30 years.

3. Related party relationships and transactions

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The ultimate controlling party is Mr Teo Hock Chwee, a director and significant shareholder.

3A. Related companies:

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances.

3B. Related parties other than related companies:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any balances and financial guarantees no interest or charge is imposed unless stated otherwise. The transactions were not significant.

Notes to the Financial Statements

31 July 2015

3. Related party relationships and transactions (cont'd)

3C. Key management compensation:

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Salaries and other short-term employee benefits | 2,233 | 3,782 |

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Remuneration of directors of the Company | 1,619 | 2,716 |
| Fees to directors of the Company | 147 | 140 |

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

Further information about the remuneration of individual directors is provided in the report on corporate governance.

3D. Other receivables from related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from related parties are as follows:

| | Company Subsidiaries | |
|--|-------------------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Other receivables: | | |
| Balance at beginning of the year | 6,016 | 971 |
| Amounts paid out and settlement of liabilities on behalf of another party | 504 | 8,633 |
| Amounts paid in and settlement of liabilities on behalf of the Company | (187) | (3,588) |
| Balance at end of the year (Notes 17 and 20) | 6,333 | 6,016 |

Notes to the Financial Statements

31 July 2015

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management purposes the reporting entity is organised into two primary strategic operating segments. The Group's principal segments relate to those of a structural steel specialists and operation of dormitory. The results of all other activities, mainly investment holding and operation of testing centre, which are not included within the two primary segments, are included in the "other" segment. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results is the major financial indicator: earnings from operations before depreciation and amortisation, interests and income taxes (called "Recurring EBITDA").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

4B. Profit or loss from continuing operations and reconciliations

| | Structural steel \$'000 | Dormitory \$'000 | Other \$'000 | Adjustments and eliminations \$'000 | Group \$'000 |
|--|-------------------------------|---------------------|-----------------|--|-----------------|
| Continuing operations | | | | | |
| 2015 | | | | | |
| Revenue by segment | | | | | |
| Sales to external parties | 74,118 | 19,122 | 897 | – | 94,137 |
| Inter-segment sales | – | 1,089 | 2,670 | (3,759) | – |
| Total revenue | 74,118 | 20,211 | 3,567 | (3,759) | 94,137 |
| Recurring EBITDA | 6,559 | 14,384 | 1,331 | – | 22,274 |
| Depreciation | (1,697) | (2,568) | (71) | – | (4,336) |
| Finance costs | (35) | – | – | – | (35) |
| Interest income | 325 | 49 | 223 | – | 597 |
| Profit before tax from continuing operations | 5,152 | 11,865 | 1,483 | – | 18,500 |
| Income tax expense | | | | | (2,951) |
| Profit from continuing operations | | | | | 15,549 |

Notes to the Financial Statements

31 July 2015

4. Financial information by operating segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations (cont'd)

| | Structural steel \$'000 | Dormitory \$'000 | Other \$'000 | Adjustments and eliminations \$'000 | Group \$'000 |
|--|-------------------------------|---------------------|-----------------|--|-----------------|
| Continuing operations | | | | | |
| 2014 | | | | | |
| Revenue by segment | | | | | |
| Sales to external parties | 115,250 | 18,037 | 1,392 | – | 134,679 |
| Inter-segment sales | – | 1,144 | 2,981 | (4,125) | – |
| Total revenue | 115,250 | 19,181 | 4,373 | (4,125) | 134,679 |
| Recurring EBITDA | | | | | |
| Depreciation | (1,697) | (2,571) | (81) | – | (4,349) |
| Finance costs | (182) | – | – | – | (182) |
| Interest income | 54 | 48 | 165 | – | 267 |
| Profit before tax from continuing operations | 14,630 | 11,076 | 852 | – | 26,558 |
| Income tax expense | | | | | (4,751) |
| Profit from continuing operations | | | | | 21,807 |

4C. Assets and reconciliations

| | Structural steel \$'000 | Dormitory \$'000 | Other \$'000 | Unallocated \$'000 | Group \$'000 |
|--|-------------------------------|---------------------|-----------------|-----------------------|-----------------|
| 2015 | | | | | |
| Total assets for reportable segments | 114,213 | 12,048 | 25,320 | – | 151,581 |
| Unallocated: | | | | | |
| Tax recoverable | – | – | – | 39 | 39 |
| Total Group assets | 114,213 | 12,048 | 25,320 | 39 | 151,620 |
| 2014 | | | | | |
| Total assets for reportable segments | 111,964 | 15,028 | 20,912 | – | 147,904 |
| Unallocated: | | | | | |
| Tax recoverable | – | – | – | 56 | 56 |
| Total Group assets | 111,964 | 15,028 | 20,912 | 56 | 147,960 |
| Expenditure for non-current assets: | | | | | |
| 2015 | 940 | 7 | 1 | – | 948 |
| 2014 | 2,105 | 3 | 80 | – | 2,188 |

Notes to the Financial Statements

31 July 2015

4. Financial information by operating segments (cont'd)

4D. Liabilities and reconciliations

| | Structural steel \$'000 | Dormitory \$'000 | Other \$'000 | Unallocated \$'000 | Group \$'000 |
|---|-------------------------------|---------------------|-----------------|-----------------------|-----------------|
| 2015 | | | | | |
| Total liabilities for reportable segments | 13,247 | 4,072 | 1,101 | – | 18,420 |
| Unallocated: | | | | | |
| Income tax payable | – | – | – | 3,235 | 3,235 |
| Deferred tax liabilities | – | – | – | 1,279 | 1,279 |
| Total Group liabilities | 13,247 | 4,072 | 1,101 | 4,514 | 22,934 |
| 2014 | | | | | |
| Total liabilities for reportable segments | 17,122 | 4,056 | 2,255 | – | 23,433 |
| Unallocated: | | | | | |
| Income tax payable | – | – | – | 4,391 | 4,391 |
| Deferred tax liabilities | – | – | – | 1,395 | 1,395 |
| Total Group liabilities | 17,122 | 4,056 | 2,255 | 5,786 | 29,219 |

4E. Geographical information

| | Revenue | |
|-----------------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Singapore | 93,706 | 125,236 |
| Malaysia | 421 | 9,298 |
| India | 10 | 145 |
| Total continuing operations | 94,137 | 134,679 |
| Non-current assets | | |
| | 2015 \$'000 | 2014 \$'000 |
| Singapore | 11,566 | 14,194 |
| Malaysia | 11,438 | 13,392 |
| India | 177 | 242 |
| Total continuing operations | 23,181 | 27,828 |

Notes to the Financial Statements

31 July 2015

4. Financial information by operating segments (cont'd)

4E. Geographical information (cont'd)

Revenues are attributed to countries on the basis of the project's location, irrespective of the origin of the services. The non-current assets exclude any financial instruments. The non-current assets are analysed by the geographical area in which the assets are located.

4F. Information about major customers

Revenue from major customers, which are individually amounting to 10% or more of the Group's revenue, is derived from the structural steel segment.

| | 2015 \$'000 | 2014 \$'000 |
|-----------------|----------------|----------------|
| Top 1 customer | 13,384 | 14,396 |
| Top 2 customers | 25,912 | 28,508 |

5. Revenue

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Revenue from construction contracts | 74,118 | 115,250 |
| Rental income and service charges from investment property | 19,122 | 18,037 |
| Dividend income from quoted corporations | 32 | 19 |
| Other revenue | 865 | 1,373 |
| Total revenue | 94,137 | 134,679 |

6. Interest income

| | Group | |
|-----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Interest income | 597 | 267 |

Notes to the Financial Statements

31 July 2015

7. Other gains and (other losses)

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Allowance for impairment on other receivables | – | (77) |
| Allowance for impairment on trade receivables | – | (36) |
| Bad debts written off trade receivables | – | (25) |
| Back charges to subcontractors | 160 | 385 |
| Foreign exchange adjustments losses | (736) | (26) |
| Reclassification adjustments included in profit or loss on sale of available-for-sale investments from reserve | 102 | 62 |
| Gains on disposal of plant and equipment | 37 | 29 |
| Government grants | 183 | 161 |
| Inventories written down | (2,014) | – |
| Inventories written off | (214) | (13) |
| Plant and equipment written off | (64) | (148) |
| Rental income | 37 | 33 |
| Scrap income | 476 | 999 |
| Other income | 191 | 309 |
| Net | <u>(1,842)</u> | <u>1,653</u> |
| Presented in profit or loss as: | | |
| Other gains | 1,186 | 1,978 |
| Other losses | <u>(3,028)</u> | <u>(325)</u> |
| Net | <u>(1,842)</u> | <u>1,653</u> |

8. Administrative expenses

The major component mainly consist of employee benefits expense (Note 9).

Notes to the Financial Statements

31 July 2015

9. Employee benefits expense

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Short term employee benefits expense | 22,015 | 25,287 |
| Contributions to defined contribution plans | 946 | 988 |
| Total employee benefits expense | <u>22,961</u> | <u>26,275</u> |
| Allocation of the employee benefits expense: | | |
| Cost of sales | 17,900 | 17,370 |
| Administrative expenses | 5,061 | 8,905 |
| Total | <u>22,961</u> | <u>26,275</u> |

10. Finance costs

| | Group | |
|------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Interest expense | <u>35</u> | <u>182</u> |

11. Income tax

11A. Components of tax expense recognised in profit or loss include:

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Current tax expense: | | |
| Current tax expense | 3,025 | 4,796 |
| Over adjustments in respect of prior periods | (9) | (82) |
| Subtotal | <u>3,016</u> | <u>4,714</u> |
| Deferred tax expense: | | |
| Deferred tax (income) / expense | (66) | 23 |
| Under adjustments in respect of prior periods | 1 | 14 |
| Subtotal | <u>(65)</u> | <u>37</u> |
| Total income tax expense | <u>2,951</u> | <u>4,751</u> |

Notes to the Financial Statements

31 July 2015

11. Income tax (cont'd)

11A. Components of tax expense recognised in profit or loss include: (cont'd)

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the Company is situated. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2014: 17%) to profit or loss before income tax as a result of the following differences:

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Profit before tax | 18,500 | 26,558 |
| Income tax expense at the above rate | 3,145 | 4,515 |
| Expenses not deductible for tax purposes | 745 | 671 |
| Enhanced tax deductions and allowances | (738) | (313) |
| Stepped income tax exemption and tax rebates | (138) | (120) |
| Effect of different tax rates in different countries | (92) | 35 |
| Over adjustments to tax in respect of prior periods | (8) | (68) |
| Other minor items less than 3% each | 37 | 31 |
| Total income tax expense | 2,951 | 4,751 |

There are no income tax consequences of dividends to owners of the Company.

11B. Deferred tax balance in the statements of financial position:

The deferred tax amounts and movements in the year are as follows:

| Group | Statements of financial position | | Income / (expense) recognised in profit or loss | |
|---|-------------------------------------|----------------|---|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Deferred tax (liabilities) / assets: | | | | |
| Excess of book over tax depreciation on plant and equipment | (1,402) | (1,458) | 52 | (21) |
| Other timing differences | 72 | 58 | 13 | (16) |
| Foreign exchange adjustment differences recognised directly in equity | 51 | 5 | – | – |
| Net balance | (1,279) | (1,395) | 65 | (37) |

It is impracticable to estimate the amount expected to be settled or used within one year.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

Notes to the Financial Statements

31 July 2015

12. Dividends on equity shares

| | Group and Company | |
|---|-------------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Final tax exempt (one-tier) dividend paid of 1.4 cents (2014: 0.9 cents) per share | 4,893 | 3,148 |

In respect of the current reporting year, the directors propose that a final dividend of 8.0 cents per share with a total of \$27,960,000 be paid to shareholders after the Annual General Meeting to be held on 27 November 2015. There are no income tax consequences. This dividend is subject to approval by shareholders at the next Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no tax consequences of the dividends to shareholders.

13. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Numerators: earnings attributable to equity: | | |
| Profit for the year attributable to equity holders | 15,548 | 21,806 |
| | '000 | '000 |
| Denominators: weighted average number of equity shares | | |
| Basic | 349,568 | 349,800 |
| Earnings per share - cents | 4.45 | 6.23 |

The weighted average number of equity shares refers to shares in circulation during the reporting period. It is after the neutralisation of the treasury shares. The fully diluted earnings per ordinary share is the same as the basic earnings per ordinary share as there were no options granted or outstanding during the financial year.

Notes to the Financial Statements

31 July 2015

14. Property, plant and equipment

| Group | Leasehold properties and improvements \$'000 | Leasehold land \$'000 | Plant, fixtures and equipment \$'000 | Total \$'000 |
|------------------------------------|--|-----------------------------|--|-----------------|
| Cost: | | | | |
| At beginning of year 1 August 2013 | 13,785 | 4,904 | 19,506 | 38,195 |
| Foreign exchange adjustments | (42) | (41) | (61) | (144) |
| Additions | 769 | – | 1,419 | 2,188 |
| Disposals | – | – | (521) | (521) |
| At end of year 31 July 2014 | 14,512 | 4,863 | 20,343 | 39,718 |
| Foreign exchange adjustments | (515) | (400) | (619) | (1,534) |
| Additions | 10 | – | 938 | 948 |
| Disposals | – | – | (750) | (750) |
| At end of year 31 July 2015 | 14,007 | 4,463 | 19,912 | 38,382 |
| Accumulated depreciation: | | | | |
| At beginning of year 1 August 2013 | 2,975 | 557 | 12,845 | 16,377 |
| Foreign exchange adjustments | (3) | (4) | (26) | (33) |
| Depreciation for the year | 310 | 97 | 1,475 | 1,882 |
| Disposals | – | – | (373) | (373) |
| At end of year 31 July 2014 | 3,282 | 650 | 13,921 | 17,853 |
| Foreign exchange adjustments | (52) | (57) | (392) | (501) |
| Depreciation for the year | 323 | 94 | 1,451 | 1,868 |
| Disposals | – | – | (524) | (524) |
| At end of year 31 July 2015 | 3,553 | 687 | 14,456 | 18,696 |
| Carrying value: | | | | |
| At 1 August 2013 | 10,810 | 4,347 | 6,661 | 21,818 |
| At 31 July 2014 | 11,230 | 4,213 | 6,422 | 21,865 |
| At 31 July 2015 | 10,454 | 3,776 | 5,456 | 19,686 |

Allocation of the depreciation expense:

| | Group | |
|-------------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Cost of sales | 1,557 | 1,527 |
| Administrative expenses | 311 | 355 |
| Total | 1,868 | 1,882 |

The leasehold land is for the land for a factory in Malaysia.

Notes to the Financial Statements

31 July 2015

14. Property, plant and equipment (cont'd)

The leasehold properties as at 31 July 2015 are as follows:

| | Location | Description | Approximate Land Area (sq m)/ Size | Tenure |
|-----|---|--------------------|------------------------------------|---|
| (a) | 57 Pioneer Road Singapore 628508 | Office and factory | 17,000 | 30 years leasehold commencing from 16 November 1994 and an option to renew for a further period of 30 years |
| (b) | PL0 522, Jalan Keluli 7, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia | Office and factory | 86,198 | 60 years leasehold commencing 8 October 1997 |

15. Investment property

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| At cost: | | |
| At beginning and end of the year | 18,916 | 18,916 |
| Accumulated depreciation: | | |
| At beginning of the year | 12,953 | 10,486 |
| Depreciation for the year | 2,468 | 2,467 |
| At end of the year | 15,421 | 12,953 |
| Net book value: | | |
| At beginning of the year | 5,963 | 8,430 |
| At end of the year | 3,495 | 5,963 |
| Fair value for disclosure purposes only: | | |
| Fair value at end of the year (Level 3) | 8,800 | 22,272 |

Notes to the Financial Statements

31 July 2015

15. Investment property (cont'd)

The investment property is described as follows:

| Location | Description | Approximate Land Area (sq m)/ Size | Tenure |
|--|-------------|---------------------------------------|---------------------------------------|
| Terusan Lodge I 5A Jalan Papan, Singapore 619406 | Dormitory | 20,291 | 14 January 2008 to 12 January 2017 |

The fair value of the investment property for disclosure purpose was measured in July 2015 based on a valuation made by management at least once yearly. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

For fair value measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation techniques and information about the significant unobservable inputs used in the fair value measurement are as follows:

Valuation technique for recurring fair value measurement:

Discounted cash flow method

Significant unobservable inputs and range:

1. Estimated discount rate using post-tax rate that reflect current market assessments at the risks specific to the property.
11.1% (2014: 11.1%).
2. Growth rates based on the remaining short duration of the lease which expires on 12 January 2017. Changes in rental rates and occupancy rates are based on past practices and expectations of future changes in the market.
-50.0% to -21.0% (2014: -8.0% to 4.0%).
3. Cash flow forecasts derived from the most recent financial budgets and plans approved by management.
1.5 years (2014: 2.5 years).

Relationship of unobservable inputs to fair value:

- The estimated fair value would increase (decrease) if:
1. Expected market rental growth was higher (lower)
 2. The occupancy rate was higher (lower)

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Rental and service income from investment property | 19,122 | 18,037 |
| Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period | 5,352 | 5,084 |

Notes to the Financial Statements

31 July 2015

15. Investment property (cont'd)

The depreciation expense is charged under cost of sales.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

The investment property is leased out under operating leases. Also see Note 33 on operating lease income commitments. The management has not entered into contractual obligations for the maintenance or enhancement of the investment property.

16. Investments in subsidiaries

| | Company | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Carrying value in the books of the Company comprising: | | |
| Unquoted equity shares at cost | 6,440 | 6,440 |
| Net book value of subsidiaries in the books of the Company | 101,977 | 98,444 |

The subsidiaries held by the Company and the Group are listed below:

| Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors) | Cost in books of Company | | Effective percentage of equity held | |
|--|-----------------------------|----------------|---|-----------|
| | 2015 \$'000 | 2014 \$'000 | 2015 % | 2014 % |
| T T J Design and Engineering Pte Ltd ^(a) Singapore Engineering and construction contractors | 5,420 | 5,420 | 100 | 100 |
| FRC Civil Engineering Pte. Ltd. ^(a) Singapore Lodging and boarding houses and other investment holding company | 520 | 520 | 100 | 100 |
| T T J Lodge Pte. Ltd. ^(a) Singapore Operation of dormitory | 500 | 500 | 100 | 100 |
| T T J Investment Pte. Ltd. ^(a) Singapore Dormant | —* | —* | 100 | 100 |
| | 6,440 | 6,440 | | |

Notes to the Financial Statements

31 July 2015

16. Investments in subsidiaries (cont'd)

| Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors) | Cost in books of Company | | Effective percentage of equity held | |
|---|-----------------------------|----------------|---|-----------|
| | 2015 \$'000 | 2014 \$'000 | 2015 % | 2014 % |
| Held through T T J Design and Engineering Pte Ltd MTTJ Engineering Sdn. Bhd. ^(b) Malaysia Metal fabrication and general engineering (SQM Chartered Accountants, Malaysia) | 4,709 | 4,709 | 100 | 100 |
| TTJ Design & Engineering (India) Private Limited ^(c) India Engineering and construction contractors / Operation of testing centre (Suresh Surana & Associates Chartered Accountants) | 220 | 220 | 99 | 99 |

* amount less than \$500

^(a) Audited by RSM Chio Lim LLP.

^(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

^(c) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

17. Other receivables, non-current

| | Company | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Loan receivable from subsidiary (Note 3) | 1,875 | 2,062 |
| Movements during the year: | | |
| Balance at beginning of the year | 2,062 | – |
| Additions | – | 3,000 |
| Amounts settled | – | (188) |
| Reclassified as current | (187) | (750) |
| Balance at end of the year | 1,875 | 2,062 |

The agreement for the loan receivable provides that it is with fixed interest of 2.35% (2014: 2.35%) and is repayable by equal quarterly instalments over 4 years from March 2014. The carrying amount is a reasonable approximation of fair value (Level 3). The amount is not past due.

Notes to the Financial Statements

31 July 2015

18. Other financial assets

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Investments available-for-sale at fair value through other comprehensive income: | | | | |
| Quoted investment in gold certificates | – | 781 | – | – |
| Quoted equity shares in corporations | 833 | 1,085 | 833 | 1,085 |
| Balance at end of the year | 833 | 1,866 | 833 | 1,085 |
| Movements during the year: | | | | |
| Fair value at beginning of the year | 1,866 | 481 | 1,085 | 208 |
| Additions | 89 | 2,212 | 89 | 1,713 |
| Disposals | (1,247) | (957) | (407) | (957) |
| Increase in fair value through other comprehensive income | 125 | 130 | 66 | 121 |
| Fair value at end of the year | 833 | 1,866 | 833 | 1,085 |

The fair value of the investments is based on bid prices in an active market at the end of the reporting year.

18A. Disclosures relating to investments

The below information gives a summary of the significant sector concentrations within the investment portfolio which are all included under Level 1 securities:

| | 2015 \$'000 | 2014 \$'000 | 2015 % | 2014 % |
|--|----------------|----------------|-----------|-----------|
| Group | | | | |
| Quoted investment in gold certificates - Singapore | – | 781 | – | 42 |
| Quoted equity shares in corporations | | | | |
| Financial services industry - Singapore | 736 | 982 | 88 | 53 |
| Property industry - Singapore | 97 | 103 | 12 | 5 |
| Total investments | 833 | 1,866 | 100 | 100 |
| Company | | | | |
| Quoted equity shares in corporations | | | | |
| Financial services industry - Singapore | 736 | 982 | 88 | 91 |
| Property industry - Singapore | 97 | 103 | 12 | 9 |
| Total investments | 833 | 1,085 | 100 | 100 |

Sensitivity analysis: The effect is not significant.

Notes to the Financial Statements

31 July 2015

19. Inventories

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Raw materials | 16 | 598 |
| Consumables and supplies | 296 | 296 |
| Fabricated materials | 3,039 | 4,912 |
| | <u>3,351</u> | <u>5,806</u> |
| The write-downs of inventories charged to profit or loss included in other losses | 2,014 | - |
| Raw materials and consumables used | <u>21,985</u> | <u>33,707</u> |

There are no inventories pledged as security for liabilities.

20. Trade and other receivables

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Trade receivables: | | | | |
| Outside parties | 5,146 | 11,369 | - | - |
| Less allowance for impairment | (36) | (36) | - | - |
| Subsidiaries (Note 3) | - | - | 563 | 1,258 |
| Net trade receivables - Subtotal | <u>5,110</u> | <u>11,333</u> | <u>563</u> | <u>1,258</u> |
| Construction contracts: | | | | |
| Receivables from customers on construction contracts (Note 20A) | 22,662 | 17,332 | - | - |
| Retention receivables on construction contracts (Note 20A) | 8,974 | 13,371 | - | - |
| Accrued contract revenue (Note 20A) | 2,116 | 4,849 | - | - |
| Net construction contracts - Subtotal | <u>33,752</u> | <u>35,552</u> | <u>-</u> | <u>-</u> |
| Other receivables: | | | | |
| Subsidiaries (Note 3) #a | - | - | 4,458 | 3,954 |
| Deposits to secure services | 448 | 369 | - | - |
| Other receivables #b | 317 | 6,742 | 43 | 6,562 |
| Less: allowance for impairment | (71) | (77) | - | - |
| Tax recoverable | 39 | 56 | - | - |
| Net other receivables - Subtotal | <u>733</u> | <u>7,090</u> | <u>4,501</u> | <u>10,516</u> |
| Total trade and other receivables | <u>39,595</u> | <u>53,975</u> | <u>5,064</u> | <u>11,774</u> |

#a Includes loans of \$4,430,000 (2014: \$3,930,000) with fixed interest of 2.35% per annum (2014: ranging from 2.10% to 2.35%). The loans are repayable on demand except for \$750,000 (2014: \$750,000) which is repayable by equal quarterly instalments. These amounts are not past due.

#b Includes refundable tender deposits of \$Nil (2014: \$6,543,000).

Notes to the Financial Statements

31 July 2015

20. Trade and other receivables (cont'd)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Movements in above allowance: | | | | |
| Balance at beginning of the year | 113 | - | - | - |
| Charge for trade receivable to profit or loss included in other losses | - | 36 | - | - |
| Charge for other receivable to profit or loss included in other losses | - | 77 | - | - |
| Foreign exchange adjustments | (6) | - | - | - |
| Balance of end of the year | 107 | 113 | - | - |

20A. Contracts in progress

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Aggregate amount of costs incurred and recognised profits (less recognised losses) to date on uncompleted contracts | 135,071 | 113,836 |
| Less progress payments received and receivable to date | (112,851) | (97,540) |
| Net amount arising from construction contracts at end of the year | 22,220 | 16,296 |
| Included in the accompanying statement of financial position as follows: | | |
| Under construction contracts (Note 20) | 22,662 | 17,332 |
| Under other liabilities (Note 27) | (442) | (1,036) |
| | 22,220 | 16,296 |
| Amount of contract retention receivables as an asset under construction contracts (Note 20) | 8,974 | 13,371 |
| Accrued contract revenue as an asset under construction contracts (Note 20) | 2,116 | 4,849 |

It is impracticable to estimate the amount expected to be realised or settled over one year.

21. Other assets

| | Group | | Company | |
|------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Advance payments | 7 | 11 | - | - |
| Prepayments | 536 | 385 | 23 | 28 |
| Others | 7 | 7 | - | - |
| | 550 | 403 | 23 | 28 |

Notes to the Financial Statements

31 July 2015

22. Cash and cash equivalents

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Not restricted in use | 84,110 | 57,772 | 23,890 | 12,781 |
| Cash pledged for bank facilities # | – | 310 | – | – |
| Cash at end of the year | 84,110 | 58,082 | 23,890 | 12,781 |

This was for amounts held by bankers for bank facilities.

The rate of interest for the cash on interest earning balances ranged between 0.35% and 2.10% (2014: 0.11% and 2.00%).

22A. Cash and cash equivalents in the consolidated statement of cash flows:

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| As shown above | 84,110 | 58,082 |
| Cash restricted in use over 3 months | – | (310) |
| Cash and cash equivalents for statement of cash flows purpose at end of the year | 84,110 | 57,772 |

22B. Non-cash transactions:

There were acquisitions of certain assets under property, plant and equipment with a total cost of \$Nil (2014: \$313,000) acquired by means of vendor payables.

23. Share capital

| | Number of shares issued '000 | Share capital \$'000 | Treasury shares \$'000 | Total \$'000 |
|--|---------------------------------------|----------------------------|------------------------------|-----------------|
| Group and Company: | | | | |
| Ordinary shares of no par value: | | | | |
| Balance at beginning of the year 1 August 2013 | 350,000 | 23,054 | – | 23,054 |
| Treasury shares purchased | (200) | – | (56) | (56) |
| Balance at end of the year 31 July 2014 | 349,800 | 23,054 | (56) | 22,998 |
| Treasury shares purchased #a | (300) | – | (108) | (108) |
| Balance at end of the year 31 July 2015 | 349,500 | 23,054 | (164) | 22,890 |

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

#a Under the mandate approved at the last Annual General Meeting, 300,000 treasury shares were acquired during the reporting year on the Singapore Stock Exchange for a consideration of \$108,000.

Notes to the Financial Statements

31 July 2015

23. Share capital (cont'd)

| | Number of treasury shares | | Fair value | |
|--------------------------|---------------------------|--------------|----------------|----------------|
| | 2015 '000 | 2014 '000 | 2015 \$'000 | 2014 \$'000 |
| At beginning of the year | 200 | 200 | 72 | 57 |
| At end of the year | 500 | 200 | 225 | 72 |

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

There are insignificant external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk from borrowings.

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

24. Other reserves

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Foreign currency translation reserve (Note 24A) | (1,065) | (439) | – | – |
| Share-based payments reserve (Note 24B) | – | – | – | – |
| Available-for-sale financial assets reserve (Note 24C) | 65 | 42 | 65 | 76 |
| Total at end of the year | (1,000) | (397) | 65 | 76 |

All reserves classified on the face of the statements of financial position as retained earnings represent past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

Notes to the Financial Statements

31 July 2015

24. Other reserve (cont'd)

24A. Foreign currency translation reserve

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| At beginning of the year | (439) | (689) | - | - |
| Exchange differences on translating foreign operations | (575) | 255 | - | - |
| Deferred tax thereon | (51) | (5) | - | - |
| At end of the year | (1,065) | (439) | - | - |

The currency translation reserve accumulates all foreign exchange differences.

24B. Share-based payments reserve

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| At beginning of the year | - | 1,100 | - | 507 |
| Transferred to retained earnings | - | (1,100) | - | (507) |
| At end of the year | - | - | - | - |

The share-based payments reserve represented the fair value of 5,500,000 ordinary shares charged to profit or loss over the vesting period of the Incentive Shares Transfer Agreement, entered with selected employees for the purpose of transferring for nil consideration an aggregate of 5,500,000 ordinary shares to encourage their future continuous commitment towards the Group. The vesting period has expired in the reporting year ended 31 July 2013.

24C. Available-for-sale financial assets reserve

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| At beginning of the year | 42 | (26) | 76 | 17 |
| Gains on remeasuring available-for-sale financial assets | 125 | 130 | 66 | 121 |
| Reclassification adjustments for gains included in profit or loss – realised on disposal | (102) | (62) | (77) | (62) |
| At end of the year | 65 | 42 | 65 | 76 |

The available-for-sale financial assets reserve arises from the annual remeasurement of the available-for-sale financial assets. It is not distributable until it is released to profit or loss on the disposal of the investments.

Notes to the Financial Statements

31 July 2015

25. Trade and other payables

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Trade payables: | | | | |
| Outside parties and accrued liabilities | 14,065 | 17,603 | 1,045 | 2,181 |
| Other payables: | | | | |
| Deposits received | 3,478 | 3,413 | - | - |
| Other payables | 269 | 661 | - | - |
| Other payables - Subtotal | 3,747 | 4,074 | - | - |
| Total trade and other payables | 17,812 | 21,677 | 1,045 | 2,181 |

26. Other financial liabilities

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Current: | | |
| Bills payable to banks (secured) (Note 26A) | 166 | 720 |
| | 166 | 720 |

The fixed interest rate paid for bills payable to banks is ranging from 5.25% to 5.45% (2014: 2.6% to 6.6%).

26A. Bills payable (secured)

The bank agreements for the credit facilities provide among other matters for the following:

1. Repayable on demand.
2. Corporate guarantee from the Company.

27. Other liabilities

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Due to customers on construction contracts (Note 20A) | 442 | 1,036 |

Notes to the Financial Statements

31 July 2015

28. Financial instruments: information on financial risks

28A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Financial assets: | | | | |
| Cash and cash equivalents | 84,110 | 58,082 | 23,890 | 12,781 |
| Loans and receivables | 39,556 | 53,919 | 6,939 | 13,836 |
| Available-for-sale financial assets | 833 | 1,866 | 833 | 1,085 |
| At end of the year | <u>124,499</u> | <u>113,867</u> | <u>31,662</u> | <u>27,702</u> |
| Financial liabilities: | | | | |
| Other financial liabilities measured at amortised cost | 166 | 720 | – | – |
| Trade and other payables measured at amortised cost | <u>17,812</u> | <u>21,677</u> | <u>1,045</u> | <u>2,181</u> |
| At end of the year | <u>17,978</u> | <u>22,397</u> | <u>1,045</u> | <u>2,181</u> |

Further quantitative disclosures are included throughout these financial statements.

28B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However, these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior staff.
4. All financial risk management activities are carried out following good market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

Notes to the Financial Statements

31 July 2015

28. Financial instruments: information on financial risks (cont'd)

28C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

28D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counterparties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and debtors unless otherwise disclosed in the notes to the financial statements below.

Note 22 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 60 days (2014: 30 to 60 days). But some customers take a longer period to settle the amounts.

- (a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

| | Group | | Company | |
|--------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Trade receivables: | | | | |
| 31 to 60 days | 1,424 | 486 | 12 | 11 |
| 61 to 90 days | 1 | 15 | 13 | 12 |
| Over 90 days | 264 | 419 | 312 | 144 |
| Total | 1,689 | 920 | 337 | 167 |

Notes to the Financial Statements

31 July 2015

28. Financial instruments: information on financial risks (cont'd)

28D. Credit risk on financial assets (cont'd)

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

| | Group | | Company | |
|--------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Trade receivables: | | | | |
| Over 180 days | 36 | 36 | - | - |
| Total | 36 | 36 | - | - |

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling \$36,000 (2014: \$36,000) that are determined to be impaired at the end of the reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at the end of the reporting year:

| | Group | | Company | |
|-----------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Top 1 customer | 1,407 | 3,394 | 420 | 861 |
| Top 2 customers | 2,419 | 4,745 | 563 | 1,142 |
| Top 3 customers | 2,948 | 5,827 | 563 | 1,258 |

28E. Liquidity risk – financial liabilities maturity analysis

There are no non-current financial liabilities at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 90 days (2014: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Financial guarantee contracts – For financial guarantee contracts the maximum earliest period in which the guarantee amount can be claimed by the other party is used. At the end of the reporting year no claims on the financial guarantees are expected to be payable.

Notes to the Financial Statements

31 July 2015

28. Financial instruments: information on financial risks (cont'd)

28E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

| Company | Less than 1 year \$'000 | 1 – 5 years \$'000 | Total \$'000 |
|--|-------------------------------|--------------------------|-----------------|
| 2015 | | | |
| Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries | 4,645 | 16,109 | 20,754 |
| 2014 | | | |
| Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries | 10,429 | 15,517 | 25,946 |

| Bank facilities | Group | |
|------------------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Undrawn borrowing facilities | 22,001 | 38,055 |
| Unused bank guarantees | 7,955 | 18,075 |

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

Notes to the Financial Statements

31 July 2015

28. Financial instruments: information on financial risks (cont'd)

28F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant.

The following table analyses the breakdown of the significant financial instruments by type of interest rate:

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Financial assets with interest: | | | | |
| Fixed rates | 64,550 | 23,547 | 28,185 | 18,329 |
| Floating rates | 361 | 9,683 | – | – |
| Total at end of the year | 64,911 | 33,230 | 28,185 | 18,329 |
| Financial liabilities with interest: | | | | |
| Fixed rates | 166 | 720 | – | – |
| Total at end of the year | 166 | 720 | – | – |

Sensitivity analysis: The effect on pre-tax profit is not significant.

28G. Foreign currency risks

Analysis of amounts denominated in non-functional currency:

| Group | Malaysian Ringgit \$'000 | British Pound \$'000 | United States Dollar \$'000 | Vietnam Dong \$'000 | Euro Dollar \$'000 | Singapore Dollar \$'000 | Total \$'000 |
|---|--------------------------------|----------------------------|--------------------------------------|---------------------------|--------------------------|-------------------------------|-----------------|
| 2015 | | | | | | | |
| Financial assets: | | | | | | | |
| Cash | 602 | – | 2,481 | 38 | – | 1,271 | 4,392 |
| Loans and receivables | – | – | 7 | 4 | – | – | 11 |
| Total financial assets | 602 | – | 2,488 | 42 | – | 1,271 | 4,403 |
| Financial liabilities: | | | | | | | |
| Trade and other payables | – | 92 | 2,172 | – | 3 | 773 | 3,040 |
| Total financial liabilities | – | 92 | 2,172 | – | 3 | 773 | 3,040 |
| Net financial assets / (liabilities) at end of the year | 602 | (92) | 316 | 42 | (3) | 498 | 1,363 |

Notes to the Financial Statements

31 July 2015

28. Financial instruments: information on financial risks (cont'd)

28G. Foreign currency risks (cont'd)

Analysis of amounts denominated in non-functional currency:

| Group | Malaysian Ringgit \$'000 | United Arab Emirates Dirham \$'000 | United States Dollar \$'000 | Vietnam Dong \$'000 | Euro Dollar \$'000 | Singapore Dollar \$'000 | Total \$'000 |
|---|--------------------------------|--|--------------------------------------|---------------------------|--------------------------|-------------------------------|-----------------|
| 2014 | | | | | | | |
| Financial assets: | | | | | | | |
| Cash | 524 | 266 | 2,964 | 13 | – | 122 | 3,889 |
| Loans and receivables | – | 239 | 7 | – | – | – | 246 |
| Total financial assets | 524 | 505 | 2,971 | 13 | – | 122 | 4,135 |
| Financial liabilities: | | | | | | | |
| Borrowings | – | – | – | – | – | 549 | 549 |
| Trade and other payables | – | – | 787 | – | 445 | 339 | 1,571 |
| Total financial liabilities | – | – | 787 | – | 445 | 888 | 2,120 |
| Net financial assets / (liabilities) at end of the year | 524 | 505 | 2,184 | 13 | (445) | (766) | 2,015 |

The Company's financial assets and financial liabilities are denominated in its functional currency.

There is exposure to foreign currency risk as part of the Group's normal business.

Sensitivity analysis: The effect on pre-tax profit is not significant.

28H. Equity price risk

There are investments in equity shares and gold certificates. As a result, such investments are exposed to changes in market price risk arising from uncertainties about future values of the investment securities. The fair values of these assets are disclosed in Note 18.

Sensitivity analysis: The effect on post-tax profit and other comprehensive income is not significant.

Notes to the Financial Statements

31 July 2015

29. Interested person transactions

The Company did not obtain any general mandate pursuant to Rule 920 of the Listing Manual. The following is the aggregate value of transactions of the Group with interested persons:

| Name of Interested Persons and Transactions | Aggregate value of all interested persons transactions (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) | |
|---|--|----------------------|
| | 2015 \$'000 | 2014 \$'000 |
| Hup Hin Transport Co Pte Ltd ⁽¹⁾ Transport and crane services | – | 2,929 ⁽²⁾ |

Note:

- (1) Chwee Cheng & Sons Pte Ltd is a substantial shareholder of Tat Hong Holdings Ltd. Hup Hin Transport Co Pte Ltd is a subsidiary of the Tat Hong Holdings Ltd.
- (2) Following the sale of Hup Hin Transport Co Pte Ltd by Tat Hong Holdings Ltd on 31 July 2014, Hup Hin Transport Co Pte Ltd ceased to be an interested person.

30. Items in profit or loss

In addition to the profit and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Audit fees to the independent auditors of the Company | 141 | 118 |
| Audit fees to the other independent auditors | 18 | 18 |
| Other fees to the independent auditors of the Company | 34 | 34 |
| Other fees to the other independent auditors | 7 | 6 |

31. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Commitments to purchase of property, plant and equipment | – | 603 |

Notes to the Financial Statements

31 July 2015

32. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Not later than one year | 3,161 | 3,023 |
| Later than one year and not later than five years | 2,546 | 5,049 |
| Later than five years | 8,588 | 8,448 |
| Rental expenses for the year | 3,105 | 2,595 |

Operating lease payments are for rentals payable by the Company's subsidiaries for certain of office premises and dormitory blocks included in Notes 14 and 15. The lease rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

The rental expense is charged as follows:

| | Group | |
|-------------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Cost of sales | 2,994 | 2,493 |
| Administrative expenses | 111 | 102 |
| Total | 3,105 | 2,595 |

33. Operating lease income commitments – as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Not later than one year | 13,731 | 14,976 |
| Later than one year and not later than five years | 2,845 | 1,506 |
| Rental income for the year | 19,116 | 18,024 |

Operating lease income commitments is for rentals receivable for certain office premises and dormitories. The lease rental income terms are negotiated for a term of one to three years.

Notes to the Financial Statements

31 July 2015

34. Changes and adoption of financial reporting standards

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require material modification of the measurement methods or the presentation in the financial statements.

| FRS No. | Title |
|-------------|--|
| FRS 19 | Amendments To FRS 19: Defined Benefit Plans: Employee Contributions |
| Various | Improvements to FRSs (Issued in January 2014). Relating to FRS 102 Share-based Payment (*) FRS 103 Business Combinations (*) FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures FRS 38 Intangible Assets (*) |
| Various | Improvements to FRSs (Issued in February 2014). Relating to FRS 103 Business Combinations (*) FRS 113 Fair Value Measurement FRS 40 Investment Property |
| FRS 27 | Separate Financial Statements (Revised) |
| FRS 28 | Investments in Associates and Joint Ventures (Revised) (*) |
| FRS 36 | Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*) |
| FRS 39 | Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting (*) |
| FRS 110 | Consolidated Financial Statements |
| FRS 110 | Amendments to FRS 110, FRS 111 and FRS 112 |
| FRS 111 | Joint Arrangements (*) |
| FRS 112 | Disclosure of Interests in Other Entities (*) |
| INT FRS 121 | Levies (*) |

(*) Not relevant to the entity.

Notes to the Financial Statements

31 July 2015

35. Future changes in financial reporting standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

| FRS No. | Title | Effective date for periods beginning on or after |
|-----------------------------|---|--|
| FRS 1 | Amendments to FRS 1: Disclosure Initiative | 1 Jan 2016 |
| FRS 16 and FRS 38 | Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 Jan 2016 |
| FRS 16 and FRS 41 | Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*) | 1 Jan 2016 |
| FRS 27 | Amendments to FRS 27: Equity Method in Separate Financial Statements (*) | 1 Jan 2016 |
| FRS 110 and FRS 28 | Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*) | 1 Jan 2016 |
| FRS 110, FRS 112 and FRS 28 | Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception (*) | 1 Jan 2016 |
| FRS 111 | Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (*) | 1 Jan 2016 |
| FRS 114 | Regulatory Deferral Accounts (*) | 1 Jan 2016 |
| Various | Improvements to FRSs (November 2014) | 1 Jan 2016 |
| | FRS 105 Non-current Assets Held for Sale and Discontinued Operations -Changes in methods of disposal (*) | |
| | FRS 107 Financial Instruments: Disclosures - Servicing contracts (*) | |
| | FRS 19 Employee Benefits - Discount rate: regional market issue (*) | |
| | FRS 34 Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report (*) | |
| FRS 115 | Revenue from Contracts with Customers | 1 Jan 2018 |
| FRS 109 | Financial Instruments | 1 Jan 2018 |

(*) Not relevant to the entity.

Statistic of Shareholdings

As at 15 October 2015

| | | |
|---|---|--------------------|
| Number of Issued Shares (excluding Treasury Shares) | : | 349,500,000 |
| Number/Percentage of Treasury Shares | : | 500,000 (0.14%) |
| Class of Equity Security | : | Ordinary shares |
| Voting Rights of Ordinary Shareholders | : | One vote per share |

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|-----------------------|---------------------|--------|---------------|--------|
| 1 – 999 | – | – | – | – |
| 100 – 1,000 | 29 | 4.34 | 26,000 | 0.01 |
| 1,000 – 10,000 | 262 | 39.16 | 1,660,600 | 0.48 |
| 10,001 – 1,000,000 | 361 | 53.96 | 29,231,800 | 8.36 |
| 1,000,001 and above | 17 | 2.54 | 318,581,600 | 91.15 |
| Total | 669 | 100.00 | 349,500,000 | 100.00 |

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 15 October 2015, approximately 15.0% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

TWENTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares | % |
|-----|-------------------------------------|---------------|-------|
| 1 | CIMB Securities (Singapore) Pte Ltd | 182,094,100 | 52.10 |
| 2 | Hong Leong Finance Nominees Pte Ltd | 50,000,000 | 14.31 |
| 3 | Teo Hock Chwee | 34,900,000 | 9.99 |
| 4 | Maybank Nominees (S) Pte Ltd | 30,000,000 | 8.58 |
| 5 | Maybank Kim Eng Securities Pte Ltd | 3,087,700 | 0.88 |
| 6 | Phillip Securities Pte Ltd | 2,991,800 | 0.86 |
| 7 | Citibank Nominees Singapore Pte Ltd | 2,922,000 | 0.84 |
| 8 | Ng Kwong Chong | 2,059,000 | 0.59 |
| 9 | Raffles Nominees (Pte) Ltd | 1,487,500 | 0.43 |
| 10 | Hiroshi Utada | 1,250,000 | 0.36 |
| 11 | Loh Tee Yang | 1,213,000 | 0.35 |
| 12 | Koh Chin Hwa | 1,188,000 | 0.34 |
| 13 | Chiong Su Been | 1,115,000 | 0.32 |
| 14 | Lim Heok Eng | 1,107,000 | 0.31 |
| 15 | Elavarasu Somasundaram | 1,100,000 | 0.31 |
| 16 | Teo Teck Heong | 1,050,000 | 0.30 |
| 17 | DBS Nominees Pte Ltd | 1,016,500 | 0.29 |
| 18 | Eng Tiong Heng | 912,000 | 0.26 |
| 19 | Ng Yiau Heong | 840,000 | 0.24 |
| 20 | Shirlaw James Nicholas | 750,000 | 0.21 |
| | Total | 321,083,600 | 91.87 |

Statistic of Shareholdings

As at 15 October 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 15 October 2015)

| Name of Substantial Shareholders | Direct Interest | | Deemed Interest | |
|----------------------------------|------------------|------|------------------|-------|
| | Number of shares | % | Number of shares | % |
| Teo Hock Chwee | 34,900,000 | 9.99 | 260,000,000 | 74.39 |

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of T T J Holdings Limited will be held at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 on 27 November 2015 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the reporting year ended 31 July 2015 together with the Statement by Directors and the Auditors' Report of the Company. **(Resolution 1)**
2. To declare a first and final dividend of 8.0 Singapore cent per ordinary share (tax exempt one-tier) for the reporting year ended 31 July 2015. **(Resolution 2)**
3. To re-appoint Mr Leong Yee Yew retiring under Section 153(6) of the Companies Act, Chapter. 50, to hold office from the date of this Annual General Meeting until the Next Annual General Meeting of the Company.
[See Explanatory Note (i)] **(Resolution 3)**
4. To re-elect Mr Lim Yian Poh retiring pursuant to Article 90 of the Articles of Association of the Company.
[See Explanatory Note (ii)] **(Resolution 4)**
5. To approve the payment of Directors' fees of S\$147,000 to the Directors of the Company for the reporting year ending 31 July 2016. **(Resolution 5)**
6. To re-appoint Messrs RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:
"Resolved that
 - (a) pursuant to Section 161 of the Companies Act, Cap. 50 (the "Act") and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the Company at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares and convertibles securities to be issued pursuant to this Resolution does not exceed more than 50% of the total number of issued shares (excluding treasury shares), of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders must be not more than 20% of the total number of issued shares (excluding treasury shares);

Notice of Annual General Meeting

- (b) for the purpose of determining the aggregate number of shares that may be issued under (a) above, the percentage of issued share capital is based on the issued share capital of the Company (excluding treasury shares) at the time of the passing of this Resolution after adjusting for:
 - (i) new shares arising from the conversion or exercise of convertible securities;
 - (ii) new shares arising from exercising 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 Listing Manual; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares; and
- (c) unless revoked or varied by the Company in general meeting, such authority 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 (iii)]

(Resolution 7)

9. To consider and, if thought fit, pass the following ordinary resolution with or without any modifications:

“That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50) (the “Companies Act”), the exercise by the Directors of all powers of the Company to purchase or otherwise acquire Shares, not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) market purchase(s) (each a “Market Purchase”) transacted on the SGX-ST through the ready market or as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through 1 or more duly licensed stockbrokers appointed by the Company for the purpose; or
 - (ii) off-market purchase(s) (each an “Off-Market Purchase”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies 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 passing of this Resolution and expiring on the earlier of:

Notice of Annual General Meeting

- (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;
- (c) in this Resolution:

“Prescribed Limit” means 10% of the number of issued Shares as at the date of passing of this Resolution; and

“Maximum Price” in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 115% of the Average Closing Price of the Shares;

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five market days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors and each of them be and are hereby authorised to deal with the shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as they think fit, which is allowable under the Companies Act.
- (e) the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they or he may consider necessary, desirable or expedient to give effect to the transactions contemplated by this Resolution.”

[See Explanatory Note (iv)]

(Resolution 8)

By Order of the Board

Tan Swee Gek
Company Secretary

4 November 2015

Notice of Annual General Meeting

Explanatory Note:

- (i) The effect of the Ordinary Resolution 3 above, pursuant to the requirements of Section 153(6) of the Companies Act, is to re-appoint the Director of the Company who is over 70 years of age.

Mr Leong Yee Yew, upon re-appointment will remain as an Independent Director, the Chairman of the Remuneration Committee, a member of the Audit Committee, a member of the Nominating Committee and will be considered independent of the Management.

- (ii) Mr Lim Yian Poh, upon re-election will remain as an independent Director, as well as the Chairman of the Audit Committee, a member of the Nominating Committee, a member of the Remuneration Committee, and will be considered independent of the Management.

- (iii) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company up to an amount not exceeding, in total, 50% of the issued share capital of the Company (excluding treasury shares); at the time of passing of this resolution, of which up to 20% may be issued other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares which may be issued, the percentage of share capital shall be based on the Company's issued share capital (excluding treasury shares) at the time this Ordinary Resolution is passed, 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 which are outstanding or subsisting at the time this Ordinary Resolution is passed and (c) any subsequent consolidation or subdivision of shares.

- (iv) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10 per cent. of the total number of issued Shares excluding any Shares which are held as treasury shares by the Company, at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Letter to Shareholders dated 4 November 2015.

Notice of Annual General Meeting

Notes:

- 1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- 2) The instrument appointing a proxy or proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
- 3) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 57 Pioneer Road, Singapore 628508 at least 48 hours before the time of the Annual General Meeting.

This page has been intentionally left blank.

This page has been intentionally left blank.

IMPORTANT:

- For Investors who have used their CPF monies to buy ordinary shares in the capital of TTJ Holdings Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by such CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM
Annual General Meeting

I/We _____ (Name)

of _____ (Address)

being a member/members of TTJ Holdings Limited (the “Company”) hereby appoint

| Name | Address | NRIC/ Passport No. | Proportion of my/our Shareholding | |
|------|---------|-----------------------|-----------------------------------|---|
| | | | No. of shares | % |
| | | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/ Passport No. | Proportion of my/our Shareholding | |
|------|---------|-----------------------|-----------------------------------|---|
| | | | No. of shares | % |
| | | | | |

failing which, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 on 27 November 2015 at 2.30 p.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 Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

| No. | Resolutions Relating To: | For | Against |
|-----|--|-----|---------|
| | Ordinary Business | | |
| 1. | Adoption of Statement by Directors and Audited Financial Statements for reporting year ended 31 July 2015 | | |
| 2. | To declare a first and final dividend of 8.0 Singapore cent per ordinary share (tax exempt one-tier) for the reporting year ended 31 July 2015 | | |
| 3. | Re-appointment of Mr Leong Yee Yew as Director | | |
| 4. | Re-election of Mr Lim Yian Poh as Director | | |
| 5. | Approval of Directors’ Fees for the reporting year ending 31 July 2016 | | |
| 6. | Re-appointment of Messrs RSM Chio Lim LLP as Auditors | | |
| | Special Business | | |
| 7. | Authority to allot and issue new shares | | |
| 8. | Renewal of Share Purchase Mandate | | |

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

Dated this _____ day of _____ 2015.

| |
|------------------------------------|
| Total number of Shares held |
| |

 Signature of Member(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
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 57 Pioneer Road, Singapore 628508 at least 48 hours before the time of the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of 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.
8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

TTJ HOLDINGS LIMITED
Company Registration No.: 199204617M
TTJ (Incorporated in the Republic of Singapore)

Singapore Office:
No. 57 Pioneer Road Singapore 628508
Tel: +65 6862 2126 Fax: +65 6862 0284

www.ttj.com.sg