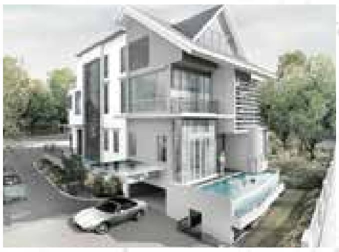
詳兄弟
KOH BROS
Building Cities Building Dreams

CHARTING THE UPWARD JOURNEY!

Annual Report 2014

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OUR PROMISE

At **Koh Brothers**, customer satisfaction is our priority. To achieve this, we are committed to deliver quality products, services and solutions. With strong support from our business partners and dedicated staff, we strive to add value by adopting an innovative work approach. With these strengths, we are confident to excel and grow our organisation to achieve shareholder satisfaction.

THE ILLUSTRIOUS JOURNEY THUS FAR

1960s

- Founded and established by Mr Koh Tiat Meng

1970s

- Rochor Canal Flood Alleviation Project
- Sungei Ulu Drainage Project
- Set-up G & W Ready-Mix Pte Ltd providing ready-mix concrete

1980s

- G & W began equipment sale and rental operations
- Production of concrete products by G & W
- Established PT. Koh Brothers Indonesia and ventured into real estate development in Indonesia

1990s

- Registered with the CIDB as G8 Building and Civil Engineering Contractor
- Bukit Timah Flood Alleviation Scheme Project
- Refurbished and renovated Asian Hotel in Vietnam and Changi Hotel in Singapore
- New Hall of Residence for NTU
- Set up Automated Batching Plants
- First City Complex Project in Batam, Indonesia
- Development of HDB Flats in Jurong West
- Holland Road/Farrer Road/ Queensway Interchange Project
- SASCO Hanger Complex Project
- Substructures and Civil Works for NUH
- Listed on the Mainboard of SGX
- Improvements to Kallang River (from Braddell Road to Jalan Toa Payoh)

許兄弟 KOH BROS
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- Building & Electrical Works at Jurong West Neighbourhood 6
- BCA award for Construction Excellence 2000 (Civil Engineering) and for Construction of Holland Road/Farrer Road/Queensway Interchange
- Ranked amongst the top companies in Singapore 1000
- Extension/Addition and alteration to existing Singapore Conference Hall
- Construction of SAF Warrant Officers & Specialists Club
- Designing and Building of Provost & Armour Clusters in Kranji Camp
- Singapore Civil Defence Force HQ Complex
- The Sierra (Real Estate Project)
- The Montana (Real Estate Project)
- Starville (Construction and Real Estate Project)
- Construction of Common Services Tunnel Project in Marina South
- Changi Water Treatment Plants Project
- Marina Barrage Project
- The Lumos (Real Estate Project)
- Bungalows @ Caldecott (Real Estate Project)
- Construction of River Valley High School & Hostel
- Upgrading of Vehicular Bridges Project
- Fiorenza (Construction and Real Estate Project)
- Construction of Bugis Station and its Associated Tunnels for Downtown Line Stage 1
- Construction of Punggol Waterway
- Construction of HDB flats in Choa Chu Kang
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. awarded OHSMS
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. awarded ISO 14000

2000s

2010s

- Awarded by CIDB for Construction Excellence of Reconstruction of Geylang River
- Land Reclamation Phase 1 Project at Xinjin River Mouth, Shantou, China
- G & W Ready-Mix Pte Ltd and G & W Concrete Products Pte Ltd awarded ISO 9002 certification
- Opening of Oxford Hotel
- Building works at Choa Chu Kang Neighbourhood 4
- Construction of Civil Defence Academy at Jalan Bahar
- Construction of Container Stacking Yard for Container Terminal at Pasir Panjang Road
- Sun Plaza (Construction and Real Estate Project)
- The Capri (Real Estate Project)
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. awarded ISO 9000

- 15th SIAS Investors' Choice Awards – Most Transparent Company Awards 2014 (Construction & Materials Category)
- Singapore Quality Brand Award 2014 – (Special Merit)
- Promising SME 500 2014 (Distinguished Business Leader of the Year) Award
- BCA Construction Productivity Award – Advocates (Builder - Open Category) - Merit
- Malaysia Landscape Architecture Awards 2014 Excellence Award (International) – My Waterway @ Punggol
- Singapore Prestige Award – Heritage Brands Category 2013
- HDB BTO Project at Vine Grove @ Yishun
- Development of executive condominium site at Westwood Avenue
- Acquisition of Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited)
- Bukit Timah First Diversion Canal
- Geylang River Makeover Project
- Design and Engineering Safety Excellence Award 2010 - Marina Barrage (Merit - Civil Engineering Category)
- Green and Gracious Builder Award 2010 (Merit)
- BizSAFE STAR Certificate
- BizSAFE Partner Certificate
- Green and Gracious Builder Award 2012 (Excellent)
- BCA Construction Excellence Award 2011 - Marina Barrage (Civil Engineering Projects Category)
- Parc Olympia (Construction and Real Estate Project)
- Total Defence Award 2011
- Sewerage Scheme to serve Jurong Eastern Catchment Package C (Contract 1) - Proposed used water lift station at Jurong Water Reclamation Plant
- Lincoln Suites (Construction and Real Estate Project)
- Design & Build Contract for Proposed Retention Pond, associated drainage and backfill works at Singapore Changi Airport
- BCA Construction Productivity Award - Platinum (Civil Engineering) Punggol Waterway Part 1
- HDB Construction Award – Punggol Waterway Part 1

OUR CORPORATE PROFILE

Listed on SGX Mainboard in August 1994, Koh Brothers Group Limited ("Koh Brothers" or "the Company", and together with its subsidiaries, "the Group") is a well-established construction, property development and specialist engineering solutions provider, which was started as a sole proprietorship in 1966 by Mr Koh Tiat Meng. Today, the Group has more than 40 subsidiaries, joint venture companies and associated companies spread over Singapore, Indonesia and Malaysia.

Over the years, the Group has undertaken numerous construction and infrastructure projects with its A1 grading by the Building and Construction Authority ("BCA"). It is currently the highest grade for contractors' registration in this category and allows us to tender for public sector construction projects of unlimited value. In addition, the Group has developed a name for itself as a niche real estate developer, with an established reputation for quality and innovation.

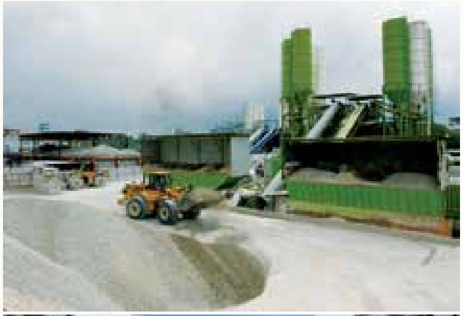
Koh Brothers' diversified businesses have created multiple revenue streams, with operating synergies arising from three core areas:-

- Construction and Building Materials
- Real Estate
- Leisure & Hospitality

Construction

Our Construction division provides a complete and diverse range of infrastructure and building project management, products, services and solutions for the construction industry. Recent projects undertaken include the development of an executive condominium site at Westwood Avenue, the HDB building works at Yishun Neighbourhood 6 Contract 19 and Neighbourhood Park, the PUB Bukit Timah First Diversion Canal Contract 2, the Used Water Lift Station at Jurong Water Reclamation Plant, and the Design and Build Contract for Proposed Retention Pond, Drainage and Backfilling Works at Singapore Changi Airport.

Some of our recently completed projects include the Downtown Line 1 Bugis MRT Station and the Punggol Waterway.



Building Materials

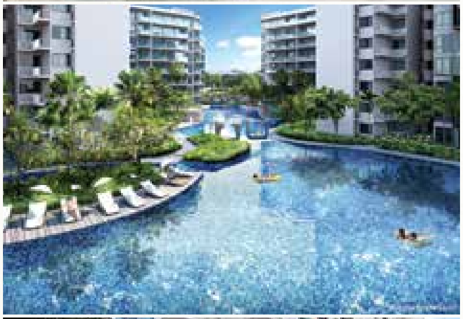
Our Building Materials division is a long established and renowned one-stop quality provider of concrete solutions to the construction industry. The Group's core businesses are in the provision of ready-mix concrete, cement, precast concrete products and the rental of concrete pumps.

Real Estate

Our Real Estate division provides quality property developments with specialised themes at choice locations. Koh Brothers Development Pte Ltd established in 1993, is our wholly-owned flagship company for this division.

Some of our current development projects include the development of an executive condominium site at Westwood Avenue and the 486-unit Parc Olympia Condominium at Flora Drive.

Some of our completed development projects include the 175-unit Lincoln Suites located at Khiang Guan Avenue off Newton Road and the 53-unit Lumos development at Leonie Hill.



Leisure & Hospitality

Our Leisure & Hospitality division provides 'no-frills' hospitality services through the Oxford Hotel brand name with more than 130 hotel rooms. Oxford Hotel has also recently completed major renovations as part of an upgrading programme.

OUR CORE VALUES

STATEMENT

With knowledge and honesty, we add value to organisational excellence through commitment, teamwork, continuous self-development and opportunities for innovation.

Knowledge

Our culture of continuous improvement allows for the developmental opportunities that are responsive to the current and future challenges of the Company and our customers.

Openness

We need to be open-minded to adapt and respond well to changes according to the environment.

Honesty

We emphasise honesty in every aspect of our business, resulting in a Company that is trusted by our society at large whom we work with.

Bonding

Our culture of teamwork allows us to bring together the best thinking from our professionals and deliver optimum solutions to our clients' complex needs.

Responsibility

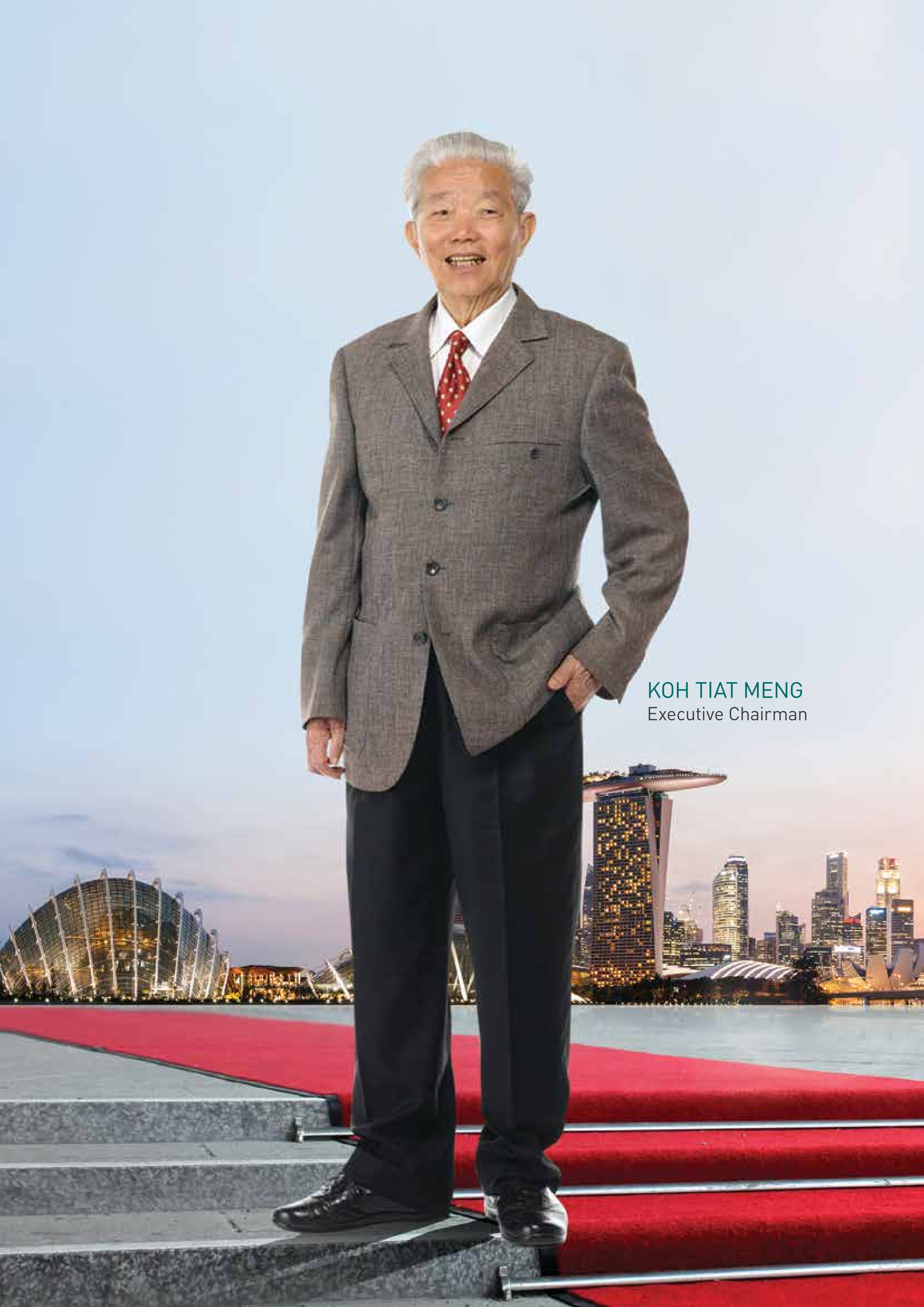
Our culture encourages employees to pursue set goals and work towards achieving high standards of performance.

Opportunities

The Company provides equal opportunity to all individuals to be innovative so as to bring the Company to the next level of excellence.

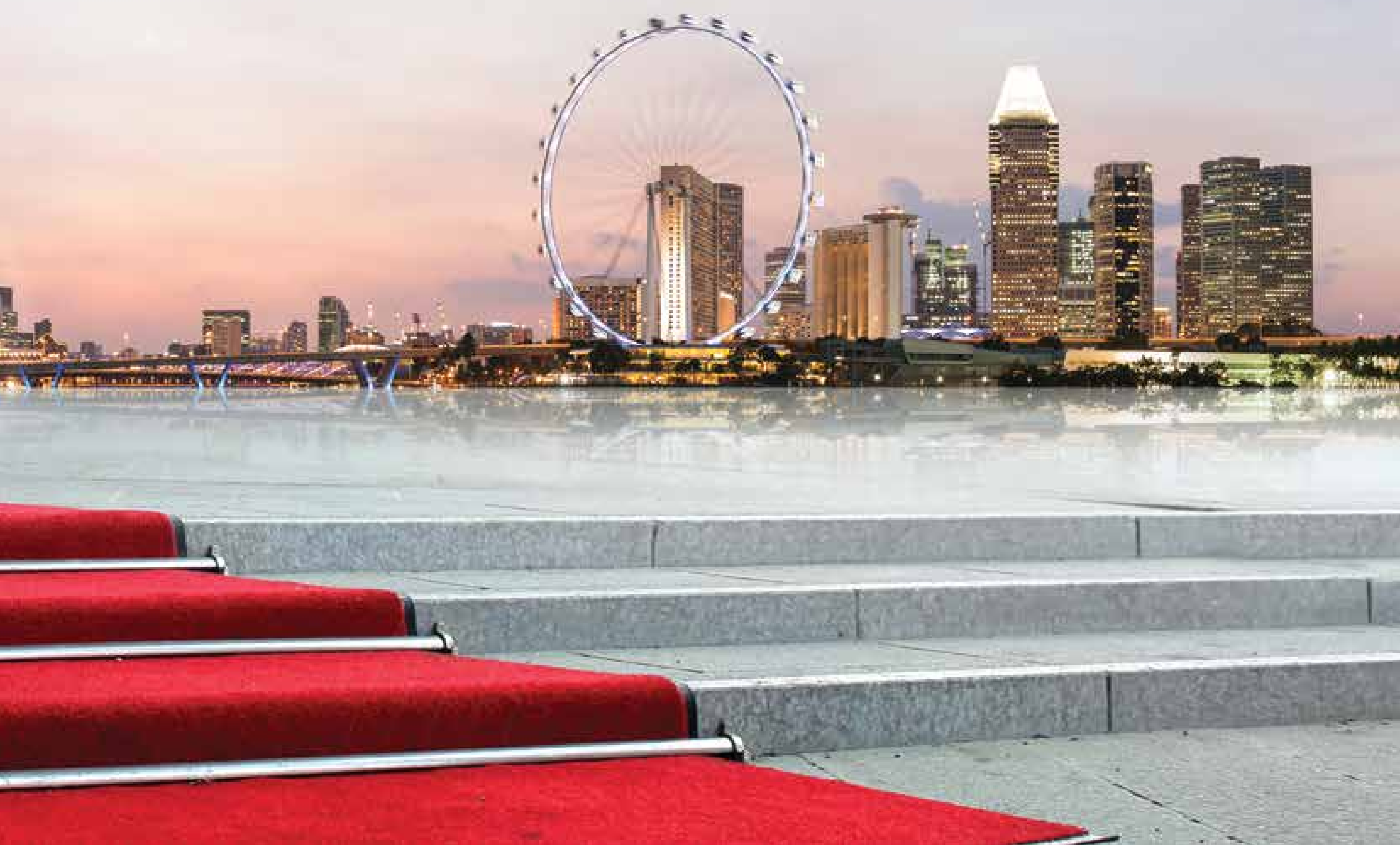
Standards

We strive to achieve organisational excellence in whatever we set out to perform.



KOH TIAT MENG
Executive Chairman

LEAVING OUR LEGACY IN SINGAPORE'S SPECTACULAR LANDSCAPE



EXECUTIVE CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

It has been another year of accomplishments despite the continued tightening of regulatory controls on the labour market affecting the construction industry. All business divisions reported excellent performance and contributed to a net profit of S$29.5 million for the year ended 31 December 2014, an increase of 38% from S$21.3 million in the previous year.

This encouraging performance is a result of a sound business model and time-tested strategies which have allowed greater integration of in-house capabilities, effectively harnessing synergies amongst various businesses to increase productivity and efficiencies.

We also successfully issued our first tranche of S$50 million notes under our S$250 million Multicurrency Medium Term Note Programme. The issue was subscribed by more than four times. The Programme has greatly enhanced the Group's resources and better positioned us to capitalise on new business opportunities.

The Group remains financially strong, with healthy cash and bank balances of approximately S$77.3 million as at 31 December 2014.

A YEAR OF ROBUST PERFORMANCE

CONSTRUCTION

Notwithstanding the tightening of immigration policy resulting in a labour crunch and higher business costs, our Construction division continues to record impressive achievements and positive developments.

SGX Catalist-listed Metax Engineering Corporation Limited – which we hold a 41%-stake in – has been restructured and renamed as Koh Brothers Eco Engineering Limited. Expansionary plans have already taken place with the Company diversifying from providing Engineering, Procurement and Construction ("EPC") services to new areas such as servicing and maintenance of sludge, water and wastewater treatment plants as well as construction of desalination plants. This will further increase the Group's revenue streams and enhance growth.

Lincoln Suites attained Temporary Occupation Permit ("TOP") status during the year and Jurong Water Reclamation Plant, Changi Retention Pond and Parc Olympia are close to completion. Additionally, Bukit Timah Diversion Canal, Westwood Executive Condominium and Vine Grove @ Yishun have also broken ground and are progressing well.

The Group also won the Building and Construction Authority ("BCA") Construction Productivity Award, attesting to our focus on maximising productivity. Our commitment to productivity is complemented by a high standard of workplace safety and health. As safety is a top priority, our Systems Development & Audit Department has stepped up its efforts in training staff to ensure safety excellence.

BUILDING MATERIALS

To meet the increase in demand for precast concrete arising mainly from the construction of public housing in Singapore, our G&W precast plant in Senai boosted our total concrete production capacity by 33%. The plant is also producing eco-friendly Pre-fabricated Bathroom Units ("PBU") for the Westwood Executive Condominium construction project to help it achieve Green Mark requirements. Our Building Materials division continues to be a strong contributor to the Group's revenue.

PRODUCTIVITY

In response to the government's call for higher productivity in the construction sector, Koh Brothers has achieved significant headway. We have drawn upon the Construction Productivity Capabilities Fund and the Productivity Innovation Credits established by the Government, and set up a 5-year S$1 million Productivity Improvement Scheme to drive productivity. Since its establishment, the Scheme has garnered encouraging results. So far, Management has evaluated a number of excellent productivity initiatives and participating employees who submitted them are rewarded accordingly.

Going forward, the Group will continue to focus on accelerating our productivity drive, tapping on the collective wisdom of staff and management as well as tapping on technology and innovation to enhance our work.

REAL ESTATE

The Real Estate division has seen exponential growth with a record increase in sales.

Hot on the heels of Lincoln Suites, Parc Olympia is due to complete soon and Westwood Executive Condominium is slated for its public launch in 2015. This testifies to the popularity and trust in the quality of our themed lifestyle developments. Beyond property development, we are also looking at increasing our recurring income from our property investments. Sun Plaza is currently undergoing an asset enhancement exercise which is expected to be completed by the second quarter of 2015. With the new enhancement, we are poised to improve our recurring earnings from an improved tenant mix. Sun Plaza is well-placed to tap on rejuvenation of the Sembawang North region and appeal to a new profile of shoppers.

The Group will continue to build on our theme and lifestyle branding to introduce developments with differentiating features and offer more sought-after locations.

CONTINUING OUR BRANDING AND CORPORATE GOVERNANCE JOURNEY

Our aggressive and concerted branding efforts continue to yield results for the Group and we have won a slew of awards, most notably, the Singapore Quality Brand Award (SQBA) 2014 – Special Merit, and the Promising SME 500 Award (Distinguished Business of the Year 2014). In addition, as an endorsement of our commitment to maintain openness and transparency in our shareholder communications, we were conferred the Winner for The Most Transparent Company Award (Construction & Materials Category) at the 15th SIAS Investors' Choice Awards 2014. These prestigious accolades testify to Koh Brothers' brand name as a symbol of quality, with a strong focus on corporate governance that inspires confidence and admiration. They are also a clear sign that our branding strategy and positioning is on the right track. In the years ahead, we will continue to capitalise on our positive brand image and build a strong brand for the Group.

CORPORATE SOCIAL RESPONSIBILITY

Being a good corporate citizen and giving back to the society has always been a key pillar for Koh Brothers. In 2014, we continued to donate generously to help the less fortunate. We supported various organisations such as old and aged homes, Children's Society, National Crime Prevention Council, Students' Care Service and other charitable organisations.

ON THE HORIZON

Things are boding well for the construction sector with the BCA projecting total construction demand of between S$29 billion to S$36 billion for 2015, with 60% of the total demand expected to come from institutional and civil engineering projects.

At the same time, we are cognisant of the continued tightening on the inflow of foreign workers through an increase in foreign worker's levy and curtailment of man-year entitlements. We have and will continue to respond to the government's call for all companies to innovate and increase productivity across the board so as to reduce dependence on foreign labour. Internally, we will continue to accelerate our productivity drive organisation-wide, innovate our work processes, scale up our technical capabilities to take on high value projects and position ourselves to respond to the new challenges ahead.

For Real Estate, a more subdued property market brought about by the continued impact of property cooling measures and the influx of new private and public housing units is expected for the next few years. The government is scaling back land sales as well as slowing down its public housing programme to avoid a hard landing for the property market.

The property market, although subdued, is expected to continue to be resilient and sustainable. While we expect a soft landing, if property prices keep falling, some of the temporary cooling measures may be reviewed by the government.

As a themed-and-lifestyle developer, we are always looking out for new features to differentiate our residential properties to appeal to all homebuyers. In challenging times, we will place an even greater emphasis on unique or innovative features to differentiate our developments.

At the same time, we will look at increasing our recurring income from our Property Investments which include commercial and residential properties, as well as from our Leisure and Hospitality segment.

The Leisure and Hospitality sector continues to ride on Singapore's healthy visitorship and expatriate community. To further capitalise on this, Oxford Hotel and Alocassia underwent enhanced facelift to further entrench their position in the minds of tourists, business travellers and expatriates for both short-term and long-term accommodations. We are confident that the sector will grow with the strategic move.

PROPOSED DIVIDENDS

In line with our good performance achieved in FY2014, the Group has proposed a tax-exempt, one-tier special dividend of 0.30 cent, in addition to a final dividend of 0.50 cent, payable on 16 June 2015.

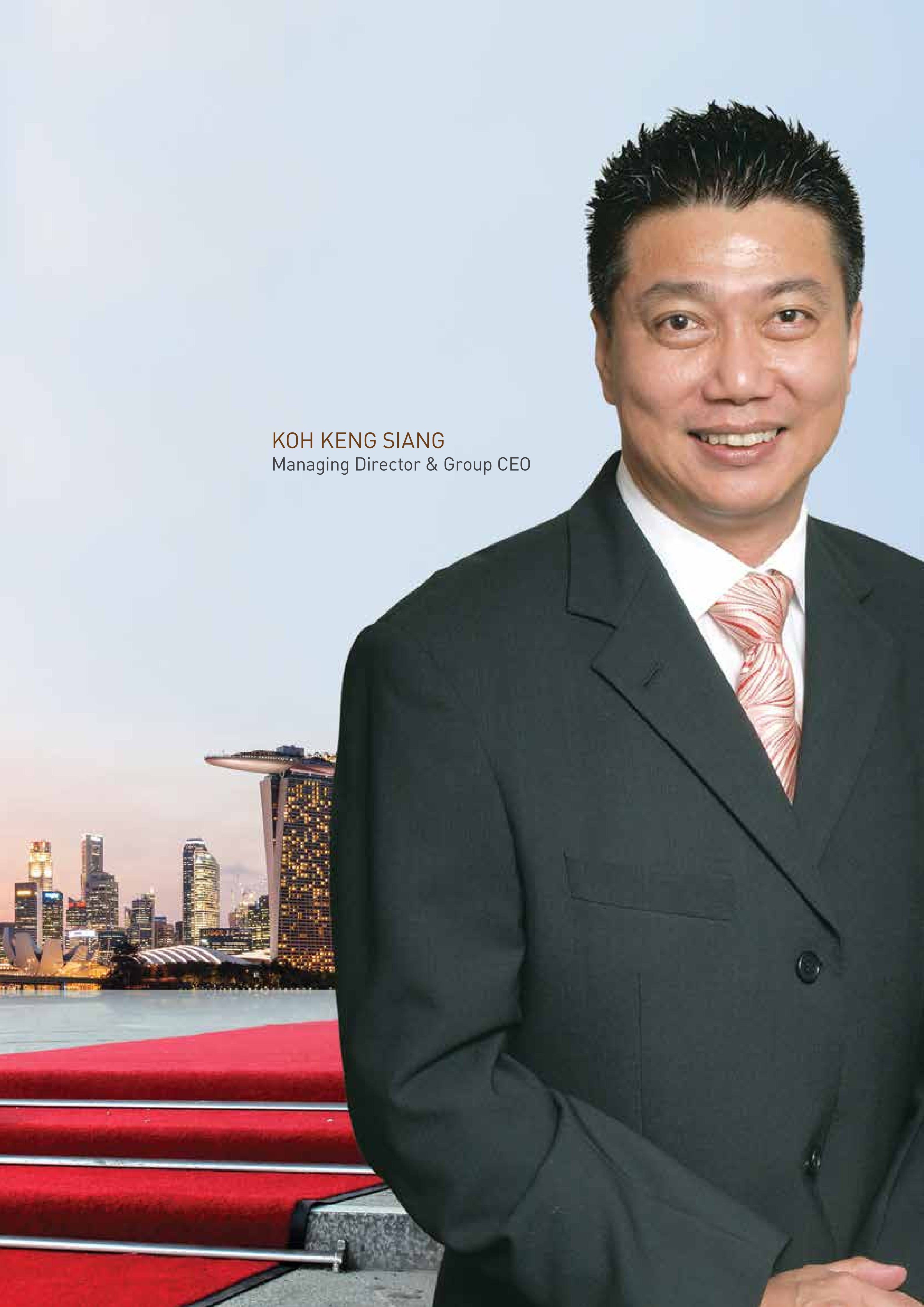
A NOTE OF APPRECIATION

We have garnered yet another year of positive growth with the concerted effort and support of our business associates, customers, management and staff. I wish to express my heartfelt gratitude to all of them for their dedication and "can-do" attitude.

To our shareholders and investors, we pledge our commitment to continue creating value, staying prudent and innovative during these challenging times to bring about continued success for one and all.

Koh Tiat Meng
Executive Chairman
25 March 2015

SETTING THE STAGE FOR GREATER PERFORMANCE.



KOH KENG SIANG
Managing Director & Group CEO

OPERATIONS REVIEW BY MANAGING DIRECTOR & GROUP CEO

On behalf of the management, I am pleased to present the performance review of our core business divisions for FY2014 as well as share key developments and initiatives the Group has underway.

FY2014 saw robust performance despite sustained challenges faced in the area of manpower resulting from the government's stand to tighten hiring of foreign workers. The government's property cooling measures have also affected prices of residential properties. Notwithstanding this, the real estate division led the pack as the biggest contributor to growth in FY2014.

Overall, the Group turned in an impressive net profit of S$29.5 million for the year ended 31 December 2014, an increase of 38% from S$21.3 million for the year ended 31 December 2013.

CONSTRUCTION AND BUILDING MATERIALS DIVISION

Our Construction and Building Materials Division continued to be active with improved contributions from infrastructure and building projects. In FY2014, the division turned in a strong performance, achieving a revenue of S$256.9 million. This accounted for 65% of the Group's total revenue.

The restructuring of Metax Engineering Corporation Limited, renamed as Koh Brothers Eco Engineering Limited, has also laid the foundation for the division to diversify its revenue streams. Expansionary plans are already underway and the Company has started making headway into new markets such as servicing and maintenance of sludge, water and wastewater treatment plants.

Our ongoing projects include the Jurong Water Reclamation Plant, Bukit Timah Diversion Canal, Vine Grove @ Yishun, Changi Airport Retention Pond and Parc Olympia Condominium. Although we are conscious of cost escalation and tight supply of labour in the industry, we believe that there are still various projects in the pipeline which are in line with our core competencies.

Our Building Materials Division continued to innovate and strategically expand its precast capabilities. The opening of G&W's precast plant in Senai, Malaysia, in 2013 was timely. By increasing our concrete production capacity, we are able to meet higher demand for our precast concrete products.

Looking ahead, the Group will continue to build on its strong construction and precast expertise to selectively tender for more projects and further strengthen our track record.

REAL ESTATE DIVISION

The Real Estate Division registered better performance with a revenue of S$135.0 million, accounting for 34% of the Group's total revenue. This is especially laudable against the aforementioned backdrop of falling residential property prices.

Lincoln Suites obtained TOP during the year. Parc Olympia is near completion and construction of Westwood Executive Condominium has successfully started with a public launch slated for 2015.

As we move into a new year, we will continue to focus on our strength as a themed-and-lifestyle developer offering cutting-edge features in our residential developments. Our latest initiative is for Westwood Executive Condominium and we will provide our shareholders with further updates in due course.

LEISURE & HOSPITALITY DIVISION

2014 was a challenging year with international tourist arrivals declining by 3.1% year-on-year. Our revenue from the division was also affected and declined to S$3.3 million in 2014 from S$4.1 million the previous year.

Oxford Hotel and Alocassia apartments continued with its asset enhancement exercise to further increase yield during the year. The refreshed look of Oxford Hotel and the enhanced Alocassia apartments will contribute towards better customer satisfaction and help attain a higher occupancy rate.

IN CONCLUSION

Our performance in FY2014 has been commendable due mainly to sustained and well executed business strategies that resulted in a greater integration of resources and collaboration between business units which in turn increased productivity and efficiencies.

We will continue to improve margins by differentiating ourselves with innovative marketing solutions, products and services. We will keep our focus on strategic investments in supply chain services, and be on the look-out for sound acquisition opportunities that have high earnings, and value potential.

Looking ahead, we will not rest on our laurels but continue to extend our lead through dynamic, forward-looking but prudent leadership.

We are grateful to our employees, business associates and partners for their contribution to a sterling year. To our shareholders and investors, we are deeply appreciative of the trust and support bestowed on us and we vouch to work harder to create value in return.

Koh Keng Siang
Managing Director & Group CEO
25 March 2015

GROUP STRUCTURE

The following sets out the subsidiaries of the Company

KOH BROS
Building Cities Building Dreams

KOH BROTHERS GROUP LIMITED

CONSTRUCTION & BUILDING MATERIALS

- Beijing G & W Cement Products Co., Ltd
- Construction Consortium Pte. Ltd.
- Dalian Megacity Trading Co., Ltd
- G & W Building Materials Sdn. Bhd.
- G & W Concrete Products Pte Ltd
- G & W Industrial Corporation Pte Ltd
- G & W Industries (M) Sdn. Bhd.
- G & W Industries Pte Ltd
- G & W Precast Pte Ltd
- G & W Ready-Mix Pte Ltd
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd.
- Koh Brothers Eco (China) Pte. Ltd. *(formerly known as Koh Brothers Engineering (Malaysia) Pte. Ltd. and also formerly known as Bioearth Pte. Ltd.)*
- Koh Brothers Eco Engineering Limited *(formerly known as Metax Engineering Corporation Limited)*
- Koh Eco Engineering Pte. Ltd.
- Megacity Investment Pte Ltd
- Meng Wah High Technology Pte Ltd
- Metax Eco Solutions Pte. Ltd.
- Metax Engineering (India) Pvt. Ltd.
- Oiltek Nova Bioenergy Sdn. Bhd.
- Oiltek Sdn. Bhd.
- USL Asia Pacific (M) Sdn. Bhd.
- USL Asia Pacific Pte Ltd
- WS Bioengineering (China) Pte. Ltd.
- WS Bioengineering Pte. Ltd.
- WS Bioengineering Sdn. Bhd.
- WSB Pte. Ltd.

REAL ESTATE

- Changi Properties Pte. Ltd.
- KBD Ventures Pte. Ltd. *(formerly known as KBD Double O Pte. Ltd.)*
- KBD Flora Pte. Ltd.
- Koh Brothers Development Pte Ltd
- Koh Brothers Holdings Pte Ltd
- PT. Koh Brothers Indonesia

LEISURE & HOSPITALITY

- KBD Kosdale Pte. Ltd.
- Koh Brothers Investment Pte Ltd
- Kosland Pte. Ltd.
- Oxford Hotel Pte Ltd

The following subsidiaries of the Group are in members' voluntary liquidation: Asta-Profits Investments Pte. Ltd., Batam Vision Pte. Ltd., Bellwood Investments Pte. Ltd., Eminent Capital Investments Pte. Ltd., Megaplus Investments Pte. Ltd., Scenic City Investments Pte. Ltd., Shantou Scenic Bay Property Development Co., Ltd, Shantou Scenic View Property Development Co., Ltd., Wealthplus Pte. Ltd., PT. Batam Vision Indonesia, PT. Gunanusa Wiratama, PT. KB Marinindo, PT. Pulau Pisang Granitindo and Shantou SEZ Jia Xin Real Estate Development Co., Ltd. The Group also has a subsidiary which is dormant: MetEco Solutions Sdn. Bhd.

CORPORATE SOCIAL RESPONSIBILITY

Responsibility is one of Koh Brothers' core values and this permeates everything, including our philosophy towards the society in which we operate. As a home-grown organisation, we believe our achievement today will not have been possible without the help of the people who collectively made up Singapore. As such, we believe in giving back to the society and are deeply committed to our Corporate Social Responsibility ("CSR"). Our efforts includes but are not limited to a few key areas, which include corporate philanthropy, volunteerism, the environment and corporate sponsorship.

Over the last year, we had also contributed generously to charity causes such as old aged homes, the Children's Society and the Student Care Service Charity Golf.

We have a two-pronged approach in carrying out our CSR commitment. The first aspect pertains to best practices within our operations to reduce impact on the environment such as:

a) Reduce, reuse and recycle construction and office materials for a greener environment;
b) Use environmentally-friendly products whenever possible;
c) Implement and maintain environment-friendly practices;
d) Design and ensure our buildings and projects are energy-efficient;
e) Minimise inconvenience and disruption to the public caused by our operations; and
f) Studying and designing how to build more eco-friendly materials through our Innovation Centre.

Our commitment to the above principles have been recognised by various awards. They include:

a) Green and Gracious Builders Award – Excellence (BCA);
b) Construction and Productivity Award – Platinum (Civil Engineering) Punggol Waterway Part 1 (BCA); and
c) HDB Construction Award – Punggol Waterway Part 1.

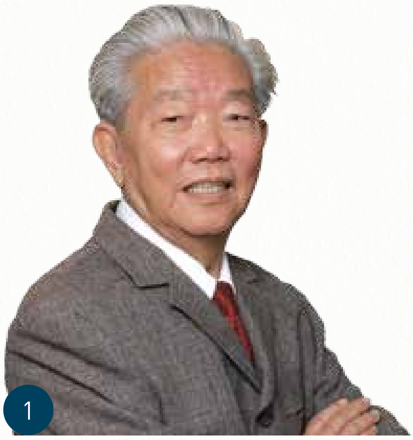
The second aspect of our CSR approach is more outward-looking. We actively reach out to the society and participate in various initiatives. We have participated in the charity drive to raise money for the Society for the Physically Disabled annually. The funds will go towards helping

beneficiaries meet their financial, healthcare and developmental needs. Besides donating to various welfare organisations over the years, our Social & Recreation Committee has organised community outreach programme to the Lions' Befrienders home for the elderly folks during the festive Christmas season.

Preparing our youths for the future

Koh Brothers is also a firm believer of education when it comes to preparing the nation for the future. This programme is a joint effort between BCA and leading players in the building and construction industry to help train, shape and mould future industry leaders by providing aspiring and capable young people an opportunity to embark on a challenging and rewarding career in the building and construction industry.

BOARD OF DIRECTORS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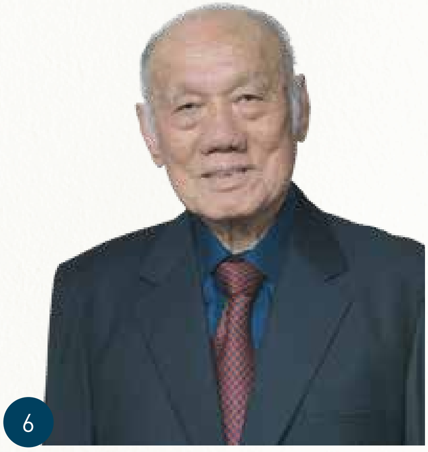
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1 KOH TIAT MENG
Executive Chairman

Mr Koh Tiat Meng is the Executive Chairman of Koh Brothers Group Limited. He was appointed as a Director on 2 February 1994 and was last re-elected on 30 April 2014. He is also the Chairman of the Executive Committee.

Mr Koh founded the Group in 1966 and has more than 45 years of experience in the construction industry. He was the driving force in charting the strategic expansion of the Group's businesses in Construction and Building Materials, Real Estate and Leisure & Hospitality as well as spearheading its activities into China, Malaysia, Indonesia and Vietnam.

In 2009, Mr Koh was awarded the Public Service Medal (PBM) by the President of Singapore for his contributions to social and community services.

2 KOH TEAK HUAT
Executive Deputy Chairman

Mr Koh Teak Huat is the Executive Deputy Chairman of Koh Brothers Group Limited. He was appointed as a Director on 2 February 1994 and was last re-elected on 29 April 2011. He is also the Deputy Chairman of the Executive Committee.

Mr Koh joined the Group in 1970 and was a major contributor to the growth of the Group's core businesses. He has more than 40 years of experience in the construction industry, with in-depth expertise in managing drainage, excavation and reclamation projects.

Mr Koh was conferred the title of Dato' Paduka Mahkota Terengganu Yang Kehormet, D.P.M.T. by the Sultan of Terengganu, Malaysia on 29 April 1994.

3 KOH KENG SIANG (FRANCIS)
Managing Director & Group CEO

Mr Koh Keng Siang is an Executive Director of Koh Brothers Group Limited. He was appointed as a Director on 5 May 1994 and was last re-elected on 29 April 2005. He was also appointed as the Managing Director & Group CEO on 12 January 2007. He is also a member of the Executive Committee and the Nominating Committee.

Mr Koh has been with the Group since 1987 and has held various positions in administration, finance and project management. He has been the main driving force in implementing the Group's business expansion into Real Estate and Leisure & Hospitality and was responsible for the formulation and implementation of strategic plans to achieve the Group's goal of establishing its brand name in Singapore as a builder of quality homes.

Mr Koh holds a Master of Business Administration degree from the National University of Singapore and a Bachelor of Engineering (Honours) degree from the University of Birmingham. He was conferred the Best Executive Award 1997-1998 by His Excellency, The State Minister of Industry and Trade of the Republic of Indonesia, Mr Ir T Airwibowo. He was also conferred the Promising SME 500 (Distinguished Business Leader of the year) in 2014.

4 KOH KENG HIONG (JOSEPH)
Executive Director and Deputy CEO
(Real Estate and Leisure & Hospitality divisions)

Mr Koh Keng Hiong is an Executive Director of Koh Brothers Group Limited. He was appointed as a Director on 7 February 2007 and was last re-elected on 26 April 2012. He is also a member of the Executive Committee.

Mr Koh began his career with the Group in 1991 and has been involved in many key business development projects in the Group's core businesses in Vietnam and Singapore. With over 20 years of experience, he has amassed an extensive portfolio of skills and capabilities spanning across a broad spectrum of businesses in hospitality and property. His vast array of expertise has seen him engaged in key corporate and operations functions such as strategic business management, corporate planning, sales and marketing, finance and human resource, information technology, as well as business development.

Mr Koh holds a Bachelor of Science degree with Honours in Business Administration, majoring in Finance, from the San Francisco State University, California, USA.

5 QUEK CHEE NEE
Non-Executive Director

Mdm Quek Chee Nee is a Non-Executive Director of Koh Brothers Group Limited. She was appointed as a Director on 2 February 1994 and was last re-elected on 30 April 2014.

Mdm Quek joined the Group in 1969 and assisted the Chairman in running the Group's construction activities when it was still undertaken as a sole proprietorship. She played a pivotal role in helping the Group corporatise its businesses and achieve major success before relinquishing her executive duties.

Mdm Quek has also more than 40 years of experience in the construction industry and contributed significantly to the growth of the Group's businesses.

6 LEE KHOON CHOY
Lead Independent Director

Mr Lee Khoon Choy is an Independent Director of Koh Brothers Group Limited. He was appointed as a Director on 30 July 1994 and was last re-elected on 30 April 2014. He is also the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee and the Share Purchase Committee. He has been appointed as the Lead Independent Director on 20 February 2014.

BOARD OF DIRECTORS

Mr Lee is the Chairman of Eng Lee Investments Consultants Pte Ltd. From 1959 to 1984, he held key appointments in the Singapore Parliament. He was the Minister of State for the Ministry of Culture from 1965 to 1968, the Minister of State for the Prime Minister's office from 1968 to 1970 and the Senior Minister of State for Foreign Affairs between 1974 and 1978. During the period from 1978 to 1984, he was also the Senior Minister of State for the Prime Minister's office and the Deputy Chairman for the People's Association. He was the Ambassador to Egypt, Ethiopia, Lebanon and Yugoslavia and the High Commissioner to Pakistan from 1968 to 1970, the Ambassador to the Republic of Indonesia from 1970 to 1974, and the Ambassador to Japan and the Republic of Korea from 1984 to 1988.

Mr Lee was awarded the Meritorious Service Star (Bintang Bakti Utama, B.B.U.) by President Suharto of Indonesia in 1974 for his services rendered in promoting relations between Indonesia and Singapore. He was also awarded a Scholarly Achievement Award by the Japan Institute of Oriental Philosophy in 1986 for his dedicated and outstanding achievements in the research and development of eastern philosophy, thought and culture. He was awarded the International Science and Peace Award in 2008 for his contributions in promoting relations between China and Singapore.

In 1988, Mr Lee was further awarded the Meritorious Diplomatic Service Star (O.D.S.M.) by President Roh Tae-Woo of the Republic of Korea ("ROK") for his contributions towards promoting relations between ROK and Singapore. In recognition of his contributions towards the establishment of Singapore, he was awarded the Distinguished Service Order (Darjah Utama Bakti Cemerlang, (D.U.B.C.)) by the Singapore Government in 1990. In 15 December 2011, he was awarded one of the 100 "Outstanding Chinese in the World" in Hong Kong, for his contributions in reharmonising the diplomatic relations with Indonesia, and establishing new and cordial relations with the People's Republic of China.

7 LING TECK LUKE

Independent Director

Mr Ling Teck Luke is an Independent Director of Koh Brothers Group Limited. He was appointed as a Director on 28 May 2003 and was last re-elected on 30 April 2014. He is also the Chairman of the Nominating Committee and a member of the Audit and Risk Committee, the Remuneration Committee and the Share Purchase Committee.

Mr Ling holds a Bachelor of Science degree in Engineering from the University of Bristol.

Mr Ling has also attained other professional qualifications such as MIE (S), MIE (M) and PE (Civil). In 1966, he was awarded a post-graduate training on flood alleviation works in the United Kingdom and in 1969, a scholarship to do a general course at the Asian Institute of Economic Development & Planning in Bangkok.

8 LAI MUN ONN

Independent Director

Mr Lai Mun Onn is an Independent Director of Koh Brothers Group Limited. He was appointed as a Director on 30 July 1994 and was last re-elected on 30 April 2014. He is also the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee, the Nominating Committee and the Share Purchase Committee.

Mr Lai graduated from the University of London with a Bachelor of Law degree with Honours and obtained his Barrister-at-Law from Lincoln's Inn. In 1982, he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore. He is presently a Notary Public and Commissioner for Oaths, and a member of the Singapore Institute of Arbitration. He is the First Vice President of the Singapore Tennis Association, the Honorary Legal Advisor to the Basketball Association of Singapore and the President of the Keppel Club.

Mr Lai is the Managing Partner of Lai Mun Onn & Co., a law firm in Singapore. He is also an Independent Director of Super Group Ltd.

9 GN HIANG MENG

Independent Director

Mr Gn Hiang Meng is an Independent Director of Koh Brothers Group Limited. He was appointed as a Director on 16 August 2007 and was last re-elected on 25 April 2013. He is also the Chairman of the Share Purchase Committee and a member of the Audit and Risk Committee, the Remuneration Committee and the Nominating Committee.

Mr Gn was with the United Overseas Bank Group for 28 years and till his resignation in 2001, was the Senior Executive Vice President in charge of investment banking and stock-broking businesses. Prior to his retirement in 2007, he was the Deputy President of UOL Group Limited.

Mr Gn graduated with a Bachelor's degree in Business Administration with Honours from the then University of Singapore.

Mr Gn is also an Independent Director of Centurion Corporation Limited, Haw Par Corporation Limited, Singhaiyi Group Ltd.and Tee International Limited.

KEY MANAGEMENT

JOHN LEE
Chief Financial Officer / Company Secretary

Mr John Lee joined the Group in 2008 as the Chief Financial Officer. He is also the Company Secretary of Koh Brothers Group Limited. Mr Lee is responsible for the Group's financial affairs including corporate finance, treasury, taxation as well as risk management. He has extensive experience in management, corporate, accounting and finance functions in various industries.

Mr Lee is a Fellow of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants. He is also an Associate of the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators.

GOH POH KHIM
Executive Director, Construction division

Mr Goh Poh Khim joined the Group's Construction divison as an Assistant General Manager (Projects) in 2002. He managed the Group's various mega projects such as Marina Barrage and River Valley High School. In recognition of his contributions and dedication to the Group, he was promoted to a Director of the Construction division in 2008 overseeing all its building related projects. He is responsible for the performance and growth of the building section within the Construction division.

Prior to Mr Goh joining the Group, he has more than 25 years of project management experience in the construction industry and held senior positions in various construction companies.

Mr Goh holds a Bachelor's degree in Business from the Royal Melbourne Institute of Technology, Australia and an Executive MBA from the National University of Singapore.

KOH KENG SENG
Executive Director, Construction division

Mr Koh Keng Seng joined the Group in 1992 and has grown with the Construction division. He now heads the Machinery/Equipment/Logistics department of the Construction division. He is responsible for and oversees the logistics, workshop, machinery and equipment functions.

Mr Koh has more than 20 years of experience in the construction industry and is involved in various projects under the division.

TAN LIANG SENG
Executive Director, Construction division

Mr Tan Liang Seng joined the Group in 2013 overseeing the infrastructure projects such as Downtown Line 1 Bugis Station and Jurong Water Reclamation Plant.

Mr Tan has more than 26 years of professional experience in construction industry and held senior positions in various construction companies and developers managing some mega projects in Singapore, China, Malaysia and Indonesia. His portfolio includes the construction of Resorts World at Sentosa, LTA Boon Lay MRT Extension and Wuxi-Singapore Industrial Park.

Mr Tan holds a Bachelor's degree in Civil Engineering (First Class Honours) from the University of Malaya.

He is also a Non-Executive Director of Koh Brothers Eco Engineering Limited.

YUE WEE KENG
Project Director, Construction division

Mr Yue Wee Keng started his career with the Group in 1988 and was promoted to the Project Director of the Group's Construction division in 2010. He has more than 30 years of hands-on experience in managing construction projects which include infrastructure and building works.

Mr Yue obtained GCE "A" level at Dunman Government Chinese Middle School and completed a project management course conducted by the Nanyang Technological University.

TEO TIAN KIM (JEFFREY)
Project Director, Construction division

Mr Teo Tian Kim joined the Group in 1982 and was promoted to the Project Director of the Group's Construction division in 2010 in recognition of his contribution and dedication to the Group.

Mr Teo has more than 35 years of experience in the construction industry and has managed numerous projects spanning from infrastructure works, drainage works to public and private housing.

Mr Teo graduated with a Diploma in Structural Engineering from the Singapore Polytechnic and completed a project management course conducted by the Nanyang Technological University.

TAN SOON POW (ALAN)
Chief Executive Officer, Building Materials division

Mr Tan Soon Pow joined the Building Materials division as a Group General Manager in 1995. He was the principal driving force in expanding the division. In recognition of his contributions and expertise, he was progressively promoted to his current position of the Chief Executive Officer of the Building Materials division in 2010. With more than 45 years of extensive experience in management position spanning over 3 industries namely Marine, Construction and Building Materials, he is responsible for strategic business development and planning, and overall performance of the division.

Mr Tan has also been actively involved in the Building Materials industry and is the current Vice President of the Cement and Concrete Association of Singapore and the immediate Ex-President of the Ready Mix Concrete Association of Singapore.

KEY MANAGEMENT

CHAN PING MENG
Executive Director, Building Materials division

Mr Chan Ping Meng joined the Building Materials division as an Operations Manager in 1997. He was promoted to Executive Director of G & W Precast Pte Ltd and G & W Building Materials Sdn. Bhd. in 2013.

Mr Chan has spent 32 years in the construction industry, with more than 30 years in the precast concrete operations. In his long and distinguished career, he is involved in precasting for a wide variety of projects ranging from civil engineering, building and marine construction. In the early eighties, he participated in the HDB pioneer project using 100% precast components for 15,000 units of HDB housing. In the nineties, he contributed to the precast construction of vehicular bridges and interchanges for major expressways and jetties. Currently, he is actively involved in precasting for public housing.

Mr Chan holds a Diploma in Civil Engineering from the Singapore Polytechnic and a Specialist Diploma in Precast Concrete Construction from the Building and Construction Authority, Singapore.

BERNARD WONG EE YU
Executive Director, Real Estate division

Mr Bernard Wong assumed the role of Director, Real Estate division in 2012 and is responsible for overseeing the overall operations, business performance and growth of the Real Estate division.

Mr Wong has more than 20 years of engineering and management experience in the property sector. Prior to joining the group, he held senior and management positions with property developers in Malaysia.

Mr Wong holds a Bachelor of Engineering degree with Honours in Civil Engineering from the University of Birmingham.

GOH YIOW KUANG
Special Projects Director / Managing Director & Group CEO's office

Mr Goh Yiow Kuang joined the Group as a General Manager in 2009 and was promoted to the Special Projects Director in 2012.

Mr Goh has more than 18 years of working experience in the construction industry and has undertaken various strategic projects under the Managing Director & Group CEO's office.

Mr Goh graduated in 1996 with a Bachelor of Engineering degree from the Nanyang Technological University. He also holds a Master of Science in Civil Engineering degree from National University of Singapore and a MBA (Finance) degree from University of Nottingham, UK.

KOH LYE HOCK
Project Director, Construction division

Mr Koh Lye Hock joined the Group in 1989 and was promoted to Project Director of the Group's Construction division in 2014. He has more than 30 years of professional experience in the construction industry managing infrastructure and building projects.

Mr Koh obtained his Bachelor of Engineering degree in Civil Engineering from the University of Singapore in 1977 and obtained his Professional Engineer Certificate in 1982.

CHAN YEE YAN
Project Director (Engineering), Construction division

Mr Chan Yee Yan joined the Group in 2010 as the Project Director (Engineering). Mr Chan is responsible for the technical issues as well as the execution and operation of infrastructure projects.

Mr Chan has more than 26 years of professional experience both in building consultancy and construction industry and held senior positions in various consultant and construction companies. His portfolio includes the construction of LTA C710 North East Line new Outram Park MRT, Downtown Line 1 Bugis Station, Jurong Water Reclamation Plant, Sewage Treatment Plant Project (Phase 1: Package 1, Malaysia) and Calvary Convention Center (Malaysia).

Mr Chan graduated with a Bachelor's degree in Civil Engineering from the University of Canterbury, New Zealand. He also holds a Master of Science degree in Management of Technology from the National University of Singapore, a Master of Fire Safety Engineer degree from the University of Western Sydney, Australia, and a Master of Finance degree from the RMIT University, Australia.

Mr Chan is also a Registered Professional Engineer both in Singapore and Malaysia.

ONG KIEN SOO
Contracts Director, Construction division

Mr Ong Kien Soo joined the Construction division as a Contracts Manager in 2010. He is responsible for overseeing the overall operations of the Contract Department which include post contract administration and tendering of building and infrastructure projects. In recognition of his contributions and experiences, he was progressively promoted to his current position of Contacts Director.

Mr Ong holds a Bachelor of Applied Science in Construction Management and Economics from Curtin University. He has more than 35 years of working experience in the construction industry and held senior positions in various construction companies.

TAN CHEE KIONG (CASEY)
Director, System Development and Audit/Workplace Safety and Health (SDA/WSH)

Mr Tan Chee Kiong joined the Company as an Assistant Safety Manager in 2009. He is responsible for overseeing the Group overall system development, audit, quality, environment, safety and health. In recognition of his contributions and dedication to the Group, he was promoted to SDA/WSH Director in 2014.

Prior to Mr Tan joining the Group, he has more than 12 years of relevant experience in the construction and factory industry, managing projects which include tunneling, infrastructure, mixed development and building works.

Mr Tan holds a Bachelor of Science degree from Curtin University of Technology.

FINANCIAL HIGHLIGHTS

Results of operations for the year ended 31 December

	2014 S$'000	2013 S$'000 Restated	2012 S$'000 Restated
Sales	395,145	359,110	290,362
Profit before income tax	33,806	25,116	21,732
Income tax expense	(5,145)	(2,691)	(2,002)
Profit after income tax	28,661	22,425	19,730
Attributable to:			
Equity holders of the Company	29,529	21,330	19,650
Non-controlling interests	(868)	1,095	80
	28,661	22,425	19,730

Financial position as at 31 December

	2014 S$'000	2013 S$'000 Restated	2012 S$'000 Restated
Property, plant and equipment	85,978	87,063	60,015
Associated companies	1,522	1,510	800
Joint ventures	50,884	55,641	54,370
Other long-term assets	104,405	87,567	79,906
Net current assets	209,738	147,731	167,548
Non-current finance leases	(2,697)	(3,201)	(497)
Bank term loans	(138,081)	(136,107)	(144,993)
Other long-term liabilities	(66,814)	(11,302)	(11,373)
	244,935	228,902	205,776
Share capital	45,320	45,320	45,320
Retained profits	211,365	184,918	165,196
Treasury shares	(13,061)	(5,795)	(854)
Other reserves	(7,935)	(5,945)	(4,641)
Share capital and reserves	235,689	218,498	205,021
Non-controlling interests	9,246	10,404	755
Total equity	244,935	228,902	205,776

Key ratios

	2014	2013	2012
Return on equity (%)	12.50	9.80	9.60
Earnings per share (in cents)	6.76	4.67	4.23
Net tangible assets per share (in cents)	54.53***	47.83**	44.35*
Dividend per share (in cent)	0.80	0.70	0.35

* based on the issued share capital excluding treasury shares of 462,320,400 shares
** based on the issued share capital excluding treasury shares of 446,177,400 shares
*** based on the issued share capital excluding treasury shares of 422,887,400 shares

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") of Koh Brothers Group Limited (the "Company") is committed to ensuring a high standard of corporate governance is practised throughout the Company and its subsidiaries (the "Group").

The Board believes that good corporate governance enhances shareholder value, corporate performance and accountability.

The Group is pleased to confirm that for the financial year ended 31 December 2014 ("FY2014"), this report discloses the corporate governance framework and practices that the Group has adopted, with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") issued in May 2012.

1. BOARD MATTERS

Guideline ("GL")

The Board's Conduct of 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 long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.***

The Board comprises the following nine (9) Directors, four (4) of whom are executive, one (1) of whom is non-executive and the rest are independent: GL 1.1

Koh Tiat Meng (Executive Chairman);
Koh Teak Huat (Executive Deputy Chairman);
Koh Keng Siang (Managing Director & Group CEO);
Koh Keng Hiong (Executive Director and Deputy CEO, Real Estate and Leisure & Hospitality divisions);
Quek Chee Nee (Non-Executive Director);
Lee Khoon Choy (Lead Independent Director);
Ling Teck Luke (Independent Director);
Lai Mun Onn (Independent Director); and
Gn Hiang Meng (Independent Director).

The Board assumes responsibility for stewardship of the Group. Its primary objective is to protect and enhance shareholder value. The Board's role is to:

(1) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
(2) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
(3) approve major investment and funding decisions;
(4) review and evaluate Management's performance;
(5) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
(6) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
(7) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Every Director exercises due diligence and independent judgment, and is obliged to objectively discharge his/her duties and responsibilities at all times as fiduciary in the interests of the Company. GL 1.2

REPORT ON CORPORATE GOVERNANCE

The Board has established the following committees for delegating and to assist in discharging its responsibilities and duties, but without abdicating its responsibility: GL 1.3

(a) Executive Committee ("EC");
(b) Audit and Risk Committee ("ARC");
(c) Nominating Committee ("NC");
(d) Remuneration Committee ("RC"); and
(e) Share Purchase Committee ("SPC").

The EC comprises four (4) executive Directors ("EDs") and is responsible for the supervision and management of the Group's core businesses. The EC reviews and monitors the budgets and management reports relating to the financial performance, position and prospects of the Group.

The Board delegates the formulation of business policies and day-to-day management to the Managing Director & Group CEO and the EDs.

The Board meets at least four (4) times a year and convenes additional meetings when warranted by circumstances. GL 1.4

The number of Board and Board committee meetings held in 2014, as well as the attendance of each Director at these meetings is set out below:

	BOARD	EC	ARC	NC	RC	SPC
No. of meetings held in 2014	4	5	4	1	1	4
Director	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Koh Tiat Meng	3/4	5/5	–	–	–	–
Koh Teak Huat	4/4	3/5	–	–	–	–
Koh Keng Siang	4/4	5/5	4/4*	1/1	1/1*	4/4*
Koh Keng Hiong	4/4	5/5	–	–	–	–
Quek Chee Nee	4/4	–	–	–	–	–
Lee Khoon Choy	3/4	–	3/4	–	1/1	3/4
Ling Teck Luke	4/4	–	4/4	1/1	1/1	4/4
Lai Mun Onn	4/4	–	4/4	1/1	1/1	4/4
Gn Hiang Meng	4/4	–	4/4	1/1	1/1	4/4

* By invitation

The Board is of the view that the contributions of each Director should not be based only on his attendance at Board and/or Board committee meetings. A Director's contributions may also extend beyond the formal environment of Board meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Group.

The Articles of Association of the Company also allow the Directors to consider and approve resolutions by written means.

The Company has adopted internal guidelines setting forth matters that are reserved for the Board's decision. These matters relate, *inter alia*, to: GL 1.5

(1) corporate or financial restructurings;
(2) material acquisitions and disposals of assets which are outside the ordinary course of business;
(3) dividend payments;
(4) financial results announcements; and
(5) bank borrowings and provision of corporate guarantees.

The Board also approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board committees and Management via a structured Delegation of Authority (Group Limits of Authority) matrix, which is reviewed and accordingly revised when necessary.

The Delegation of Authority (Group Limits of Authority) forms a guideline and provides clear directions to Management on matters requiring the Board's specific approval which include, but are not limited to:

(a) material acquisition and disposal of assets/investments;
(b) corporate/financial restructuring/corporate exercises;
(c) budgets/forecasts; and
(d) material financial/funding arrangements and expenditures.

The Company has in place an orientation program for all newly appointed Directors. This is to ensure that they are familiar with the Group's structure, business and operations, and corporate governance practices. GLs 1.6 and 1.7

The Board is updated on any relevant key changes to legislation and the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") from time to time, when necessary.

The Directors are also encouraged to attend seminars, which are useful and relevant to them in discharging their duties as the Directors of the Company. The details of briefings attended by the Directors in FY2014 are as follows:

(1) the external auditors, PricewaterhouseCoopers LLP, briefed the ARC on the developments in financial reporting and governance standards; and
(2) the Managing Director & Group CEO updated the Board at each meeting on business and strategic developments pertaining to the Group's business.

Each Director has received a formal letter, setting out among other things, his duties and obligations, upon his appointment.

Board Composition and Guidance

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.***

The current Board comprises nine (9) members, four (4) of whom are Independent Directors. The NC reviews the independence of each Director annually based on the guidelines set out in the Code. GLs 2.1 and 2.2

As the Executive Chairman and the Managing Director & Group CEO are immediate family members, the NC is currently reviewing the composition of Independent Directors on the Board.

The independence of each Director is assessed and reviewed annually by the NC. In its deliberation as to the independence of a Director, the NC took into account examples of relationships as set out in the Code, considered whether the Independent Directors had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgments. GL 2.3

Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The Independent Directors must also confirm whether they consider themselves independent despite not having any relationship as identified in the Code.

During the financial year, the Group received legal services rendered from M/s Lai Mun Onn & Co, which Mr Lai Mun Onn has an interest in. The NC is of the view that the business relationship with M/s Lai Mun Onn & Co has not interfered with the exercise of independent judgment in the best interest of the Company by Mr Lai in the discharge of his duties as a Director.

The NC, having considered the relevant factors, determined that Messrs Lee Khoon Choy, Ling Teck Luke, Lai Mun Onn and Gn Hiang Meng have no relationship with the Company, its related corporations, its officers, its 10% shareholders and are also independent of the executive functions of the Company.

After rigorous review and taking into account the need for progressive refreshing of the Board, the NC is of the view that Messrs Lee Khoon Choy, Ling Teck Luke and Lai Mun Onn have exercised their independent business judgments in the best interests of the Company and minority shareholders. Therefore, the NC confirms that Messrs Lee Khoon Choy, Ling Teck Luke and Lai Mun Onn remain as the Independent Directors of the Company after serving for more than nine years on the Board respectively. GL 2.4

Messrs Lee Khoon Choy and Ling Teck Luke will also be seeking re-appointment at the Company's forthcoming 21st annual general meeting ("AGM").

Having considered the factors as stated in the Code, which includes, *inter alia*, the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees, the Board, in concurrence with the NC, is of the view that the current Board size is appropriate. GL 2.5

The Board is also of the view that the current Board size facilitates effective decision making to meet the existing needs and demands of the Group's businesses and operations.

The Board, in concurrence with the NC, is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each Director has been appointed on the strength of his/her calibre, expertise and experience and has brought a valuable range of experience and expertise to contribute to the development of the Group's businesses and operations. GL 2.6

Our sole Non-Executive Director, Mdm Quek Chee Nee had worked with other Directors to ensure the following: GL 2.7

(a) constructively challenge and help develop proposal on strategy; and
(b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

Should we have more non-executive directors in future, they are encouraged to meet regularly without the presence of the Management. GL 2.8

Chairman and Chief Executive Officer

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.***

Mr Koh Tiat Meng is the Executive Chairman of the Board. The Board has appointed Mr Koh Keng Siang, who is the eldest son of Mr Koh Tiat Meng, as the Managing Director & Group CEO. As the Managing Director & Group CEO assists the Executive Chairman in his work from time to time, the Board is of the view that it may not be in the best interests of the Company for the division of responsibilities between the Executive Chairman and the Managing Director & Group CEO to be clearly established and set out in writing so as to ensure that the decision-making process of the Group would not be hindered unnecessarily. GL 3.1

Nonetheless, both the Executive Chairman and the Managing Director & Group CEO have executive responsibilities for the Group's businesses and operations and are accountable to the Board. All major business proposals and decisions made by the Executive Chairman and the Managing Director & Group CEO are discussed and reviewed by the Board of Directors.

The Executive Chairman, assisted by the Managing Director & Group CEO, is responsible for the Board's proceedings. He leads the Board to ensure its effectiveness on all aspects of its role, promote a culture of openness and debate at the Board meetings, facilitates effective communication with shareholders, encourages constructive communication and effective contribution within the Board and between the Board and Management at Board meetings. With the assistance of the Company Secretary, he sets the agenda and ensures that the Board members are provided with complete, adequate and timely information of all agenda items, in particular, strategic issues. GL 3.2

With the support of the entire Board, Management and the Company Secretary, the Executive Chairman, assisted by the Managing Director & Group CEO, takes a lead role in the Company's desire to achieve and maintain high standards of corporate governance.

Taking into account that the Executive Chairman and the Managing Director & Group CEO are immediate family members, the Board has appointed Mr Lee Khoon Choy, an Independent Director who is also the Chairman of the Audit and Risk Committee, a member of the Share Purchase Committee and the Remuneration Committee as the Lead Independent Director in the last financial year. GL 3.3

The Lead Independent Director is available to shareholders when they have concerns and for which contact through the normal channels of the Executive Chairman, the Managing Director & Group CEO or the Chief Financial Officer have failed to resolve or are inappropriate.

The Independent Directors, led by the Lead Independent Director, conferred among themselves, when necessary and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings as appropriate. GL 3.4

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 the following members, the majority of whom, including the Chairman, are Non-Executive and Independent: GL 4.1

Ling Teck Luke (Chairman);
Gn Hiang Meng;
Koh Keng Siang; and
Lai Mun Onn.

As the NC is appropriately sized, the Board is of the view that the current membership is sufficient and is able to carry out its duties and responsibilities delegated by the Board.

The role of the NC includes making recommendations to the Board on the following matters: GL 4.2

- the review of board succession plans for the Directors, in particular for the Executive Chairman and the Managing Director & Group CEO;
- the development of a process for evaluation of the performance of the Board, its Board committees and the Directors;
- the review of training and professional development programs for the Board; and the appointment and re-appointment of the Directors.

Pursuant to Article 109 of the Company's Articles of Association, one-third of the Directors (other than the Managing Director) shall retire from office at every AGM provided always that each Director (except the Managing Director) is required to retire from office at least once in every three years. A retiring Director is eligible to offer himself for re-election.

Article 119 provides that a newly appointed Director is required to retire and submit himself for re-election at the AGM following his appointment. Thereafter, he is subject to re-election at least once every three years.

Important issues that are also considered by the NC for the appointment and re-appointment of the Directors include the current composition of the Board and each Director's contributions.

The Directors of over 70 years of age are required to be re-elected every year at the AGM under Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Act"), before they can continue to act as a Director.

The NC assesses annually whether or not a Director is independent based on the guidelines set out in the Code. The NC has considered Messrs Lee Khoon Choy, Ling Teck Luke, Lai Mun Onn and Gn Hiang Meng as independent. GL 4.3

The Board is of the view that Directors who have multiple board representations have devoted sufficient time and attention to the affairs of the Group. Their multiple board representations do not hinder their abilities to carry out their duties as Directors of the Company. Such multiple board representations of the Directors benefit the Group, as the Directors are able to bring with them the experience and knowledge obtained from such board representations in other companies. In view of this, the Board has not determined the maximum number of listed company board representations which any Director may hold. GL 4.4

There is no alternate Director on the Board. GL 4.5

The process for the appointment and re-appointment of Directors to the Board will be through contacts and recommendations. The NC may engage recruitment consultants to undertake research on, or assess, candidates for new positions on the Board, or to engage such other independent experts as the NC considers necessary to carry out its duties and responsibilities. GL 4.6

It is also the Company's policy for the purpose of self-renewal, to promote suitable key management staff to the Board in recognition of their achievements and past contributions to the Company. Upon identifying such candidates, Board members are welcome to make a proposal to the NC for its members' consideration.

In appointing and re-appointing Directors, the Board considers the range of skills and experience required in the light of:

- the geographical spread and diversity of the Group's business;
- the strategic direction and progress of the Group;
- the current composition of the Board; and
- the need for independence.

Final approval of a candidate for either an appointment or re-appointment is determined by the Board.

The following Directors are due for retirement/re-appointment at the forthcoming AGM: GL 4.7

Koh Teak Huat;
Koh Tiat Meng;
Lee Khoon Choy;
Ling Teck Luke; and
Quek Chee Nee.

All of them offer themselves for re-election/re-appointment at the forthcoming AGM.

Key information on the Directors is set out under the "Board of Directors" section of the Annual Report.

Board Performance

Principle 5 ***There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.***

The Board has implemented a process for assessing its effectiveness as a whole and for assessing the contribution by each Director to the effectiveness of the Board and its Board committees. GL 5.1

The NC reviews appraisal forms as part of the process adopted to assess the effectiveness of the Board and its Board committees. The results of the appraisal exercise are presented to the Board and the respective Board committees for its evaluation with a view to enhance the effectiveness of the Board and its Board committees.

Each member of the NC shall abstain from voting on the resolution in respect of the assessment of his performance or re-nomination as a Director.

The Company holds the belief that the Group's performance and that of the Board are directly related. GLs 5.2, 5.3, 5.4 and 5.5

The criteria for an objective performance assessment includes:

- delivery on executive duties (for Executive Directors);
- attendance at Board and Board committee meetings;
- maintenance of independence;
- disclosure of related party transaction; and
- areas of value added to the Group

and are criteria used by the Board every financial year.

The Company assesses the Board's performance through comparison with industry peers, how the Board's performance has enhanced long-term shareholder value, its ability to steer the Group in the right direction and the support it renders to Management.

For the evaluation of an individual Director's performance for FY2014, the NC took note of each Director's attendance at all Board and Board committee meetings, participation in discussion at such meetings, knowledge of the Group's businesses and operations, the individual Director's expertise, contributions and his/her commitments to the Company. GL 5.3

The Executive Chairman, with the assistance of the Managing Director & Group CEO, where appropriate, will act on the results of the performance evaluation and appoint new members to the Board or seek the resignation of Directors, if necessary.

Access to Information

Principle 6 ***In order to fulfill their responsibilities, directors 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.***

The members of the Board have access to complete information in a timely manner and on an on-going basis in the form and quality necessary for the discharge of their duties and responsibilities. If the Board should require additional information, Management will also provide the same, when necessary, in a timely manner to enable the Board to fulfill their duties properly. GLs 6.1 and 6.2

All members of the Board have separate and independent access to Management.

Meeting papers and related materials setting out the relevant background and information are sent to the Directors prior to the meetings in order for them to have a comprehensive understanding of the issues to be deliberated upon to facilitate informed decision-making.

Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board and Board committee meetings and is responsible for ensuring that the meeting procedures are followed and the applicable rules and regulations are complied with. Under the direction of the Executive Chairman, the Company Secretary is responsible for ensuring an effective flow of information within the Board and its Board committees and between Management. The Company Secretary also facilitates orientation and assists with professional development as required. GL 6.3

The appointment and the removal of the Company Secretary are matters taken by the Board as a whole. GL 6.4

In the event that the Directors, either individually or as a group, require independent professional advice, the Company Secretary will, upon approval by the Board, appoint a professional advisor to render such service. The cost of the service will be borne by the Company. GL 6.5

2. 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 RC comprises the following Directors, all of whom are independent: GL 7.1

Lai Mun Onn (Chairman);
Gn Hiang Meng;
Lee Khoon Choy; and
Ling Teck Luke.

The RC reviews and recommends to the Board for endorsement a framework of remuneration for the Board and the remuneration package for each ED and key management personnel, the terms of every ED's service contracts and ensure that there is an adequate disclosure on Directors' remuneration and key management personnel. GL 7.2

The RC also covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind.

The RC members are familiar with executive compensation matters as they either manage their own businesses or are holding directorships in other listed companies. In discharging its duties, the RC has the assistance of the Group Human Resources Manager or external consultancy firms as it deems necessary. GL 7.3

It is also to be noted that no individual Director is involved in deciding his own remuneration.

The RC reviews the Company's obligations arising in the termination of the EDs and every key management personnel's contracts of services, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. GL 7.4

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 than is necessary for this purpose.***

The annual review of the EDs' and key management personnel's compensation are carried out by the RC and for recommendation to the Board to ensure that the remuneration of the EDs and key management personnel commensurate with their performance and that of the Group's, taking into view the current financial and commercial health and business needs of the Group. The performance of the Managing Director & Group CEO (together with other EDs and key management personnel) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account interests of shareholders, the risk policies of the Group, the need for the compensation to be symmetric, with the risk outcomes and time horizon of risks with promoting the long-term success of the Group. GLs 8.1 and 9.6

EDs receive Directors' fees and are remunerated as members of the Management. The remuneration package of the EDs and the key management personnel comprise a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and each of their individual performance. This is to ensure that their remuneration link to corporate and individual performance.

Service contracts for EDs, are for a fixed appointment period and do not contain onerous removal clauses.

The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place. GL 8.2

The Board (with the RC's concurrence and proposal) has approved the Non-Executive Directors' fees for FY2014. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive taking into account factors such as effort and time spent, and the increasingly onerous responsibilities of Directors. GL 8.3

The fees for Directors are subject to shareholders' approval at the forthcoming AGM on 29 April 2015.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from EDs and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. GL 8.4

Disclosure on Remuneration

Principle 9 ***Each 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.***

Taking note of the competitive pressures in the market, the Board has on review, decided not to disclose the remuneration of the Company's Directors and key management personnel. In view of this, a breakdown of remuneration of each Director of the Company by percentage for FY2014 is set out below: GLs 9.1, 9.2 and 9.3

Remuneration band	Director	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)	Total (%)
S$1,500,000 to S$1,999,999	Koh Keng Siang	7.7	28.4	63.3	0.6	100
S$1,250,000 to S$1,499,999	Koh Tiat Meng	11.8	44.1	42.6	1.5	100
S$750,000 to S$999,999	Koh Teak Huat	5.4	49.6	43.0	2.0	100
S$500,000 to S$749,999	Koh Keng Hiong	7.1	38.8	52.7	1.4	100
Below S$250,000	Quek Chee Nee	100	–	–	–	100
	Lee Khoon Choy	100	–	–	–	100
	Ling Teck Luke	100	–	–	–	100
	Lai Mun Onn	100	–	–	–	100
	Gn Hiang Meng	100	–	–	–	100

A breakdown of remuneration of each of the Group's top five executives (who are not Directors of the Company) by percentage for FY2014 is set out below:

Remuneration band	Top five executives*	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)	Total (%)
S$250,000 to S$499,999	First Executive	–	62.1	34.8	3.1	100
	Second Executive	–	83.9	14.5	1.6	100
	Third Executive	–	76.1	23.9	–	100
	Fourth Executive	–	79.3	15.7	5.0	100
Below S$250,000	Fifth Executive	–	64.5	35.5	–	100

Note:
* Their names are not disclosed in order to maintain confidentiality taking into consideration the competitive pressures in the talent market.

GL 9.4

	List of employees who are immediate family members of a Director
S$100,000 to S$150,000	[1]Phua Siew Gaik
S$50,000 to S$99,999	[2]Erliana Sutadi

Notes:
1 Mdm Phua Siew Gaik is the spouse of Mr Koh Keng Siang, the Managing Director & Group CEO.
2 Mdm Erliana Sutadi is the spouse of Mr Koh Keng Hiong, Executive Director and Deputy CEO (Real Estate and Leisure & Hospitality divisions).

The Company currently does not have any employee share option scheme. GL 9.5

3. ACCOUNTABILITY AND AUDIT

Accountability

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

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price-sensitive public reports and reports to regulators (if required). GL 10.1

The Board reviews legislative and regulatory compliance reports from Management to ensure that the Group complies with the relevant requirements under the Listing Rules of the SGX-ST. GL 10.2

Management provides Directors, on a quarterly basis, financial reports with adequate explanation and information on the Group's performance, position and prospects for their effective monitoring and decision-making for a balanced and informed assessment. Management will also provide Directors with the above required management accounts with such explanation and information, when requested by the Directors. GL 10.3

Risk Management and Internal Controls

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 will determine the company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems in its quarterly ARC meetings. GL 11.1

The Board also acknowledges that it is responsible for the governance of risks and 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 has engaged the services of our auditors, PricewaterhouseCoopers LLP to assist for the Control Self-Assessment ("CSA") programme which has been implemented. Through this CSA programme, the Board has reviewed the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. GL 11.2

Further, our internal auditors, KPMG Services Pte. Ltd., on an annual basis, prepares the internal audit plan taking into consideration the risks identified which is approved by the ARC and the audits are conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal controls system put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or laspe in internal controls, together with recommendation for improvement are reported to the ARC. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

Based on the framework of risk management controls and internal controls established and maintained, the work performed by the internal auditors, the review undertaken by the external auditors as part of their statutory audit, and the assurance from the Managing Director & Group CEO and the Chief Financial Officer on the following:- GL 11.3

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

(2) the Company's risk management and internal control systems are effective in addressing the material risks faced by the Group in its current business environment.

The Board is of the view that the Group's risk management and internal control systems are adequate and effective.

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being. GL 11.4

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 AC has changed its name to the Audit and Risk Committee. The ARC comprises the following Directors, all of whom are Non-Executive and Independent: GL 12.1

Lee Khoon Choy (Chairman);
Gn Hiang Meng;
Lai Mun Onn; and
Ling Teck Luke.

The Board is of the view that the members of the ARC, including the Chairman have the requisite accounting and related financial management expertise and experience to discharge their duties. GL 12.2

The ARC is empowered to investigate any matter within its terms of reference. It has full access to and co-operation from Management, and unfettered discretion to invite any Director or executive officer to attend its meetings. The ARC has been given adequate resources to enable it to discharge its duties and responsibilities properly. GL 12.3

The ARC carries out its functions in accordance with the Code and the Act, and is also guided by its terms of reference which stipulate that its principal functions include, *inter alia*, reviewing the annual audit plans (internal and external), the system of internal controls and management of financial risks, the effectiveness and adequacy of the internal audit function which is outsourced to a professional services firm, regulatory compliance matters, the risk management framework, the recommendation of appointment/re-appointment/removal of external auditors and their remuneration. Key terms of reference of the ARC are listed in the Appendix to this Report. GL 12.4

On a quarterly basis, the ARC also reviews the interested person transactions and the financial results announcements of the Company.

The ARC meets with the external and internal auditors at least once a year without the presence of Management. GL 12.5

The ARC has reviewed all the non-audit services provided by the external auditors and is satisfied that such services would not, in the ARC's opinion, affect the independence of the external auditors. GL 12.6

The aggregate amount of fees paid to the auditors is set out below:

Audit services:	Auditors of the Company	–	S$630,492
	Other auditors	–	S$4,625
Non-audit services:	Auditors of the Company	–	S$2,481
	Other auditors	–	S$27,032

The Company has complied with Listing Rules 712, 715 and 716 of the SGX-ST in relation to appointments of auditing firms.

The Company has put in place a whistle-blowing policy, reviewed by the ARC, of which the employees of the Company may, in confidence, raise or report genuine concerns about possible improprieties in matters of business activities, financial reporting or other matters they may encounter without fear of retaliatory action. The Independent Directors of the Company have been appointed to review and carry out investigations on all such complaints and/or concerns raised. GL 12.7

The ARC held four (4) meetings during FY2014 and performed its functions and responsibilities as set out in its terms of reference. GL 12.8

The ARC meets regularly with Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit function to ensure that an effective system of control is maintained in the Group.

The ARC is kept abreast by Management and the external auditors of new changes to the accounting standards, Listing Rules of the SGX-ST, the Code and other regulations which could have an impact of the Group's businesses and financial statements.

No former partner or Director of the Company's existing auditing corporation is a member of the ARC. GL 12.9

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 Company has out-sourced its internal audit function to a certified public accounting firm. The internal auditor reports to the Chairman of the ARC and has full access to the documents, records, properties and staff of the Group, including access to the ARC. GL 13.1

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Group's businesses and assets, while Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditor is to assist the ARC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the ARC and to conduct regular in-depth audits of high risk areas. GL 13.2

The ARC is satisfied that the internal audit function has adequate resources to perform its function effectively.

The ARC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. GL 13.3

The internal auditor is a member of the Singapore branch of the Institute of Internal Auditors ("IIA"), an international professional association for internal auditor which has its headquarters in the United States. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") laid down in the International Professional Practices Framework issued by the IIA. GL 13.4

The internal auditor plans its internal audit schedules in consultation with, but independent of Management. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit work. In addition, the internal auditor may be involved in ad-hoc projects initiated by Management which require the assurance of the internal auditor in specific areas of concerns. GL 13.5

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed in a comprehensive and timely basis via SGXNET, especially information which could have a material impact on the share price of the Company. GL 14.1

Shareholders are informed of shareholders' meetings through the Company's annual reports sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNET. GL 14.2

Shareholders are also invited to attend the general meetings to put forth any questions they may have on the motions to be debated and/or other questions on the Group's businesses. All shareholders are entitled to vote in accordance with the established voting rules and procedures.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles of Association of the Company allow each shareholder to appoint up to two proxies to attend AGMs. GL 14.3

The Company will consider amending its Articles of Association to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

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 the continuous disclosure obligations under the Listing Rules of the SGX-ST and the Act, the Board informs shareholders promptly of all major developments that may have material impact on the Group. GL 15.1

The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. Material information on the Group is being released to the public through the Company's announcements via SGXNET and disseminated to the press.

All material information on the performance and development of the Group and of the Company is disclosed in an accurate and comprehensive manner through SGXNET, press releases and the Company's website. The Company does not practice selective disclosure of material information. All materials on the quarterly, half-yearly and full year financial results are available on the Company's website – www.kohbrothers.com. The corporate website, which is updated from time to time when necessary, also contains various others investor-related information on the Company which serves as an important resource for investors. GL 15.2

General meetings have been and are still the principal forum for dialogue with shareholders. At these meetings, shareholders are able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views or input and address shareholders' concerns at general meetings. GL 15.3

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on the Group's businesses. GL 15.4

The Board will consider taking further steps to solicit and understand the view of the Company's shareholders.

The Company has established a policy on payment of dividends which among other things, takes into consideration its profitability, the need to conserve cash for its working capital and the retention of profits for investment into the future for long-term capital growth as well as shareholders' desire to receive income out of their investment in the Company. GL 15.5

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

The Company invites and encourages all registered shareholders to participate in the Company's general meetings. There is an open question and answer session at which shareholders may raise questions or share their views regarding the proposed resolutions and the Group's business and affairs. GL 16.1

If shareholders are unable to attend the meetings, the Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised and is also subject to legislative amendments to recognise electronic voting.

After careful consideration of the above, the Board is not in favour to make the appropriate provisions in the Company's Articles of Association to allow for absentia voting at its general meetings.

Separate resolutions are proposed for substantially separate issues at the general meetings. GL 16.2

The Executive Chairman of the Board, the Directors and the external auditors were present at the Company's previous general meetings to address any shareholders' queries. GL 16.3

Upon request, a copy of the minutes of each of the general meetings is available to shareholders. GL 16.4

The Board noted that with effect from 1 August 2015, the Company is required by the Listing Rules of the SGX-ST to conduct the voting of all resolutions put to general meetings by poll. Until such time, voting at general meetings will be by show of hands unless a poll is demanded. Voting on show of hands will enable the Company and shareholders to deal with the businesses of general meetings expeditiously as the results of the votes are instantly available. GL 16.5

5. INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are properly reviewed, approved and conducted on an arm's length basis.

There were no significant interested person transactions for FY2014.

6. RISK MANAGEMENT

Management regularly reviews the Group's businesses and operational activities to assess and manage potential risk exposure.

The Group's financial risk management objectives and policies are set out in the Notes to the Financial Statements for FY2014.

The Group has implemented a CSA programme facilitated by our external auditors, PricewaterhouseCoopers LLP since the last financial year. We expect the CSA programme to be running for at least the next few financial years.

The Group has also implemented a CSA programme on the key risks identified and the CSA programme will be fully implemented by the financial year ending 31 December 2015.

7. DEALINGS IN SECURITIES

The Company has adopted an internal compliance code on dealings in the Company's securities.

The Company has issued share trading guidelines to all Directors, employees of executive level and above, and personal assistants. They are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the Company's financial year, and one month before the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant results.

In addition, they are prohibited from dealing in the Company's securities while in possession of price sensitive information and on short-term considerations.

APPENDIX – KEY TERMS OF REFERENCES

<u>Nominating Committee</u>

1) To review the structure, size and composition of the Board and make recommendations to the Board to be in line with the Code.
2) To identify candidates and review all nominations for appointment or re-appointment of Directors, taking into account the Directors' past contribution and performance in the case of re-appointments.
3) To issue letter of appointment to the nominated Director on his/her appointment, in the form as provided in Appendix A of the Terms of Reference.
4) To determine annually whether or not a Director is independent in accordance to the guidelines in paragraph 2.1 of the Code.
5) To decide how the Board's performance may be evaluated and propose objective performance citeria for the Board's approval.
6) To assess the effectiveness of the Board as a whole; as well as the contribution by each member of the Board to the effectiveness of the Board.

REPORT ON CORPORATE GOVERNANCE

Audit and Risk Committee

1) Review annually and, if necessary, propose for formal Committee adoption and amendments to the Committee's Terms of Reference.
2) Review and approve interested and related person transactions as defined in Listing Rule 904, any sale of property to interested persons, Directors' relatives and employees, and any specific undertakings given by Koh Brothers Group Limited.
3) Review with the auditors and report to the Board, 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 operation results and/or financial position.
4) Inquire the Management and the external auditors about significant risks or exposures and evaluate steps to be taken to minimise such risks to the Company.
5) Review the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account of the Group and submit them to the Board of Directors of the Company.
6) Review the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the Company's Annual Report.
7) Review of the effectiveness of the Company's material internal controls, including financial, operational and compliance control, and risk management carried out by internal/external auditors.
8) Review with the external auditors their audit plan and audit report.
9) Review the scope and results of the audit and its costs effectiveness and the independence and objectivity of the external auditors and its volume of non-audit services to the Group.

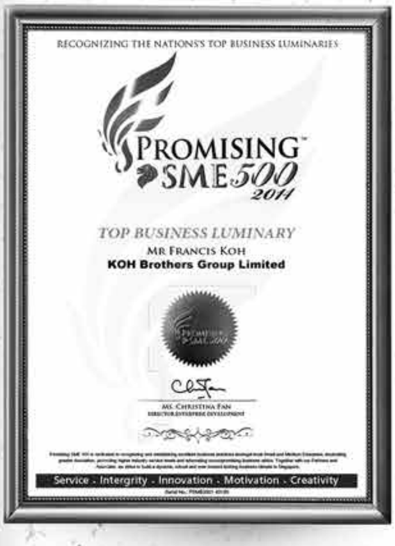
Remuneration Committee

1) To recommend to the Board a framework of remuneration for the Board of Directors and key executives. The performance related elements of remuneration should form a significant portion of the total remuneration package of Directors (Executive and Non-Executive) and should be designed to align their interests with those of shareholders and link rewards to corporate and individual performance. There should be appropriate and meaningful measures for the purpose of assessing Directors' performance.
2) To determine and recommend the remuneration packages for each Director and key executive. The RC should cover all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind.
3) In the case of service contracts of Directors, to review and to recommend to the Board the terms of renewal of service contracts. There should be a fixed appointment period for all Directors after which they are subject to re-election. The service contracts should not be excessively long or with onerous removal clauses. The RC should consider what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination.
4) To consider the various disclosure requirements for Directors' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.

On behalf of the Board of Directors

Koh Keng Siang
Director
25 March 2015

Koh Keng Hiong
Director



FINANCIAL STATEMENTS

DIRECTORS' REPORT

For the financial year ended 31 December 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

1 Directors

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

Mr Koh Tiat Meng
Mr Koh Teak Huat
Mr Koh Keng Siang
Mr Koh Keng Hiong
Mdm Quek Chee Nee
Mr Lee Khoon Choy
Mr Lai Mun Onn
Mr Ling Teck Luke
Mr Gn Hiang Meng

2. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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, other than as disclosed in paragraph 3 of this report.

3. Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year and as at 21 January 2015 had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee			**Holdings in which a director is deemed to have an interest**		
Company (Ordinary shares)	**At 21.1.2015**	**At 31.12.2014**	At 1.1.2014	**At 21.1.2015**	**At 31.12.2014**	At 1.1.2014
Mr Koh Tiat Meng	**61,308,654**	**61,308,654**	61,308,654	**–**	**–**	–
Mr Koh Teak Huat	**32,213,088**	**32,213,088**	32,213,088	**325,000**	**325,000**	325,000
Mr Koh Keng Siang	**62,422,535**	**62,422,535**	62,422,535	**27,420,000**	**27,420,000**	27,420,000
Mr Koh Keng Hiong	**30,260,100**	**30,260,100**	30,260,100	**25,010,000**	**25,010,000**	25,010,000
Mdm Quek Chee Nee	**25,896,814**	**25,896,814**	25,896,814	**–**	**–**	–
Mr Ling Teck Luke	**200,000**	**200,000**	200,000	**–**	**–**	–
Mr Lai Mun Onn	**100,000**	**100,000**	100,000	**–**	**–**	–

By virtue of Section 7 of the Companies Act (Cap.50), Mr Koh Keng Siang, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the shares of all the subsidiaries held by the Company.

4. Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5. Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

6. Audit and Risk Committee

The members of the Audit and Risk Committee at the end of the financial year were as follows:

Mr Lee Khoon Choy (Chairman)
Mr Lai Mun Onn
Mr Ling Teck Luke
Mr Gn Hiang Meng

All members of the Audit and Risk Committee were independent non-executive directors.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

7. Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Koh Keng Siang Director 25 March 2015	Koh Keng Hiong Director

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2014

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 44 to 112 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

Koh Keng Siang
Director
25 March 2015

Koh Keng Hiong
Director

INDEPENDENT AUDITOR'S REPORT

To the members of Koh Brothers Group Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Koh Brothers Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 44 to 112, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 25 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	Group 2014 S$'000	2013 S$'000 Restated
Sales	4	**395,145**	359,110
Cost of sales	7	**(332,852)**	(313,796)
Gross profit		**62,293**	45,314
Other income	5	**1,985**	1,610
Other gains – net	6	**7,483**	972
Expenses			
– Distribution and marketing	7	**(5,819)**	(1,203)
– Administrative	7	**(23,408)**	(20,738)
– Finance	9	**(3,025)**	(1,423)
– Other	7	**(284)**	(688)
Share of profit of associated companies	22	**292**	213
Share of (loss)/profit of joint ventures	23	**(5,711)**	1,059
Profit before income tax		**33,806**	25,116
Income tax expense	10(a)	**(5,145)**	(2,691)
Profit after income tax		**28,661**	22,425
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation arising from consolidation	34(d)	**(612)**	133
Available-for-sale financial assets			
– Fair value losses	21	**(310)**	–
Other comprehensive (loss)/income, net of tax:		**(922)**	133
Total comprehensive income		**27,739**	22,558
Profit attributable to:			
Equity holders of the Company		**29,529**	21,330
Non-controlling interests		**(868)**	1,095
		28,661	22,425
Total comprehensive income attributable to:			
Equity holders of the Company		**28,897**	21,812
Non-controlling interests		**(1,158)**	746
		27,739	22,558
Earnings per share for profit attributable to equity holders of the Company:			
– Basic earnings per share (in cents)	11(a)	**6.76**	4.67
– Diluted earnings per share (in cents)	11(b)	**6.76**	4.67

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

BALANCE SHEETS

As at 31 December 2014

	Note	Group 2014 S$'000	Group 2013 S$'000 Restated	Group 2012 S$'000 Restated	Company 2014 S$'000	Company 2013 S$'000
ASSETS						
Current assets						
Cash and cash equivalents	12	**77,331**	37,732	45,003	**2,737**	464
Financial assets, at fair value through profit or loss	13	**2,783**	159	176	**1,149**	1,149
Trade receivables	14	**74,057**	79,323	63,859	**–**	–
Due from customers on construction contracts	15	**5,004**	6,673	7,047	**–**	–
Amounts due from subsidiaries	24	**–**	–	–	**56,237**	9,379
Amounts due from associated companies	16	**15**	15	7	**–**	–
Amounts due from joint ventures	17	**72,877**	39,362	30,987	**–**	–
Inventories	18	**15,842**	12,577	12,526	**–**	–
Development properties	19	**137,280**	132,356	158,573	**–**	–
Other current assets	20	**16,620**	15,987	14,330	**–**	–
		401,809	324,184	332,508	**60,123**	10,992
Non-current assets						
Available-for-sale financial assets	21	**7,980**	–	–	**–**	–
Trade receivables	14	**1,260**	466	745	**–**	–
Amount due from subsidiaries	24	**–**	–	–	**2,405**	2,405
Amount due from joint ventures	17	**641**	–	–	**–**	–
Investments in associated companies	22	**1,522**	1,510	800	**–**	–
Investments in joint ventures	23	**50,884**	55,641	54,370	**–**	–
Investment in subsidiaries	24	**–**	–	–	**86,237**	91,015
Investment properties	25	**89,446**	82,023	79,161	**–**	–
Property, plant and equipment	26	**85,978**	87,063	60,015	**–**	–
Goodwill	27	**5,078**	5,078	–	**–**	–
		242,789	231,781	195,091	**88,642**	93,420
Total assets		**644,598**	555,965	527,599	**148,765**	104,412
LIABILITIES						
Current liabilities						
Trade payables	28	**76,371**	70,504	51,225	**–**	–
Other liabilities	29	**39,493**	41,755	38,581	**1,854**	610
Due to customers on construction contracts	15	**15,242**	36,222	34,619	**–**	–
Amounts due to subsidiaries	24	**–**	–	–	**20**	3,040
Amounts due to associated companies	16	**978**	949	1,005	**–**	–
Amounts due to joint ventures		**–**	–	1,660	**–**	–
Current income tax liabilities	10(b)	**3,024**	3,487	3,562	**–**	10
Short-term borrowings	30	**56,963**	23,536	34,308	**–**	–
		192,071	176,453	164,960	**1,874**	3,660
Non-current liabilities						
Trade payables	28	**4,036**	1,438	3,956	**–**	–
Other liabilities	29	**–**	1,137	–	**–**	39
Amount due to subsidiaries	24	**–**	–	–	**6,852**	9,464
Finance leases	31	**2,697**	3,201	497	**–**	–
Bank borrowings	32	**138,081**	136,107	144,993	**–**	–
Notes payables	33	**50,000**	–	–	**50,000**	–
Deferred income tax liabilities	10(d)	**12,778**	8,727	7,417	**–**	–
		207,592	150,610	156,863	**56,852**	9,503
Total liabilities		**399,663**	327,063	321,823	**58,726**	13,163
NET ASSETS		**244,935**	228,902	205,776	**90,039**	91,249
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	34	**45,320**	45,320	45,320	**45,320**	45,320
Treasury shares	34	**(13,061)**	(5,795)	(854)	**(13,061)**	(5,795)
Other reserves	34(b)	**(406)**	(375)	1,411	**–**	–
Retained profits	34(c)	**211,365**	184,918	165,196	**57,780**	51,724
Currency translation reserve	34(d)	**(7,529)**	(5,570)	(6,052)	**–**	–
		235,689	218,498	205,021	**90,039**	91,249
Non-controlling interests		**9,246**	10,404	755	**–**	–
Total equity		**244,935**	228,902	205,776	**90,039**	91,249

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

		Attributable to equity holders of the Company							
Group (S$'000)	Note	**Share capital**	**Treasury shares**	**Other reserves**	**Retained profits**	**Currency translation reserve**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2014		45,320	(5,795)	(375)	184,918	(5,570)	218,498	10,404	228,902
Profit for the financial year		–	–	–	29,529	–	29,529	(868)	28,661
Other comprehensive loss for the financial year		–	–	(310)	–	(322)	(632)	(290)	(922)
Purchase of treasury shares	34(a)	–	(7,266)	–	–	–	(7,266)	–	(7,266)
Dividend relating to 2013 paid	35	–	–	–	(3,082)	–	(3,082)	–	(3,082)
Gain on liquidation of subsidiaries		–	–	279	–	(1,637)	(1,358)	–	(1,358)
Balance at 31 December 2014		**45,320**	**(13,061)**	**(406)**	**211,365**	**(7,529)**	**235,689**	**9,246**	**244,935**
Balance at 1 January 2013		45,320	(854)	1,411	165,196	(6,052)	205,021	755	205,776
Profit for the financial year		–	–	–	21,330	–	21,330	1,095	22,425
Other comprehensive income for the financial year		–	–	–	–	482	482	(349)	133
Purchase of treasury shares	34(a)	–	(4,941)	–	–	–	(4,941)	–	(4,941)
Dividend relating to 2012 paid	35	–	–	–	(1,608)	–	(1,608)	(325)	(1,933)
Acquisition of a subsidiary		–	–	–	–	–	–	7,442	7,442
Warrants issued by a subsidiary	34(b)(ii)	–	–	(1,786)	–	–	(1,786)	1,786	–
Balance at 31 December 2013		45,320	(5,795)	(375)	184,918	(5,570)	218,498	10,404	228,902

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Group	
	2014	2013
	S$'000	S$'000
		Restated
Cash flows from operating activities		
Total profit	**28,661**	22,425
Adjustments for:		
– Depreciation of property, plant and equipment	**5,609**	4,263
– Dividend income	**(6)**	(6)
– Fair value gain on investment properties	**(5,706)**	(800)
– Fair value (gain)/loss on financial assets at fair value through profit or loss	**(649)**	17
– Fair value gain on long-term financial assets and financial liabilities	**(373)**	(321)
– Finance expense	**3,025**	1,423
– Gain on disposal of property, plant and equipment	**(116)**	(182)
– Gain on liquidation of subsidiaries	**(1,358)**	–
– Impairment loss on property, plant and equipment	**–**	501
– Income tax expense	**5,145**	2,691
– Interest income	**(1,347)**	(653)
– Property, plant and equipment written off	**444**	135
– Share of loss/(profit) of joint ventures	**5,711**	(1,059)
– Share of profit of associated companies	**(292)**	(213)
– Unrealised translation (gain)/loss	**(311)**	311
	38,437	28,532
Change in working capital:		
– Trade and other receivables	**4,328**	(11,882)
– Inventories	**(3,265)**	251
– Due from/to customers on construction contracts	**(15,267)**	8,689
– Development properties	**(3,499)**	28,604
– Trade and other payables	**4,601**	(1,845)
– Amount due from/to associated companies	**29**	(64)
– Amount due from/to joint ventures	**2,452**	(2,259)
Cash generated from operations	**27,816**	50,026
Income tax paid	**(1,555)**	(2,178)
Interest paid	**(3,312)**	(4,841)
Net cash provided by operating activities	**22,949**	43,007
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	**–**	11,845
Incorporation of a joint venture	**(800)**	–
Purchase of property, plant and equipment [Note (a)]	**(5,610)**	(23,283)
Purchase of available-for-sale financial assets	**(8,290)**	–
Purchase of financial assets at fair value through profit or loss	**(1,975)**	–
Proceeds from disposal of property, plant and equipment	**334**	510
Additions to investment properties	**(1,717)**	(2,062)
Loan to joint ventures	**(36,763)**	(7,781)
Dividend received from other investments	**6**	6
Interest received	**1,347**	653
Net cash used in investing activities	**(53,468)**	(20,112)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Group	
	2014	2013
	S$'000	S$'000
		Restated
Cash flows from financing activities		
Net proceeds from issuance of notes	**49,432**	–
Proceeds from bank borrowings	**112,266**	33,168
Repayment of bank borrowings	**(77,724)**	(55,119)
Payment of finance lease instalments	**(3,596)**	(3,128)
Deposit released/(pledged)	**41**	(2,075)
Purchase of treasury shares	**(7,266)**	(4,941)
Dividends paid to equity holders of the Company	**(3,082)**	(1,608)
Dividend paid to non-controlling interests	**–**	(325)
Net cash provided by/(used in) financing activities	**70,071**	(34,028)
Net increase/(decrease) in cash and cash equivalents	**39,552**	(11,133)
Beginning of financial year [Note (b)]	**34,021**	44,803
Effects of currency translation on cash and cash equivalents	**126**	351
End of financial year [Note (b)]	**73,699**	34,021

(a) **Purchase of property, plant and equipment**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$9,624,000 (2013: S$30,605,000) of which S$3,951,000 (2013: S$7,196,000) was acquired by means of finance lease and S$63,000 (2013: S$126,000) on credit terms. Cash payments of S$5,610,000 (2013: S$23,283,000) were made to purchase property, plant and equipment.

(b) **Cash and cash equivalents**

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and balance with banks:

		Group	
		2014	2013
	Note	**S$'000**	S$'000
			Restated
Cash and bank balances	12	**77,331**	37,732
Restricted cash	12(iii)	**(3,632)**	(3,711)
		73,699	34,021

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Koh Brothers Group Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 11 Lorong Pendek, Koh Brothers Building, Singapore 348639.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of its subsidiaries, joint ventures and associated companies are set out in Note 40 of the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

(a) FRS 110 Consolidated Financial Statements

FRS 110 was issued in May 2011 and replaces all the guidance on control and consolidation in FRS 27 *Consolidated and Separate Financial Statements* and INT FRS 12 *Consolidation – Special Purpose Entities*. Under FRS 110, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group has applied FRS 110 retrospectively in accordance with the transitional provisions of FRS 110. The adoption of FRS 110 did not result in substantial changes to the Group's financial statements. There is no required disclosure under FRS 110. Required disclosures for subsidiaries are specified under FRS 112.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) FRS 111 Joint Arrangements

FRS 111 *Joint arrangements* was issued in May 2011 and supersedes FRS 31 *Interests in Joint Ventures* and INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. Under FRS 111, interests in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Interests in joint operations are accounted for by the Group recognising its own assets, liabilities, income and expenses relating to the joint operation, and its share of the assets, liabilities, income and expenses of the joint operation. Interests in joint ventures as recognised as a single investment and accounted for using the equity method of accounting per FRS 28 (Amended) *'Investments in Associates and Joint Ventures'*.

The Group has applied FRS 111 retrospectively from 1 January 2013 in accordance with the transitional provisions of FRS 111. The adoption of FRS 111 resulted in the Group changing its accounting policy for its investments in joint ventures.

Prior to the financial year ended 31 December 2014, the Group's interests in Canberra Development Pte. Ltd., Buildhome Pte. Ltd. and Phileap Pte. Ltd. were accounted for by proportionate consolidation. The Group combined its share of the jointly controlled entities' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

On adoption of FRS 111, the Group recognised its investment in joint ventures at 1 January 2013 at the net carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. The Group has applied equity accounting as described in Note 2.4(c) retrospectively from 1 January 2013 onwards.

The effects of the change in accounting policies on the balance sheet, comprehensive income and the cash flows of the Group at 1 January 2013 and 31 December 2013 are summarised below. The change in accounting policy had no impact on earnings per share.

<u>Impact of change in accounting policy on the statement of comprehensive income</u>

	For the financial year ended 31 December 2013 (Previously stated) S$'000	Change in accounting policy S$'000	For the financial year ended 31 December 2013 (Restated) S$'000
Sales	371,162	(12,052)	359,110
Cost of sales	(321,630)	7,834	(313,796)
Gross profit	49,532	(4,218)	45,314
Other income	2,145	(535)	1,610
Other gains – net	972	–	972
Expenses			
- Distribution and marketing	(1,830)	627	(1,203)
- Administrative	(22,423)	1,685	(20,738)
- Finance	(2,290)	867	(1,423)
- Other	(734)	46	(688)
Share of profit of associated companies	213	–	213
Share of profit of joint ventures	–	1,059	1,059
Profit before income tax	25,585	(469)	25,116
Income tax expense	(3,160)	469	(2,691)
Profit after income tax	22,425	–	22,425
Other comprehensive income, net of tax:			
Currency translation arising from consolidation	133	–	133
Total comprehensive income	22,558	–	22,558

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) *FRS 111 Joint Arrangements* (continued)

Impact of change in accounting policy on balance sheet

	As at 31 December 2013 (Previously stated)	Change in accounting policy	As at 31 December 2013 (Restated)	As at 1 January 2013 (Previously stated)	Change in accounting policy	As at 1 January 2013 (Restated)
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
ASSETS						
Current assets						
Cash and cash equivalents	43,165	(5,433)	37,732	53,981	(8,978)	45,003
Financial assets, at fair value through profit or loss	159	–	159	176	–	176
Trade receivables	83,780	(4,457)	79,323	69,556	(5,697)	63,859
Due from customers on construction contracts	6,673	–	6,673	7,047	–	7,047
Amounts due from associated companies	15	–	15	7	–	7
Amounts due from joint ventures	–	39,362	39,362	–	30,987	30,987
Inventories	12,577	–	12,577	12,526	–	12,526
Development properties	239,353	(106,997)	132,356	268,098	(109,525)	158,573
Other current assets	16,339	(352)	15,987	14,420	(90)	14,330
	402,061	(77,877)	324,184	425,811	(93,303)	332,508
Non-current assets						
Trade receivables	466	–	466	745	–	745
Investments in associated companies	1,510	–	1,510	800	–	800
Investments in joint ventures	–	55,641	55,641	–	54,370	54,370
Investment properties	208,225	(126,202)	82,023	204,161	(125,000)	79,161
Property, plant and equipment	87,065	(2)	87,063	60,019	(4)	60,015
Goodwill	5,078	–	5,078	–	–	–
	302,344	(70,563)	231,781	265,725	(70,634)	195,091
Total assets	704,405	(148,440)	555,965	691,536	(163,937)	527,599

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) ***FRS 111 Joint Arrangements*** (continued)

Impact of change in accounting policy on balance sheet (continued)

	As at 31 December 2013 (Previously stated)	Change in accounting policy	As at 31 December 2013 (Restated)	As at 1 January 2013 (Previously stated)	Change in accounting policy	As at 1 January 2013 (Restated)
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
LIABILITIES						
Current liabilities						
Trade payables	72,533	(2,029)	70,504	56,365	(5,140)	51,225
Other liabilities	42,281	(526)	41,755	39,298	(717)	38,581
Due to customers on construction contracts	36,222	–	36,222	34,619	–	34,619
Amounts due to associated companies	949	–	949	1,005	–	1,005
Amounts due to joint ventures	–	–	–	–	1,660	1,660
Current income tax liabilities	4,026	(539)	3,487	5,678	(2,116)	3,562
Short-term borrowings	100,431	(76,895)	23,536	49,808	(15,500)	34,308
	256,442	(79,989)	176,453	186,773	(21,813)	164,960
Non-current liabilities						
Trade payables	1,438	–	1,438	3,956	–	3,956
Other liabilities	1,137	–	1,137	–	–	–
Finance leases	3,201	–	3,201	497	–	497
Bank borrowings	204,607	(68,500)	136,107	287,138	(142,145)	144,993
Deferred income tax liabilities	8,678	49	8,727	7,396	21	7,417
	219,061	(68,451)	150,610	298,987	(142,124)	156,863
Total liabilities	475,503	(148,440)	327,063	485,760	(163,937)	321,823
NET ASSETS	228,902	–	228,902	205,776	–	205,776

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) FRS 111 Joint Arrangements (continued)

Impact of change in accounting policy on balance sheet (continued)

	As at 31 December 2013 (Previously stated) S$'000	Change in accounting policy S$'000	As at 31 December 2013 (Restated) S$'000	As at 1 January 2013 (Previously stated) S$'000	Change in accounting policy S$'000	As at 1 January 2013 (Restated) S$'000
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	45,320	–	45,320	45,320	–	45,320
Treasury shares	(5,795)	–	(5,795)	(854)	–	(854)
Capital and other reserves	(375)	–	(375)	1,411	–	1,411
Retained profits	184,918	–	184,918	165,196	–	165,196
Currency translation reserve	(5,570)	–	(5,570)	(6,052)	–	(6,052)
	218,498	–	218,498	205,021	–	205,021
Non-controlling interests	10,404	–	10,404	755	–	755
Total equity	228,902	–	228,902	205,776	–	205,776

Impact of change in accounting policy on the statement of cash flows

	For the financial year ended 31 December 2013 (Previously stated) S$'000	Change in accounting policy S$'000	For the financial year ended 31 December 2013 (Restated) S$'000
Cash flows from operating activities	45,701	(2,694)	43,007
Include:			
– Cash generated from operations	56,853	(6,827)	50,026
– Income tax paid	(4,252)	2,074	(2,178)
– Interest paid	(6,900)	2,059	(4,841)
Cash flows used in investing activities	(14,103)	(6,009)	(20,112)
Include:			
– Additions to investment properties	(3,264)	1,202	(2,062)
– Interest received	83	570	653
– Loan to joint ventures	–	(7,781)	(7,781)
Cash flows used in financing activities	(46,275)	12,247	(34,028)
Include:			
– Repayment of bank borrowings	(67,366)	12,247	(55,119)
Net decrease in cash and cash equivalents	(14,677)	3,544	(11,133)

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) ***FRS 112 Disclosure of Interests in Other Entities***

FRS 112 was issued in May 2011 when FRS 110 was published and sets out the disclosure requirements on interests in subsidiaries, associated companies, joint ventures, and unconsolidated structured entities. Certain new disclosures with respect to these entities are introduced under FRS112.

(d) ***FRS 28 Investments in associates and joint ventures***

FRS 28 was amended in May 2011 when FRS 111 was published. The adoption of amended FRS 28 did not result in substantial changes to the Group's financial statements.

(e) ***FRS 27 Separate financial statements***

FRS 27 was amended in May 2011 when FRS 110 was published. The adoption of FRS 27 (revised) did not result in substantial changes to accounting policies of the Group and disclosures in the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services, the work done on construction projects undertaken, the sale of development properties and rental and related income from investment properties, dividend and interest income in the ordinary course of the Group's activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

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

(a) *Sale of goods*

Revenue is recognised when the Group has delivered the products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

(b) *Rendering of services*

Revenue from services is recognised over the period in which the services are rendered.

(c) *Contracts revenue*

Revenue from construction contracts is recognised as disclosed in Note 2.7 "Construction contract".

(d) *Revenue from property development*

Revenue from development properties is recognised as disclosed in Note 2.9 "Development properties".

(e) *Dividend income*

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

(f) *Interest income*

Interest income is recognised using the effective interest method.

(g) *Rental income*

Rental income is recognised as disclosed in Note 2.14(b) "Leases – when the Group is the lessor".

2. Significant accounting policies (continued)

2.3 Government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) ***Subsidiaries*** (continued)

(ii) *Acquisitions* (continued)

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.6 "Goodwill" for the subsequent accounting policy on goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.10 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) ***Transactions with non-controlling interests***

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) ***Associated companies and joint ventures***

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' or joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies or joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.10 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses except for certain buildings and leasehold premises, which are subsequently carried at revalued amount less accumulated depreciation and accumulated impairment losses. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(a) Measurement (continued)

The revaluation on certain freehold and leasehold properties was done in connection with the listing of the Company in 1993. The increase in carrying amount arising from the revaluation was taken to capital reserve. The Group does not have a policy of revaluing its property, plant and equipment periodically.

(b) Depreciation

Freehold land and assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings on freehold land	20 – 50 years
Leasehold land and buildings	20 – 75 years
Plant and machinery	2 – 10 years
Motor vehicles	3.5 – 10 years
Furniture, fittings, office and hotel equipment	1 – 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the 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 repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains – net". Any amount in capital reserve relating to that item is transferred to retained profits directly.

2.6 Goodwill

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

2. Significant accounting policies (continued)

2.6 Goodwill (continued)

Gains and losses on disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

2.7 Construction contract

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured either by reference to the professional or customer's certification of value of work done to date or by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

Where the stage of completion is measured by reference to the professional or customer's certification of value of work done to date, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "due from customers on construction contracts" within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "due to customers on construction contracts" within "current liabilities".

Where the stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "accrued billings on construction contracts" within "trade receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "advance billings on construction contracts" within "trade payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received and retentions withheld from subcontractors are included within "trade payables".

2.8 Investment properties

Investment properties include those portions of commercial buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

2. Significant accounting policies (continued)

2.8 Investment properties (continued)

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by management or independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.9 Development properties

Development properties are properties being constructed or developed for future sale.

Development properties that are unsold are carried at the lower of cost and net realisable value. Cost capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties up to issuance of the temporary occupation permit. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

Sales of development properties under construction in respect of sale and purchase agreements entered into prior to completion of construction are recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

If, however, the legal terms of the contract are such that the construction represents the continuing transfer of work in process to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work processes.

For sales of development properties of the Group that are within the scope as described in INT FRS 115 *Agreements for the Construction of Real Estate,* the Group recognises revenue for sales of such development properties by reference to the stage of completion of the properties.

The stage of completion is measured by reference to the professional's certification of value of work done to-date. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

The aggregated costs incurred and the profit/loss recognised in each development property that has been sold is compared against progress billings up to the financial year-end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as development properties, under "current assets". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as development properties, under "current liabilities".

2.10 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries (except for warrants in subsidiary, which are accounted for as financial assets at fair value through profit or loss), joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. Significant accounting policies (continued)

2.11 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment,
Investments in subsidiaries, joint ventures and associated companies

Property, plant and equipment, investments in subsidiaries, joint ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to Note 2.5 "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill 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 amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2. Significant accounting policies (continued)

2.12 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "other current assets", "due from customers on construction contracts", "amounts due from subsidiaries", "amounts due from associated companies", "amounts due from joint ventures", "development properties" and "cash and cash equivalents" on the balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

2. Significant accounting policies (continued)

2.12 Financial assets (continued)

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve, presented within "other reserves".

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.12(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial assets is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2. Significant accounting policies (continued)

2.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Leases

(a) *When the Group is the lessee:*

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as assets and liabilities respectively, at the inception of the leases based on the lower of the fair values of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

Leases of investment properties and property, plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentive given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. Income from leasing of equipment is recognised on its utilisation basis.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.15 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries and joint ventures. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries and joint ventures fail to make principal or interest payments when due in accordance with the terms of their borrowings.

2. Significant accounting policies (continued)

2.15 Financial guarantees (continued)

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries and joint ventures' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.16 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.17 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.18 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.19 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using either the first-in, first-out basis or the weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2. Significant accounting policies (continued)

2.20 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associated companies, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.22 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

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

2. Significant accounting policies (continued)

2.23 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.24 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operations is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains-net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rate at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

2. Significant accounting policies (continued)

2.24 Currency translation (continued)

(c) Translation of Group entities' financial statements (continued)

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.26 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.27 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

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

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.28 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

The recoverable amount of the "Bio-Refinery and Bio-Energy" cash-generating unit ("CGU") has been determined based on value-in-use calculations. These calculations require the use of estimates (Note 27). Management is of the view that no impairment of the CGU was required as at 31 December 2014.

If the management's estimated pre-tax discount rate applied to the discounted cash flows for the "Bio-Refinery and Bio-Energy" CGU at 31 December 2014 had been higher by 1% from 13% to 14%, the recoverable amount will decrease by S$942,000. This will result in the recoverable amount in excess of goodwill to decrease from S$2,929,000 to S$1,987,000.

(b) Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured either by reference to the professional or customer's certification of value of work done to date or by reference to the contract costs incurred to date compared to the estimated total costs for the contract. Please refer to Note 2.7 "Construction contract" for the Group's accounting policy on construction contract work-in-progress.

Significant assumptions are used to estimate the total contract costs which affect the contract cost recognised to date based on the percentage-on-completion. Total contract revenue also includes estimation of the variation works that are recoverable from customers. In making these estimates, management has relied on past experience and the work of specialists. If the remaining estimated contract costs increase/decrease by 5% (2013: 5%) from management estimates, the Group's profit before income tax will decrease/increase by approximately S$4,735,000 and S$4,806,000 (2013: decrease/increase by approximately S$4,539,000 and S$4,985,000).

(c) Valuation of investment properties

Investment properties are stated at fair value based on valuations performed by management or independent professional valuers. In determining fair value, management and the valuers have used valuation methods which involve certain estimates (Note 25).

The fair values are determined using the income method and direct comparison method. The income method involves the estimation of income and expenses, taking into account expected future changes in economic and social conditions, which may affect the value of the properties. The direct comparison method involves the comparison of recent sales transactions of similar properties. Management is of the view that the valuation methods and estimates are reflective of the current market conditions.

3. Critical accounting estimates, assumptions and judgements (continued)

3.2 Critical judgement in applying the entities, accounting policies

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. Refer to Note 37(b) for analysis of the Group's credit risk profile.

4. Revenue

	Group	
	2014	2013
	S$'000	S$'000
		Restated
Contract revenue	**130,254**	154,527
Revenue from sale of products	**126,600**	119,823
Revenue from services rendered	**5,293**	6,068
Revenue from property development	**130,072**	75,367
Rental income from investment properties (Note 25)	**2,926**	3,325
Total revenue	**395,145**	359,110

5. Other income

Dividend income	**6**	6
Interest income		
– Available-for-sale financial assets	**253**	–
– Loans to joint ventures	**940**	583
– Bank deposits	**154**	70
	1,347	653
Rental income	**409**	382
Other income	**223**	569
	1,985	1,610

6. Other gains – net

	Group	
	2014 **S$'000**	2013 S$'000 Restated
Fair value gain/(loss) on financial assets at fair value through profit or loss (Note 13)	**649**	(17)
Fair value gain on long-term financial assets and financial liabilities	**373**	321
Fair value gain on investment properties (Note 25)	**5,706**	800
Gain on disposal of property, plant and equipment	**116**	182
Gain on liquidation of subsidiaries	**1,358**	–
Net foreign exchange loss	**(719)**	(314)
	7,483	972

7. Expenses by nature

Allowance for/(write-back of) impairment of trade receivables included in "distribution and marketing expenses" [Note 14(i)]	**1,826**	(4,296)
Allowance for/(write-back of) impairment of loan to joint ventures [Note 17(iii)]	**1,528**	(507)
Changes in inventories of raw material, work-in-progress and finished goods	**(3,265)**	(51)
Commission expenses	**986**	4,833
Contractor and material costs net of changes in work-in-progress included in "cost of sales"	**210,612**	186,724
Depreciation of property, plant and equipment [Note 26(i)]	**5,609**	4,263
Employee compensation (Note 8)	**31,124**	30,902
Freight, shipping, transport and travelling expenses	**6,596**	6,510
Impairment loss on property, plant and equipment (Note 26)	**–**	501
Property, plant and equipment written off	**444**	135
Purchases of raw material, finished goods and consumables	**77,815**	79,515
Rental expenses	**6,373**	5,769
Repair and maintenance expenses	**6,593**	6,264
Utilities	**3,651**	3,655
(Write-back of)/allowance for impairment of non-trade receivables	**(2)**	257
Other expenses	**12,473**	11,951
Total cost of sales, distribution and marketing, administrative and other expenses	**362,363**	336,425

8. Employee compensation

	Group	
	2014 **S$'000**	2013 S$'000 Restated
Wages and salaries	**26,680**	24,863
Employer's contribution to defined contribution plans including Central Provident Fund	**1,616**	2,287
Other staff benefits	**2,828**	3,752
	31,124	30,902

Included in the cost of sales is employee compensation amounting to S$13,694,000 (2013: S$14,456,000). Compensation to key management personnel, including directors' remuneration, is separately disclosed in Note 38(b).

9. Finance expenses

Interest expenses		
– Banking facilities	**1,692**	1,345
– Finance lease	**130**	78
– Notes	**1,023**	–
	3,025	1,423

10. Income taxes

(a) Income tax expense

Tax expense attributable to profit is made up of:		
– Current income tax [Note 10(b)]	**2,840**	1,929
– Deferred income tax [Note 10(c)]	**3,987**	1,149
	6,827	3,078
Under/(over) provision in preceding financial years		
– Current income tax [Note 10(b)]	**(1,746)**	(486)
– Deferred income tax [Note 10(c)]	**64**	99
	5,145	2,691

10. Income taxes (continued)

(a) *Income tax expense* (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2014 **S$'000**	2013 S$'000 Restated
Profit before income tax	**33,806**	25,116
Share of profit of associated companies	**(292)**	(213)
Share of loss/(profit) of joint ventures	**5,711**	(1,059)
Profit before tax and share of loss/(profit) of associated companies and joint ventures	**39,225**	23,844
Tax calculated at a tax rate of 17% (2013: 17%)	**6,668**	4,053
Effects of:		
Expenses not deductible for tax purposes	**1,653**	177
Income not subject to tax	**(793)**	(320)
Tax benefits not recognised	**524**	277
Tax incentives	**(1,105)**	(448)
Utilisation of previously unrecognised		
– Tax losses	**(34)**	(514)
– Capital allowances	**–**	(63)
Effect of different tax rates in other countries	**21**	64
Others	**(107)**	(148)
Tax charge	**6,827**	3,078

(b) *Movement in current income tax liabilities*

	Group		Company	
	2014 **S$'000**	2013 S$'000 Restated	**2014** **S$'000**	2013 S$'000
Balance at 1 January (restated)	**3,487**	3,562	**10**	–
Acquisition of a subsidiary	**–**	670	**–**	–
Currency translation differences	**(2)**	(10)	**–**	–
Income tax paid	**(1,555)**	(2,178)	**(15)**	–
Tax expense [Note 10(a)]	**2,840**	1,929	**–**	–
(Over)/under provision in preceding financial years [Note 10(a)]	**(1,746)**	(486)	**5**	10
Balance at 31 December	**3,024**	3,487	**–**	10

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10. Income taxes (continued)

(c) Deferred income tax

The movement in the deferred income tax is as follows:

	Group 2014 S$'000	Group 2013 S$'000 Restated
Balance at 1 January (restated)	**8,727**	7,417
Acquisition of a subsidiary	**–**	63
Currency translation differences	**–**	(1)
Tax expense [Note 10(a)]	**3,987**	1,149
Under provision in preceding financial years [Note 10(a)]	**64**	99
Balance at 31 December	**12,778**	8,727

(d) Movements in deferred income tax

The movements in the Group's deferred income tax liabilities and assets prior to offsetting of balances within the same tax jurisdiction during the financial year are as follows:

	Accelerated tax depreciation S$'000	Revaluation reserve S$'000	Fair value adjustment on investment properties S$'000	Income taxed on completion basis and others S$'000	Total S$'000
Group					
Deferred income tax liabilities					
Balance at 1 January 2014 (restated)	**1,994**	**373**	**4,958**	**1,417**	**8,742**
Charged to profit or loss	**110**	**(165)**	**1,118**	**2,973**	**4,036**
Balance at 31 December 2014	**2,104**	**208**	**6,076**	**4,390**	**12,778**
Balance at 1 January 2013 (restated)	1,714	373	5,108	237	7,432
Acquisition of a subsidiary	53	–	–	10	63
Currency translation difference	(1)	–	–	–	(1)
Charged to profit or loss	228	–	(150)	1,170	1,248
Balance at 31 December 2013 (restated)	1,994	373	4,958	1,417	8,742

Group	Provisions S$'000	Total S$'000
Deferred income tax assets		
Balance at 1 January 2014 (restated)	**(15)**	**(15)**
Charged to profit or loss	**15**	**15**
Balance at 31 December 2014	**–**	**–**
Balance at 1 January 2013 and 31 December 2013	(15)	(15)

10. Income taxes (continued)

(d) Movements in deferred income tax (continued)

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

The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group	
	2014 **S$'000**	2013 S$'000 Restated
Deferred income tax liabilities	**12,778**	8,742
Deferred income tax assets	**–**	(15)
	12,778	8,727

The deferred income tax assets and liabilities are not intended to be settled within the next twelve-month period.

(e) Unutilised tax losses and capital allowances

As at 31 December 2014, the Group has unutilised tax losses of approximately S$20,399,000 (2013: S$17,518,000) and unabsorbed capital allowances of approximately S$1,173,000 (2013: S$1,173,000) which can, subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation, be carried forward and utilised against future taxable profits. The unutilised tax losses and capital allowance do not have expiry dates. The deferred tax benefits on the unutilised tax losses and capital allowances of subsidiaries have not been recognised in the financial statements because of the uncertainty of future utilisation.

(f) There is no tax charge relating to each component of other comprehensive income.

11. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014	2013
Net profit attributable to equity holders of the Company (S$'000)	**29,529**	21,330
Weighted average number of ordinary shares in issue for computation of basic earnings per share ('000)	**437,071**	456,840
Basic earnings per share (in cents)	**6.76**	4.67

(b) Diluted earnings per share

There is no dilution of earnings per share for the financial years ended 2014 and 2013.

12. Cash and cash equivalents

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000 Restated	**S$'000**	S$'000
Fixed deposits	**34,039**	6,537	**–**	–
Cash and bank balances	**43,292**	31,195	**2,737**	464
	77,331	37,732	**2,737**	464

(i) The carrying amounts of fixed deposits approximate their fair values, as the fixed deposits bear interest at variable rates, which can be re-priced within a period of up to 12 months.

(ii) Included in the fixed deposits and cash and bank balances of the Group are amounts held under the Housing Developers' (Project Account) (Amendment) Rules 1997, totalling S$13,309,000 (2013: S$9,591,000), the use of which is subject to restrictions imposed by the aforementioned rules.

(iii) Included in the fixed deposits and cash and bank balances of the Group is an amount of S$3,632,000 (2013: S$3,711,000) pledged to banks for credit facilities granted.

13. Financial assets, at fair value through profit or loss

	Group 2014	Group 2013	Company 2014	Company 2013
Balance at 1 January	**159**	176	**1,149**	–
Additions	**1,975**	–	**–**	3,015
Fair value gain/(loss) during the financial year (Note 6)	**649**	(17)	**–**	(1,866)
Balance at 31 December	**2,783**	159	**1,149**	1,149

Financial assets, at fair value through profit and loss comprise the following:

	Group 2014	Group 2013	Company 2014	Company 2013
At fair value:				
Quoted equity shares				
– Singapore	**159**	159	**–**	–
– China	**2,624**	–	**–**	–
Unquoted warrants in a subsidiary	**–**	–	**1,149**	1,149
	2,783	159	**1,149**	1,149

(i) On 28 February 2013, the Company subscribed for and was issued 165,000,000 free detachable, non-transferable and non-listed warrants from its subsidiary, Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited) ("KBE"). Each warrant carries the right to subscribe for one new ordinary share in the capital of KBE at an exercise price of S$0.053 for each new share. Each warrant may be exercised at any time during the period of three years commencing on and including the date of issue of the warrants and expiring on the third anniversary of the date of issue of the warrants. No warrants have been exercised as at 31 December 2014.

(ii) Financial assets, at fair value through profit or loss are denominated in Singapore Dollars and Chinese Renminbi.

	Group 2014	Group 2013	Company 2014	Company 2013
Singapore Dollar	**159**	159	**1,149**	1,149
Chinese Renminbi	**2,624**	–	**–**	–
	2,783	159	**1,149**	1,149

14. Trade receivables

	Group	
	2014	2013
	S$'000	S$'000
		Restated
Current		
Due from non-related parties	**67,050**	75,687
Less: Allowance for impairment of trade receivables	**(4,182)**	(2,564)
Trade receivables – net	**62,868**	73,123
Accrued billings on construction contracts	**11,189**	6,200
	74,057	79,323
Non-current		
Due from non-related parties	**1,260**	466

(i) Allowance for impairment of trade receivables amounted to S$1,826,000 (2013: write-back of allowance for impairment of trade receivables of S$4,296,000) is recognised as an expense/(credit) and included in "distribution and marketing expenses".

(ii) Included in current and non-current trade receivables are retentions on construction contracts of S$4,695,000 (2013: S$$9,307,000) (Note 15).

(iii) The non-current trade receivables due from non-related parties are presented at amortised cost and computed based on cash flows discounted at market borrowing rates. The market borrowing rate used is 4% (2013: 4%) per annum.

15. Due from/(to) customers on construction contracts

Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**1,157,280**	1,340,174
Less: Progress billings	**(1,167,518)**	(1,369,723)
	(10,238)	(29,549)
Presented as:		
Current assets		
– Due from customers on construction contracts	**5,004**	6,673
Current liabilities		
– Due to customers on construction contracts	**(15,242)**	(36,222)
Construction contract work-in-progress includes the following:		
Depreciation of property, plant and equipment		
Balance at 1 January	**3,251**	2,126
Capitalised during the financial year [Note 26(i)]	**4,044**	4,546
Less: Recognised on projects during financial year	**(4,204)**	(3,421)
Balance at 31 December	**3,091**	3,251
Retentions on construction contracts		
– Trade receivables [Note 14(ii)]	**4,695**	9,307
– Amount due from joint ventures [Note 17(ii)]	**2,219**	3,158
– Trade payables [Note 28(i)]	**8,852**	8,927
Advances received on construction contract [Note 28(i)]	**524**	777

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16. Amounts due from/(to) associated companies

The carrying amounts of trade balances due from/(to) associated companies approximate their fair values.

17. Amounts due from joint ventures

	Group	
	2014	2013
	S$'000	S$'000
		Restated
Current		
Trade receivables from joint ventures	**11,292**	10,846
Loans to joint ventures	**64,370**	29,575
Less: Impairment of loan	**(2,785)**	(1,059)
	61,585	28,516
	72,877	39,362
Non-current		
Trade receivables from a joint venture	**641**	–
	73,518	39,362

(i) The loans to the joint ventures are unsecured and repayable on demand. The effective interest rate is 2.30% to 5.75% (2013: 2.30% to 2.50%) per annum.

(ii) Included in current and non-current trade receivables from joint ventures are retentions on construction contracts of S$2,219,000 (2013: S$3,158,000) (Note 15).

(iii) Allowance for impairment of loan to joint ventures amounted to S$1,528,000 (2013: write-back of allowance for impairment of loan to joint ventures of S$507,000) is recognised as an expense/(credit) and included in "distribution and marketing expenses".

18. Inventories

Raw materials	**8,955**	5,932
Work-in-progress	**115**	60
Finished goods	**6,772**	6,585
	15,842	12,577

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S$74,550,000 (2013: S$79,464,000).

19. Development properties

	Group 2014 S$'000	Group 2013 S$'000 Restated
Cost of land	**163,000**	163,000
Development cost	**123,227**	73,517
Add: Attributable profits recognised	**40,170**	22,562
Less: Progress billings	**(189,117)**	(126,723)
	137,280	132,356
Interest capitalised during the financial year	**2,378**	2,636

Details of development properties are set out in Note 42.

As at 31 December 2014, development properties with a carrying value of S$137,280,000 (2013: S$132,356,000) are mortgaged to banks for credit facilities granted (Notes 30 and 32).

20. Other current assets

	2014	2013
Deposits	**2,192**	1,603
Prepayments	**1,259**	969
Staff advances	**8**	8
Tax recoverable	**–**	27
Other receivables	**13,255**	13,474
	16,714	16,081
Less: Allowance for impairment of sundry receivables	**(94)**	(94)
	16,620	15,987

Included in the other receivables of the Group are amounts expected to be received upon liquidation of subsidiaries amounting to S$10,652,000 (2013: S$11,652,000).

21. Available-for-sale financial assets

	2014	2013
Balance at 1 January	**–**	–
Additions	**8,290**	–
Fair value losses recognised in other comprehensive income [Note 34(b)(i)]	**(310)**	–
Balance at 31 December	**7,980**	–

Available-for-sale financial assets are analysed as follows:

	2014	2013
Listed securities		
– Singapore Dollar corporate fixed rate notes of 5.25% to 6.25% per annum due between 10 January 2017 to 1 October 2018	**7,980**	–

22. Investment in associated companies

	Group	
	2014 S$'000	2013 S$'000 Restated
Balance at 1 January	**1,510**	800
Addition through acquisition of a subsidiary	**–**	777
Share of profits	**292**	213
Dividends received during the year	**(280)**	(280)
Balance at 31 December	**1,522**	1,510

Details of the associated companies are set out in Note 40. The associated companies have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business. There are no contingent liabilities relating to the Group's interest in the associated companies.

Summarised financial information of associated companies

Set out below are the summarised financial information for the material associated company of the Group. The information reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

Hi Con (S) Pte. Ltd.

	2014 S$'000	2013 S$'000 Restated
Summarised statement of comprehensive income		
Revenue	**6,575**	5,290
Expenses	**(5,591)**	(4,148)
Profit before income tax	**984**	1,142
Profit after tax and total comprehensive income	**922**	1,034
Dividends received from the associated companies	**(280)**	(280)
Summarised balance sheet		
Current assets	**3,576**	3,164
Include:		
– Cash and cash equivalents	**823**	680
Current liabilities	**(1,258)**	(981)
Non-current assets	**350**	362
Non-current liabilities	**(26)**	(25)
Net assets	**2,642**	2,520
Reconciliation of summarised financial information		
Interest in associated companies (35%)	**925**	882
Carrying value	**925**	882
Add:		
Carrying value of an immaterial associated company	**597**	628
Carrying value of Group's interest in associated companies	**1,522**	1,510

23. Investment in joint ventures

	Group	
	2014 S$'000	2013 S$'000 Restated
Balance at 1 January (restated)	**55,641**	54,370
Incorporation of a joint venture	**800**	–
Share of (loss)/profit	**(5,711)**	1,059
Reversal of elimination of unrealised income	**154**	212
Balance at 31 December	**50,884**	55,641

The Group has S$6,055,000 (2013: S$15,323,000) of capital commitments relating to its joint ventures. The Group also has lease commitments relating to its joint ventures. The joint ventures lease office space and carpark under non-cancellable operating lease agreements. The Group's share in the future aggregated minimum lease payments under the non-cancellable operating leases contracted for at the reporting date but non recognised as liabilities, are as follows:

Not later than one year	**188**	187
Between one and five years	**186**	374
	374	561

Details of the joint ventures are set out in Note 40. The joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business.

Summarised financial information of joint ventures

Set out below are the summarised financial information for material joint ventures. The information reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures.

Significiant joint ventures

Summarised statement of comprehensive income		
Revenue	**50,875**	169,199
Expenses		
Include:		
– Depreciation	**(3)**	(1,617)
– Interest expense	**(7,691)**	(4,682)
(Loss)/profit before income tax	**(17,784)**	5,133
Income tax credit/(expense)	**502**	(988)
(Loss)/profit after tax and total comprehensive loss	**(17,282)**	4,145

23. Investment in joint ventures (continued)

Significiant joint ventures	2014 S$'000	2013 S$'000 Restated
Summarised balance sheet		
Current assets	**292,138**	331,674
Include:		
– Cash and cash equivalents	**9,026**	19,120
Current liabilities	**(216,278)**	(225,237)
Include:		
– Bank borrowings	**(169,473)**	(196,580)
– Amount due to shareholders	**(23,667)**	(12,433)
Non-current assets	**270,196**	252,507
Non-current liabilities	**(255,407)**	(251,013)
Include:		
– Bank borrowings	**(137,000)**	(137,000)
– Amount due to shareholders	**(115,359)**	(113,213)
Net assets	**90,649**	107,931
Reconciliation of summarised financial information		
Interest in joint ventures	**47,849**	54,961
Elimination of unrealised income	**(402)**	(379)
Share of losses impaired against loan to joint venture (Note 17)	**2,785**	1,059
Carrying value	**50,232**	55,641
Carrying value of an immaterial associated company	**652**	–
Carrying value of Group's interest in joint ventures	**50,844**	55,641

Significant joint ventures have been aggregated as these joint ventures which undertake property development and investment business in Singapore have similar risks and returns characteristics.

24. Investment in subsidiaries and amounts due from/(to) subsidiaries

	Company	
	2014 S$'000	2013 S$'000
Balance at 1 January		
– Unquoted equity shares, at cost	**73,439**	73,439
– Quoted equity shares, at cost	**5,200**	–
– Financial guarantee contracts	**12,376**	11,030
	91,015	84,469
Disposal	**(5,370)**	–
Increase in quoted equity shares, at cost	**–**	5,200
Increase in financial guarantee contracts	**592**	1,346
Balance at 31 December	**86,237**	91,015

24. Investment in subsidiaries and amounts due from/(to) subsidiaries (continued)

	Company	
	2014	2013
	S$'000	S$'000
Amounts due from subsidiaries (non-trade) [Note 24(i)]		
– Current	**56,237**	9,379
– Non-current	**2,405**	2,405
Amounts due to subsidiaries (non-trade) [Note 24(i)]		
– Current	**(20)**	(3,040)
– Non-current	**(6,852)**	(9,464)

(i) The current and non-current amounts due from and to subsidiaries are unsecured and interest-free, except for an amount of S$50,000,000 which bears interest rate at 5% per annum. The current amounts due from and to subsidiaries are repayable on demand and their fair values approximate their carrying amount. The non-current amounts due from and to subsidiaries are not expected to be repaid within 12 months from the balance sheet date.

(ii) The Group has certain subsidiaries which are in the process of members' voluntary liquidation. The details of the subsidiaries are set out in Note 40. The fair values of identifiable net assets of these subsidiaries amounted to S$10,652,000 (2013: S$11,652,000). Details of the identifiable net assets of these subsidiaries as at 31 December 2014 are as follows:

Carrying amounts of assets and liabilities

Cash and cash equivalents	**4,715**	4,715
Trade and other receivables	**8,214**	9,216
Total assets	**12,929**	13,931
Trade and other payables	**(86)**	(88)
Shareholder's loan	**(1,054)**	(1,054)
Total liabilities	**(1,140)**	(1,142)
Net assets in liquidation	**11,789**	12,789
Less: Non-controlling interests	**(1,137)**	(1,137)
Increase in other receivables (Note 20)	**10,652**	11,652

Carrying value of non-controlling interests

Koh Brothers Eco Engineering Limited and its subsidiaries	**10,125**	9,614
Other subsidiaries with immaterial non-controlling interest	**(879)**	790
	9,246	10,404

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for Koh Brothers Eco Engineering Limited and its subsidiaries which has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2014 and 2013.

24. Investment in subsidiaries and amounts due from/(to) subsidiaries (continued)

Koh Brothers Eco Engineering Limited and its subsidiaries	2014 S$'000	2013* S$'000
Summarised statement of comprehensive income		
Revenue	**44,384**	33,038
Profit before income tax	**1,474**	1,614
Income tax (expense)/credit	**(365)**	157
Profit after tax	**1,109**	1,771
Other comprehensive income	**(215)**	(677)
Total comprehensive income	**894**	1,094
Total comprehensive income allocated to non-controlling interests	**612**	170
Dividends paid to non-controlling interests	**–**	325
Summarised balance sheet		
Current		
Assets	**31,168**	27,023
Liabilities	**(26,283)**	(21,538)
Total current net assets	**4,885**	5,485
Non-current		
Assets	**12,020**	11,721
Liabilities	**–**	(1,195)
Total non-current net assets	**12,020**	10,526
Net assets	**16,905**	16,011
Summarised cash flows		
Cash generated from operations	**(882)**	(6,942)
Income tax paid	**(291)**	(592)
Net cash used in operating activities	**(1,173)**	(7,534)
Net cash used in investing activities	**(24)**	160
Net cash used in financing activities	**(2,675)**	(2,176)
Net decrease in cash and cash equivalents	**(3,872)**	(9,550)
Cash and cash equivalents at beginning of year/period	**10,372**	20,085
Effect of currency translation on cash and cash equivalents	**142**	163
Cash and cash equivalents at end of year/period	**6,642**	10,372

* Represents post-acquisition results and cash flows

25. Investment properties

	Group	
	2014 **S$'000**	2013 S$'000 Restated
Balance at 1 January (restated)	**82,023**	79,161
Additions	**1,717**	2,062
Fair value gain recognised in profit or loss (Note 6)	**5,706**	800
Balance at 31 December	**89,446**	82,023
The following amounts are recognised in profit or loss:		
Rental income (Note 4)	**2,926**	3,325
Direct operating expenses arising from investment properties that generated rental income	**(2,860)**	(3,006)

Fair value hierarchy

	Fair value measurements using		
Description	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	$'000	**$'000**	**$'000**
31 December 2014			
Recurring fair value measurements			
– Investment properties	**–**	**–**	**89,446**
31 December 2013 (restated)			
Recurring fair value measurements			
– Investment properties, restated	–	–	82,023

Valuation technique and inputs used in Level 3 fair value measurement

Description	**Fair value as at 31 December 2014 ($'000)**	**Valuation Technique(s)**	**Unobservable inputs[1]**	**Range of unobservable inputs**	**Relationship of unobservable inputs to fair value**
Investment properties	89,446	Weighted income and cost method	Rental per square metre	S$3 to S$150 (2013: S$3 to S$110) per square metre	The higher the rental value per square metre, the higher the fair value.
		Adjusted market comparison method	Market value per square metre	S$21,000 to S$41,000 (2013: S$20,000 to S$35,000) per square metre	The higher the market value per square metre, the higher the fair value.

[1] There were no significant inter-relationships between unobservable inputs.

25. Investment properties (continued)

Valuation processes

The fair value of investment properties are determined annually by management or external, independent and qualified valuers at the end of every financial year based on the properties' highest and best use. They are carried at fair value at the balance sheet date.

At each financial year, management:

– provides all major inputs to the independent valuation report;

– assesses property valuation movements when compared to the prior year valuation reports; and

– holds discussions with the independent valuers.

Changes in Level 3 fair values are analysed at each reporting date during management meetings. As part of this discussion, a report is presented to the Audit and Risk Committee that explains the reasons for the fair value movements.

(i) Investment properties are leased to third parties under operating leases [Note 36(b)].

(ii) Investment properties with carrying values totalling S$85,840,000 (2013: S$77,123,000) are mortgaged to banks for credit facilities granted (Notes 30 and 32).

(iii) Details of the investment properties are set out in Note 41.

26. Property, plant and equipment

Group	Freehold land S$'000	Buildings on freehold land S$'000	Leasehold land and buildings S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Furniture, fittings, office and hotel equipment S$'000	Assets under construction S$'000	Total S$'000
Cost or valuation								
At 1 January 2014 (restated)								
Cost	10,289	18,669	19,965	71,721	22,773	11,747	–	155,164
Independent valuation in 1993 [Note 26(iii)], restated	16,250	6,487	7,375	–	–	–	–	30,112
	26,539	25,156	27,340	71,721	22,773	11,747	–	185,276
Currency translation differences	(245)	(87)	(29)	17	12	(8)	(19)	(359)
Additions	–	601	–	2,067	3,998	1,181	1,777	9,624
Disposals	–	–	(1,886)	(56)	(2,007)	(76)	–	(4,025)
Write off	–	(216)	–	(1,079)	(180)	(260)	(235)	(1,970)
At 31 December 2014	26,294	25,454	25,425	72,670	24,596	12,584	1,523	188,546
Represented by:								
Cost	10,044	18,967	19,936	72,670	24,596	12,584	1,523	160,320
Independent valuation in 1993 [Note 26(iii)]	16,250	6,487	5,489	–	–	–	–	28,226
	26,294	25,454	25,425	72,670	24,596	12,584	1,523	188,546

26. Property, plant and equipment (continued)

Group	Freehold land S$'000	Buildings on freehold land S$'000	Leasehold land and buildings S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Furniture, fittings, office and hotel equipment S$'000	Assets under construction S$'000	Total S$'000
Accumulated depreciation and impairment loss								
At 1 January 2014 (restated)	–	8,204	8,876	56,563	16,009	8,561	–	98,213
Currency translation differences	–	(1)	25	(2)	11	2	–	35
Disposals	–	–	(1,886)	(56)	(1,804)	(61)	–	(3,807)
Write off	–	–	–	(1,079)	(180)	(267)	–	(1,526)
Depreciation charge [Note 26(i)]	–	560	1,005	5,484	1,729	875	–	9,653
At 31 December 2014	–	8,763	8,020	60,910	15,765	9,110	–	102,568
Net book value at 31 December 2014	**26,294**	**16,691**	**17,405**	**11,760**	**8,831**	**3,474**	**1,523**	**85,978**

Group	Freehold land S$'000	Buildings on freehold land S$'000	Leasehold land and buildings S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Furniture, fittings, office and hotel equipment S$'000	Total S$'000
Cost or valuation							
At 1 January 2013 (restated)							
Cost	3,314	15,913	6,809	62,849	20,499	11,278	120,662
Independent valuation in 1993 [Note 26(iii)]	16,250	6,487	7,375	–	–	–	30,112
	19,564	22,400	14,184	62,849	20,499	11,278	150,774
Currency translation differences	(273)	(70)	(15)	35	70	(78)	(331)
Acquisition of subsidiary	–	–	6,399	15	39	144	6,597
Additions	7,248	2,826	6,772	9,773	3,368	618	30,605
Disposals	–	–	–	(718)	(1,185)	(209)	(2,112)
Write off (restated)	–	–	–	(233)	(18)	(6)	(257)
At 31 December 2013 (restated)	26,539	25,156	27,340	71,721	22,773	11,747	185,276
Represented by:							
Cost (restated)	10,289	18,669	19,965	71,721	22,773	11,747	155,164
Independent valuation in 1993 [Note 26(iii)]	16,250	6,487	7,375	–	–	–	30,112
	26,539	25,156	27,340	71,721	22,773	11,747	185,276
Accumulated depreciation and impairment loss							
At 1 January 2013 (restated)	–	7,771	8,039	51,282	15,555	8,112	90,759
Currency translation differences	–	(9)	–	56	55	(52)	50
Disposals	–	–	–	(430)	(1,164)	(190)	(1,784)
Write off (restated)	–	–	–	(114)	(4)	(4)	(122)
Impairment loss (Note 7)	–	–	110	383	–	8	501
Depreciation charge [Note 26(i)] (restated)	–	442	727	5,386	1,567	687	8,809
At 31 December 2013 (restated)	–	8,204	8,876	56,563	16,009	8,561	98,213
Net book value at 31 December 2013 (restated)	26,539	16,952	18,464	15,158	6,764	3,186	87,063

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

26. Property, plant and equipment (continued)

		Group	
		2014 S$'000	2013 S$'000 Restated
(i)	Depreciation capitalised in construction contract work-in-progress (Note 15)	**4,044**	4,546
	Depreciation charged to profit or loss (Note 7)	**5,609**	4,263
	Total depreciation	**9,653**	8,809

(ii) The carrying amounts of property, plant and equipment acquired under finance leases are as follows:

	2014 S$'000	2013 S$'000 Restated
Plant and machinery	**5,707**	8,808
Motor vehicles	**6,196**	4,764
	11,903	13,572

(iii) The valuation made in 1993, in connection with the listing of the Company, was performed by Messrs Knight Frank, Cheong Hock Chye & Baillieu (Property Consultants) Pte Ltd, a firm of independent valuers based on an open market existing use basis as at 31 December 1993.

(iv) If the revalued property, plant and equipment had been included in the financial statements at cost less accumulated depreciation, their net book values would be as follows:

	2014 S$'000	2013 S$'000 Restated
Freehold land	**15,293**	15,293
Buildings on freehold land	**3,715**	3,840
Leasehold land and buildings	**684**	818

(v) At 31 December 2014, freehold land, buildings on freehold land and leasehold land and buildings with a carrying value of S$31,613,000 (2013: S$36,676,000) are mortgaged to banks for credit facilities granted (Notes 30 and 32).

The Group's major properties included in property, plant and equipment are as follows:

	Name and location	Description	Land area (Sq ft)	Built-up area (Sq ft)	Tenure
(a)	Koh Brothers Building 11 Lorong Pendek Singapore 348639	Industrial building	12,002	23,835	Freehold
(b)	Oxford Hotel 218 Queen Street Singapore 188549	Hotel	8,049	52,890	Freehold
(c)	65 Sungei Kadut Drive Singapore 729564	Factory-cum-office building	94,399	48,540	30 years lease from 16 December 1990
(d)	32 Gul Road Singapore 629349	Factory-cum-office building	34,380	2,093	35 years lease from 16 June 1980
(e)	50 Tuas Crescent Singapore 638730	Factory-cum-office building	234,625	123,107	60 years lease from 16 July 1982

26. Property, plant and equipment (continued)

	Name and location	Description	Land area (Sq ft)	Built-up area (Sq ft)	Tenure
(f)	PTD 103250, Jalan Idaman 3/9 Taman Perindustrian Senai 81400 Senai, Johor, Malaysia	Factory-cum-office building	504,425	304,414	Freehold
(g)	No.30 Tuas South Street 6 Singapore 638737	Vacant industrial land	92,542	30,550	22 years 6 months from 2 May 2014
(h)	1 Jalan Bioteknologi 3 Kawasan Perindustrian SiLC 79200 Nusajaya, Johor, Malaysia	Vacant industrial land	581,613	–	Freehold
(i)	28 Third Lok Yang Road Singapore 628016	Factory-cum-office building	27,024	22,025	48 years 8 months from 20 October 1983
(j)	Lot 6 Jalan Pasaran 23/5 Kawasan Miel Phase 10 40300 Shah Alam, Selangor Malaysia	Factory-cum-office building	42,637	28,614	99 years from 15 August 1997

27. Goodwill

	Group	
	2014 **S$'000**	2013 S$'000 Restated
Cost		
Balance at 1 January	**5,078**	–
Acquisition of a subsidiary	**–**	5,078
Balance at 31 December	**5,078**	5,078

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") in the "Bio-Refinery and Bio-Energy" CGU arising from the Group's acquisition in Koh Brothers Eco Engineering Limited and its subsidiaries (formerly known as Metax Engineering Corporation Limited and its subsidiaries).

The Group tests the CGU annually for impairment or more frequently if there are indicators the goodwill might be impaired.

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management .

Key assumptions used for value-in-use calculations

	Group	
	2014	2013
Gross margin [1]	**12%**	12%
Terminal growth rate [2]	**2%**	2%
Discount rate [3]	**13%**	13%

[1] Budgeted gross margin
[2] Weighted average growth rate used to extrapolate cash flows beyond the budget period
[3] Pre-tax discount rate applied to the pre-tax cash flow projections

27. Goodwill (continued)

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. The sensitivity analysis of the recoverable amount of the CGU is set out in Note 3.1(a).

28. Trade payables

(i) Included in current and non-current trade payables are retentions on construction contracts of S$8,852,000 (2013: S$8,927,000), advances received on construction contract of S$524,000 (2013: S$777,000) (Note 16) and advance billings on construction contracts of S$7,076,000 (2013: S$6,713,000).

(ii) The non-current trade payables due to third parties are presented at amortised cost and computed based on cash flows discounted at market borrowing rates. The market borrowing rates used is 4% (2013: 4%) per annum.

29. Other liabilities

	Group		Company	
	2014 S$'000	2013 S$'000 Restated	**2014 S$'000**	2013 S$'000
Current				
Accruals for operating expenses	**22,179**	21,996	**1,314**	116
Sundry payables	**9,942**	10,753	**178**	113
Deposits and advances received	**3,928**	4,938	**–**	–
Due to related parties [Note 29(a)]	**1,895**	2,644	**–**	–
Due to directors [Note 29(b)]	**394**	408	**362**	316
Indirect taxes payable	**1,155**	1,016	**–**	–
Financial guarantee contracts due within one year	**–**	–	**–**	65
	39,493	41,755	**1,854**	610
Non-current				
Due to related parties [Note 29(a)]	**–**	1,137	**–**	–
Financial guarantee contracts due within two to five years	**–**	–	**–**	39
	–	1,137	**–**	39

(a) The non-trade amounts due to related parties includes amounts due to non-controlling interests of:

(i) S$908,000 (2013: S$2,734,000) which is unsecured, interest-bearing at 2% (2013: 2%) per annum and is expected to be repaid within 12 months from the balance sheet date; and

(ii) S$987,000 (2013: S$1,024,000) which are unsecured, interest-free and are repayable on demand.

The non-trade amounts due to related parties also includes amounts due to a company which is controlled or significantly influenced by the Group's key management personnel and their close family members of S$nil (2013: S$23,000) which is unsecured, interest-free and repayable on demand.

(b) The amounts due to directors are unsecured, interest-free and are repayable on demand.

30. Short-term borrowings

	Group	
	2014 **S$'000**	2013 S$'000 Restated
Bills payable		
– Unsecured	**12,382**	3,030
Short-term bank loans		
– Secured [(Note 30(ii)]	**28,300**	1,400
– Unsecured	**10,904**	13,633
	39,204	15,033
Term loans payable within one year (Note 32)		
– Secured	**1,894**	2,856
– Unsecured	**302**	292
	2,196	3,148
Finance lease payables within one year (Note 31)	**3,181**	2,325
	56,963	23,536

(i) Effective interest rates

The bills payable are interest-bearing at a rate of 1.66% (2013: 2.53%) per annum.

Weighted average effective interest rates per annum of short-term bank loans at the balance sheet date is 2.12% (2013: 2.19%) per annum.

(ii) The short-term bank loans are secured as follows:

Freehold land, buildings on freehold land and leasehold land and buildings [Note 26(v)]	**28,300**	1,400

31. Finance leases

Minimum lease payments due		
– Not later than one year	**3,275**	2,434
– Between one and five years	**2,782**	3,276
	6,057	5,710
Less: Future finance charges	**(179)**	(184)
Present value of finance lease liabilities	**5,878**	5,526

The Group leases certain plant and machinery and motor vehicles from non-related parties under finance leases.

31. Finance leases (continued)

The present value of finance lease liabilities is analysed as follows:

	Group	
	2014 S$'000	2013 S$'000 Restated
Current liabilities		
- Not later than one year (Note 30)	**3,181**	2,325
Non-current liabilities		
- Between one and five years	**2,697**	3,201
	5,878	5,526

The weighted average effective interest rate of finance leases at the balance sheet date is 2.35% (2013: 2.38%) per annum.

32. Bank borrowings

	Due within one year		Due after one year	
Group	**2014 S$'000**	2013 S$'000 Restated	**2014 S$'000**	2013 S$'000 Restated
Bank loans (secured)	**1,894**	2,856	**137,525**	135,249
Bank loans (unsecured)	**302**	292	**556**	858
	2,196	3,148	**138,081**	136,107
	(Note 30)			

Details of the term loans are as follows:

(i) A term loan of S$12,032,000 (2013: S$13,889,000) is secured by way of a first legal mortgage on a freehold property [Note 26(v)]. It is repayable in equal monthly instalment basis up to 31 December 2020.

(ii) In the previous financial year, a term loan of S$18,145,000 was secured by way of first legal and collateral mortgage on freehold investment properties [Note 25(ii)]. It was also secured by way of an assignment of rental and sale proceeds, all rights, titles and interests in contracts in connection with the properties. The term loan was fully paid on 18 August 2014.

(iii) In the previous financial year, a term loan of S$19,854,000 was secured by way of first legal and collateral mortgage on freehold investment properties [Note 25(ii)]. It was also secured by way of an assignment of rental and sale proceeds, all rights, titles and interests in contracts in connection with the properties. The term loan was fully paid on 18 August 2014.

(iv) Term loans of S$123,725,000 (2013: S$84,377,000) are secured by way of first legal mortgage on the 99-year leasehold land parcel (Note 19). The term loan is secured by way of an assignment of all Company's rights, title, benefits and interests in connection with any construction contracts, performance bonds, insurance policies, lease, tenancy agreements and/or sale and purchase agreements with respect to the Development. The term loans are fully repayable between 31 December 2016 to 30 June 2017 or 6 to 12 months from issuance of the Temporary Occupation Permit, whichever is earlier.

32. Bank borrowings (continued)

(v) Term loans of S$858,000 (2013: S$1,150,000) are unsecured and repayable in 59 monthly instalments from the date of disbursement up to 14 January 2018.

(vi) A term loan of S$3,662,000 (2013: S$1,840,000) is secured by way of first legal mortgage on the freehold investment properties [Note 25(ii)]. It is repayable for the first 24 instalments from the date of first partial disbursement of the loan and a term of 15 years.

(vii) The carrying amounts of the term loans approximate their fair values, as the term loans bear interest at variable rates, which are re-priced within a period of up to six months. These term loans can be contractually re-priced at one, two, three or six monthly intervals.

(viii) The weighted average effective interest rate at the balance sheet date is 1.98% (2013: 1.70%) per annum.

33. Notes payables

The Company has established a S$250 million Multicurrency Medium Term Note programme, under which the Company may, from time to time, issue notes in series or tranches in Singapore Dollars or in other currencies, in various amounts and tenors and interest rates agreed between Company and the relevant dealer. The net proceeds arising from the issue of notes will be used for general corporate purposes, financing investments and general working capital of the Group.

The Company issued the first series of notes amounting to S$50 million. The notes bear a fixed rate of 4.80% per annum payable semi-annually in arrear and have a tenor of 3.5 years.

At the balance sheet date, the carrying amounts of the notes approximate its fair value.

34. Share capital and treasury shares

	← No. of ordinary shares →		← Amount →	
	Issued share capital ‘000	**Treasury shares ‘000**	**Share capital S$’000**	**Treasury shares S$’000**
Group and Company				
2014				
Balance at 1 January	**466,475**	**(20,298)**	**45,320**	**(5,795)**
Treasury shares purchased	**–**	**(23,290)**	**–**	**(7,266)**
Balance at 31 December	**466,475**	**(43,588)**	**45,320**	**(13,061)**
2013				
Balance at 1 January	466,475	(4,155)	45,320	(854)
Treasury shares purchased	–	(16,143)	–	(4,941)
Balance at 31 December	466,475	(20,298)	45,320	(5,795)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

34. Share capital and treasury shares (continued)

(a) Treasury shares

The Company acquired 23,290,000 (2013: 16,143,000) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was S$7,266,000 (2013: S$4,941,000) and this was presented as a component within shareholders' equity.

(b) Other reserves

	Group	
	2014 $'000	2013 $'000 Restated
Composition		
Fair value reserve	**(310)**	–
Capital reserve	**(96)**	(375)
	(406)	(375)
Movements		
(i) *Fair value reserve*		
Balance at 1 January	**–**	–
Fair value losses on available–for–sale financial assets (Note 21)	**(310)**	–
Balance at 31 December	**(310)**	–
(ii) *Capital reserve*		
Balance at 1 January	**(375)**	1,411
Warrants issued by a subsidiary	**–**	(1,786)
Gain on liquidation of subsidiaries	**279**	–
Balance at 31 December	**(96)**	(375)

As at 31 December 2014 and 31 December 2013, capital reserve comprises:

(i) Goodwill in relation to acquisitions of subsidiaries prior to 1 January 2001.

(ii) On 28 February 2013, the Company subscribed for warrants in a subsidiary amounting to S$3,015,000 [Note 13(a)]. As a result of the subscription, the value of the warrants attributed to non-controlling interests is S$1,786,000.

Other reserves are not available for dividend distribution.

(c) Retained profits

Retained profits of the Group are distributable except for accumulated retained profits of associated companies amounting to S$692,000 (2013: S$663,000). Retained profits of the Company are fully distributable.

(d) Currency translation reserve

Balance at 1 January	**(5,570)**	(6,052)
Net currency translation differences of financial statements of foreign operations	**(612)**	133
Liquidation of a subsidiary	**(1,637)**	–
Less: Non-controlling interests	**290**	349
Balance at 31 December	**(7,529)**	(5,570)

35. Dividend

	Group	
	2014	2013
	$'000	$'000
Final dividend paid in respect of the previous financial year ended of 0.70 cent (2013: 0.35 cent) per share	**3,082**	1,608

At the forthcoming Annual General Meeting on 29 April 2015, a special and final dividend of 0.30 cent per share and 0.50 cent per share respectively amounting to a total of S$3,383,000 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2015.

36. Commitments

(a) Operating lease commitments – where a group company is a lessee

The Group leases various lands and buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2014	2013
	S$'000	S$'000
		Restated
Not later than one year	**7,594**	4,689
Between one and five years	**9,925**	5,161
Later than five years	**8,827**	9,922
	26,346	19,772

(b) Operating lease commitments – where a group company is a lessor

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increases to the lease payments or contingent rents computed based on their sales achieved during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

Not later than one year	**1,109**	965
Between two and five years	**1,265**	1,542
	2,374	2,507

37. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. Where possible, the Group seeks to match assets and liabilities of the same currency. Derivative financial instruments are only used where necessary to reduce exposure to fluctuation in foreign exchange rates and interest rates.

37. Financial risk management (continued)

(a) *Market risk*

(i) *Currency risk*

The Group operates mainly in Asia with operations mainly in Singapore, Malaysia and China. Entities in the Group transact predominantly in their respective functional currencies, except for balances between entities in the Group.

The Group monitors the foreign currency exchange rate movements closely to ensure that its exposures are minimised. The Group has investments in foreign subsidiaries and is exposed to currency translation risk.

The Group's currency exposure is as follows:

Group	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	Others S$'000	Total S$'000
2014						
Financial assets						
Cash and cash equivalents	69,634	1,877	140	5,464	216	77,331
Available-for-sale financial assets	7,980	–	–	–	–	7,980
Trade and other receivables	64,671	574	7,415	12,023	5,987	90,670
Amount due from customers on construction contracts	4,873	56	–	–	75	5,004
Amount due from associated companies	15	–	–	–	–	15
Amount due from joint ventures	73,518	–	–	–	–	73,518
Development properties	137,280	–	–	–	–	137,280
Inter-company balances	326,132	607	1,965	3,199	3,533	335,436
	684,103	3,114	9,520	20,686	9,811	727,234
Financial liabilities						
Borrowings	(246,981)	(334)	(426)	–	–	(247,741)
Trade and other payables	(90,134)	(448)	(9,980)	(7,908)	(3,830)	(112,300)
Amount due do associated companies	(978)	–	–	–	–	(978)
Inter-company balances	(326,132)	(607)	(1,965)	(3,199)	(3,533)	(335,436)
	(664,225)	(1,389)	(12,371)	(11,107)	(7,363)	(696,455)
Net financial assets/ (liabilities)	19,878	1,725	(2,851)	9,579	2,448	30,779
Add: Net financial (assets)/ liabilities denominated in the respective entities' functional currency	(32,829)	–	4,802	(8,608)	75	(36,560)
Net currency exposure	**(12,951)**	**1,725**	**1,951**	**971**	**2,523**	**(5,781)**

37. Financial risk management (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

Group	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	Others S$'000	Total S$'000
2013 Restated						
Financial assets						
Cash and cash equivalents	28,513	4,913	161	3,736	409	37,732
Trade and other receivables	72,405	4,877	9,766	6,536	1,188	94,772
Amount due from customers on construction contracts	6,221	191	–	–	261	6,673
Amount due from associated companies	15	–	–	–	–	15
Amount due from joint ventures	39,362	–	–	–	–	39,362
Development properties	132,356	–	–	–	–	132,356
Inter-company balances	165,557	47	4,996	118	2,985	173,703
	444,429	10,028	14,923	10,390	4,843	484,613
Financial liabilities						
Borrowings	(161,484)	(728)	(632)	–	–	(162,844)
Trade and other payables	(85,944)	(4,400)	(8,290)	(6,045)	(2,665)	(107,344)
Amount due do associated companies	(949)	–	–	–	–	(949)
Inter-company balances	(165,557)	(47)	(4,996)	(118)	(2,985)	(173,703)
	(413,934)	(5,175)	(13,918)	(6,163)	(5,650)	(444,840)
Net financial assets/ (liabilities)	30,495	4,853	1,005	4,227	(807)	39,773
Add: Net financial (assets)/ liabilities denominated in the respective entities' functional currency	(30,654)	–	(6,273)	(2,188)	410	(38,705)
Net currency exposure	(159)	4,853	(5,268)	2,039	(397)	1,068

For the financial year ended 31 December 2014, the Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies. All financial assets and financial liabilities are denominated in Singapore Dollars ("SGD").

37. Financial risk management (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

Company	**SGD S$'000**	**RMB S$'000**	**Total S$'000**
2013			
Financial assets			
Cash and cash equivalents	464	–	464
Inter-company balances	11,468	316	11,784
	11,932	316	12,248
Financial liabilities			
Inter-company balances	(9,464)	(3,040)	(12,504)
Other payables	(649)	–	(649)
	(10,113)	(3,040)	(13,153)
Net financial assets/(liabilities)	1,819	(2,724)	(905)
Add: Net financial assets denominated in the Company's functional currency	(1,819)	–	(1,819)
Net currency exposure	–	(2,724)	(2,724)

If the USD, RMB and MYR changes against the SGD by 3% (2013: 3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets and liabilities on profit after tax and other comprehensive income will be as follows:

	2014		2013	
	← **Increase / (decrease)**			→
Group	**Profit after tax S$'000**	**Other comprehensive income S$'000**	Profit after tax S$'000 Restated	Other comprehensive income S$'000 Restated
USD against SGD				
– Strengthened	**43**	**–**	121	–
– Weakened	**(43)**	**–**	(121)	–
RMB against SGD				
– Strengthened	**49**	**(11)**	(131)	188
– Weakened	**(49)**	**11**	131	(188)
MYR against SGD				
– Strengthened	**24**	**193**	51	13
– Weakened	**(24)**	**(193)**	(51)	(13)
Company				
RMB against SGD				
– Strengthened	**–**	**–**	(68)	–
– Weakened	**–**	**–**	68	–

37. Financial risk management (continued)

(a) *Market risk* (continued)

(ii) *Interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets. The Group's exposure to cash flow interest rate risks arises mainly from the Group's debt obligations. The Group manages its cash flow interest rate risks by adopting a preference for fixed rate instruments over variable-rate instruments.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1% (2013: 1%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$1,592,000 (2013: S$1,306,000) as a result of higher/lower interest expense on these borrowings.

(iii) *Price risk*

The Group is exposed to equity securities and debt securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheets as financial assets, at fair value through profit or loss (Note 13) and available-for-sale financial assets (Note 21). These securities are listed in Singapore and China. The Group is not exposed to commodity price risk.

If prices for equity securities and debt equities listed in Singapore and China change by 10% (2013: 10%) with all other variables including tax rate being held constant, the profit after tax and other comprehensive income will be:

	2014		2013	
	Increase / (decrease)			
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
	S$'000	**S$'000**	S$'000	S$'000
Group				
Listed in Singapore				
– Increased by 10%	**16**	**798**	13	–
– Decreased by 10%	**(16)**	**(798)**	(13)	–
Listed in China				
– Increased by 10%	**218**	**–**	–	–
– Decreased by 10%	**(218)**	**–**	–	–

The Company is not exposed to significant price risk.

37. Financial risk management (continued)

(b) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers who require credit over a certain amount. Where appropriate, the Company or its subsidiaries obtain bankers' guarantee or performance bond from the customer or arrange for master netting agreement. Cash term, advance payments, bankers' guarantees and performance bonds are required for customers of lower credit standing. The Group has no significant concentrations of credit risk due to its large number of customers and cover a large spectrum of activities and markets in which they operate.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. In addition, at 31 December 2014, the Company furnished banks and financial institutions guarantees for facilities extended to subsidiaries and joint venture companies amounting to S$893,370,000 (2013: S$670,462,000) of which the amount utilised at 31 December 2014 was S$514,394,000 (2013: S$347,696,000).

The Group's and Company's major classes of financial assets are bank deposits and receivables.

The credit risk for receivables based on the information provided to key management is as follows:

	Group		Company	
	2014 S$'000	2013 S$'000 Restated	**2014 S$'000**	2013 S$'000
By geographical areas				
Singapore	**125,206**	97,458	**57,392**	10,528
People's Republic of China	**8,020**	9,796	**–**	–
Malaysia	**17,936**	16,606	**1,250**	1,256
The rest of Asia and others	**1,852**	4,213	**–**	–
	153,014	128,073	**58,642**	11,784
By types of customers				
Related corporations	**–**	30	**58,642**	11,784
Associated companies	**15**	15	**–**	–
Joint venture companies	**73,518**	39,362	**–**	–
Non-related parties				
– Other corporations	**71,972**	67,783	**–**	–
– Government-related	**7,509**	20,883	**–**	-
	153,014	128,073	**58,642**	11,784

(i) Financial assets that are neither past due nor impaired

All bank deposits are neither past due nor impaired, and are mainly placed with banks with high credit ratings. Receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

37. Financial risk management (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired (continued)

The Group's receivables not past due include receivables amounting to S$98,000 (2013: S$98,000) that would have been past due or impaired if the terms were not re-negotiated during the financial year.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for receivables.

The age analysis of receivables past due but not impaired is as follows:

	Group		Company	
	2014 S$'000	2013 S$'000 Restated	**2014 S$'000**	2013 S$'000
Past due 0 to 3 months	**24,079**	12,257	**–**	–
Past due 3 to 6 months	**5,270**	4,119	**–**	–
Past due over 6 months	**17,959**	22,749	**8,642**	11,784
	47,308	39,125	**8,642**	11,784

The carrying amount of receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2014 S$'000	2013 S$'000 Restated
Gross amount		
– Past due over 6 months	**4,276**	2,658
Less: Allowance for impairment	**(4,276)**	(2,658)
	–	–
Balance at 1 January	**(2,658)**	(7,068)
Currency translation difference	**(268)**	(139)
Allowance made	**(1,826)**	(257)
Allowance written off	**474**	510
Allowance written back	**2**	4,296
Balance at 31 December	**(4,276)**	(2,658)

The impaired receivables arise mainly from debtors that are in significant financial difficulties and have defaulted on payments.

37. Financial risk management (continued)

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

Group	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
At 31 December 2014				
Payables	**109,242**	**2,612**	**1,730**	**–**
Borrowings	**75,883**	**75,519**	**49,124**	**4,435**
Notes payables	**2,400**	**2,400**	**51,200**	**–**
	187,525	**80,531**	**102,054**	**4,435**
At 31 December 2013 (restated)				
Payables	105,718	1,720	855	–
Borrowings	107,764	44,757	156,929	6,963
	213,482	46,477	157,784	6,963
Company				
At 31 December 2014				
Other payables	**1,854**	**–**	**–**	**–**
Amount due to subsidiaries	**20**	**6,852**	**–**	**–**
Notes payables	**2,400**	**2,400**	**51,200**	**–**
Financial guarantee contracts	**514,394**	**–**	**–**	**–**
	518,668	**9,252**	**51,200**	**–**
At 31 December 2013 (restated)				
Other payables	610	39	–	–
Amount due to subsidiaries	3,040	9,464	–	–
Financial guarantee contracts	347,696	–	–	
	351,346	9,503	–	–

The Group and Company manage the liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The gearing ratio is calculated as net debt divided by shareholders funds. Net debts is calculated as borrowing less cash and cash equivalents.

	Group	
	2014 S$'000	2013 S$'000 Restated
Net debt	**170,410**	125,112
Shareholders' funds	**235,689**	218,498
Gearing ratio (times)	**0.72**	0.57

37. Financial risk management (continued)

(d) *Capital risk* (continued)

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

(e) *Fair value measurements*

The following paragraph presents the assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1);

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

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

Group	**Level 1 S$'000**	**Level 2 S$'000**	**Total S$'000**
2014			
Assets			
Financial assets at fair value through profit or loss	**2,783**	**–**	**2,783**
Available-for-sale financial assets	**7,980**	**–**	**7,980**
2013			
Assets			
Financial assets at fair value through profit or loss	159	–	159
Company			
2014			
Assets			
Financial assets at fair value through profit or loss	**–**	**1,149**	**1,149**
2013			
Assets			
Financial assets at fair value through profit or loss	–	1,149	1,149

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (warrants issued by a subsidiary) is determined by using the Black-Scholes model. The significant input in the valuation is the subsidiary's quoted market price at the balance sheet date.

(f) *Financial instrument by category*

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	Group		**Company**	
	2014 S$'000	2013 S$'000 Restated	**2014 S$'000**	2013 S$'000
Loans and receivables	**254,518**	178,574	**61,379**	12,248
Financial liabilities at amortised cost	**361,019**	271,137	**58,726**	13,153

38. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant transactions with related parties on terms agreed between the parties concerned as shown below:

	Group	
	2014	2013
	S$'000	S$'000
(a) Sales and purchases of goods and services		
Professional fees rendered by a related party	**(8)**	(116)
Progressive revenue recognised from sale of residential property to a key management personnel	**235**	107
Progressive revenue recognised from sale of residential property to a related party	**547**	248
Rental income from a key management personnel	**38**	–

Related party comprises Company which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2014, arising from sale/purchase of goods and services, are disclosed in Notes 16, 17, 24 and 29.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	2014	2013
Salaries and other short-term employee benefits	**8,386**	7,929
Post-employment benefits – contribution to Central Provident Fund	**239**	248
	8,625	8,177

Included in the above was total compensation to directors of the Company amounting to S$362,000 (2013: S$362,000).

39. Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Chief Executive Officer and the Executive Directors.

The Exco considers the business from a business segment perspective. Management manages and monitors the business in three main business segments which are construction and building materials, real estate and leisure and hospitality. The Exco assesses the performance of these business segments based on sales, segment results, segment assets and segment liabilities.

39. Segment information (continued)

The segment information and the reconciliations of segment results to profit before tax and segment assets and liabilities to total assets and liabilities are as follows:

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Total
2014					
Sales					
– External	134,999	3,293	256,853	–	**395,145**
– Inter-segment	1,498	6	45,542	–	**47,046**
	136,497	3,299	302,395	–	**442,191**
Elimination					**(47,046)**
					395,145
Results					
Segment results	27,228	(647)	13,758	(804)	**39,535**
Net investment gain	2	–	8	1,358	**1,368**
Interest income					**1,347**
Finance expenses (Note 9)					**(3,025)**
Share of profit of associated companies	–	–	292	–	**292**
Share of loss of joint ventures	(5,711)	–	–	–	**(5,711)**
Profit before income tax					**33,806**
Other information					
Capital expenditure	172	454	8,998	–	**9,624**
Depreciation	152	684	4,773	–	**5,609**

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Elimination	Total
Segment assets	317,331	26,955	277,725	5,298	(79,919)	**547,390**
Associated companies	–	–	1,522	–	–	**1,522**
Joint ventures	50,884	–	–	–	–	**50,884**
Unallocated assets:						
Short-term bank deposits						**34,039**
Financial assets at fair value through profit or loss						**2,783**
Available-for-sale financial assets						**7,980**
Consolidated total assets						**644,598**
Segment liabilities	62,231	2,614	190,051	8,941	(127,717)	**136,120**
Unallocated liabilities:						
Current income tax liabilities						**3,024**
Deferred income tax liabilities						**12,778**
Borrowings						**247,741**
Consolidated total liabilities						**399,663**

39. Segment information (continued)

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Total
2013 (restated)					
Sales					
– External	80,692	4,068	274,350	–	359,110
– Inter-segment	1,451	41	17,372	–	18,864
	82,143	4,109	291,722	–	377,974
Elimination					(18,864)
					359,110
Results					
Segment results	12,160	74	13,581	(1,207)	24,608
Net investment gain	–	–	6	–	6
Interest income					653
Finance expenses (Note 9)					(1,423)
Share of profit of associated companies	–	–	213	–	213
Share of profit of joint ventures	1,059	–	–	–	1,059
Profit before income tax					25,116
Other information					
Capital expenditure	60	81	30,464	–	30,605
Depreciation	221	660	3,382	–	4,263

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Elimination	Total
Segment assets	238,269	27,821	285,233	503	(59,708)	492,118
Associated companies	–	–	1,510	–	–	1,510
Joint ventures	55,641	–	–	–	–	55,641
Unallocated assets:						
Short-term bank deposits						6,537
Financial assets at fair value through profit or loss						159
Consolidated total assets						555,965
Segment liabilities	64,915	3,838	156,550	7,454	(80,752)	152,005
Current income tax liabilities						3,487
Deferred income tax liabilities						8,727
Borrowings						162,844
Consolidated total liabilities						327,063

39. Segment information (continued)

The measurement of segment sales, results, assets and liabilities are as follows:

(i) Inter-segment transactions are determined on an arm's length basis. The sales from external parties reported to the Exco are measured in a manner consistent with that in the statement of comprehensive income.

(ii) The Exco assesses the performance of the operating segments based on a measure of segment results. This measurement excludes the income or expenses that are not expected to recur regularly in every period. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash performance of the Group.

(a) The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than short-term bank deposits, financial assets at fair value through profit or loss and tax recoverable.

(b) The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments other than current income tax liabilities, deferred income tax liabilities and borrowings.

Geographical information

The Group's three business segments operate in four main geographical areas: Singapore, People's Republic of China, Malaysia and the rest of Asia.

The following table presents sales and non-current assets information for the main geographical areas for the financial years ended 31 December 2014 and 2013.

	Group	
	2014 S$'000	2013 S$'000 Restated
Total sales		
Singapore	**345,431**	275,336
People's Republic of China	**8,123**	14,561
Malaysia	**27,702**	21,137
Indonesia	**3,667**	29,695
Others	**10,222**	18,381
	395,145	359,110
Total non-current assets		
Singapore	**224,025**	211,421
People's Republic of China	**670**	845
Malaysia	**14,385**	14,476
The rest of Asia and others	**3,709**	5,039
	242,789	231,781

40. Group companies

The subsidiaries, joint ventures and associated company at 31 December 2014 and 31 December 2013 are as follows:

	Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2014	Effective holding by the Group 2013
	SUBSIDIARIES				
	Held by the Company:				
	Construction Consortium Pte Ltd.[a]	Singapore	Investment holding	**100%**	100%
	Koh Brothers Development Pte Ltd[a]	Singapore	Property development and provision of management services	**100%**	100%
	Koh Brothers Holdings Pte Ltd[a]	Singapore	Investment holding and property investment	**100%**	100%
	Koh Brothers Investment Pte Ltd[a]	Singapore	Hotel investment	**100%**	100%
	Oxford Hotel Pte Ltd[a]	Singapore	Hotel management	**100%**	100%
^	Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited)[a]	Singapore	Construction and project management and investment holding	**40.78%**	40.78%
	Held by Subsidiaries:				
	Asta–Profits Investments Pte Ltd	Singapore	In Members' Voluntary Liquidation	**–**	–
	Batam Vision Pte Ltd	Singapore	In Members' Voluntary Liquidation	**–**	100%
	Bellwood Investments Pte Ltd	Singapore	In Members' Voluntary Liquidation	**–**	–
	Changi Properties Pte Ltd[a]	Singapore	Property development and provision of management services	**100%**	100%
	KBD Kosdale Pte. Ltd.[a]	Singapore	Property investment	**100%**	100%
	KBD Flora Pte. Ltd.[a]	Singapore	Project management and property development	**100%**	100%
	Kosland Pte. Ltd.[a]	Singapore	Property investment	**100%**	100%
	Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd.[a]	Singapore	Building and civil engineering contracting	**100%**	100%
	Eminent Capital Investments Pte Ltd	Singapore	In Members' Voluntary Liquidation	**–**	–
	G & W Concrete Products Pte Ltd[a]	Singapore	Manufacture and sale of concrete products	**100%**	100%
	G & W Industries Pte Ltd[a]	Singapore	Manufacture and sale of cement	**100%**	100%
	G & W Industrial Corporation Pte Ltd[a]	Singapore	Investment holding	**100%**	100%
	G & W Precast Pte Ltd[a]	Singapore	Manufacture and sale of precast products	**100%**	100%
	G & W Ready-Mix Pte Ltd[a]	Singapore	Manufacture and sale of building materials and rental of construction equipment	**100%**	100%
	Megacity Investment Pte Ltd[a]	Singapore	Investment holding	**100%**	100%
	Megaplus Investments Pte Ltd	Singapore	In Members' Voluntary Liquidation	**–**	–
	Meng Wah High Technology Pte Ltd[a]	Singapore	Mechanical and electrical contracting	**100%**	100%
	Scenic City Investment Pte Ltd	Singapore	In Members' Voluntary Liquidation	**–**	–

40. Group companies (continued)

	Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2014	2013
	Held by Subsidiaries (continued):				
	Wealthplus Pte Ltd	Singapore	In Members' Voluntary Liquidation	**–**	–
	KBD Ventures Pte Ltd (formerly known as KBD Double O Pte Ltd) [a]	Singapore	Project and travelling management services	**100%**	100%
	Beijing G & W Cement Products Co., Ltd [b]	People's Republic of China	Manufacture and sale of building materials	**55%**	55%
	USL Asia Pacific Pte Ltd [a]	Singapore	Manufacture and sale of construction products	**75%**	75%
	USL Asia Pacific (M) Sdn. Bhd.[f]	Malaysia	Trading of construction products	**68.25%**	68.25%
	Shantou Scenic Bay Property Development Co., Ltd	People's Republic of China	In Members' Voluntary Liquidation	**–**	–
	Shantou Scenic View Property Development Co., Ltd	People's Republic of China	In Members' Voluntary Liquidation	**–**	–
	Shantou SEZ Jia Xin Real Estate Development Co., Ltd	People's Republic of China	In Members' Voluntary Liquidation	**–**	70%
	Dalian Megacity Trading Co., Ltd [g]	People's Republic of China	Provision of logistic, and business services	**100%**	100%
	PT. Batam Vision Indonesia	Indonesia	In Members' Voluntary Liquidation	**–**	100%
	P.T Gunanusa Wiratama	Indonesia	In Members' Voluntary Liquidation	**–**	100%
	PT. Koh Brothers Indonesia [e]	Indonesia	Property investment and development	**100%**	100%
	PT. KB Marinindo	Indonesia	In Members' Voluntary Liquidation	**–**	100%
	PT. Pulau Pisang Granitindo	Indonesia	In Members' Voluntary Liquidation	**–**	100%
	G & W Building Materials Sdn. Bhd. [c]	Malaysia	Manufacture of building materials	**100%**	100%
	G & W Industries (M) Sdn. Bhd. [c]	Malaysia	Rental of equipment, properties and provision of business services	**100%**	100%
^	Koh Eco Engineering Pte. Ltd. [a]	Singapore	Industrial and mechanical engineering works and building construction	**40.78%**	40.78%
^	Metax Eco Solutions Pte. Ltd. [a]	Singapore	Environmental engineering services	**40.78%**	40.78%
^	Metax Engineering (India) Private Limited [h]	India	Construction and project management	**40.78%**	40.78%
^	P.T. Bali Environmental Persada [h]	Indonesia	Dormant	**–**	24.47%
^	MetEco Solutions Sdn. Bhd. [c]	Malaysia	Construction and project management	**40.78%**	40.78%
^	WS Bioengineering China Pte. Ltd. [a]	Singapore	Provision of engineering, construction and management services	**40.78%**	40.78%

40. Group companies (continued)

	Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2014	2013
	Held by Subsidiaries (continued):				
^	WSB Pte. Ltd. [a]	Singapore	Provision of engineering, construction and management services	**40.78%**	40.78%
^	Koh Brothers Eco (China) Pte. Ltd. (formerly known as Bioearth Pte. Ltd.) [a]	Singapore	Provision of engineering, construction and management services	**40.78%**	40.78%
^	WS Bioengineering Pte Ltd [a]	Singapore	Construction and project management	**40.78%**	40.78%
^	WS Bioengineering Sdn. Bhd. [c]	Malaysia	Managing and equipment procurement services	**40.78%**	40.78%
^	Oiltek Sdn. Bhd. [c]	Malaysia	Specialist engineers and commission agent	**32.64%**	32.64%
^	Oiltek-Nova Bioenergy Sdn. Bhd. [c]	Malaysia	Specialist engineers and commission agent	**26.51%**	26.51%
	JOINT VENTURE COMPANIES				
	Held by Subsidiaries:				
	Canberra Development Pte. Ltd. [d]	Singapore	Property investment	**50%**	50%
	Buildhome Pte. Ltd. [d]	Singapore	Property development	**50%**	50%
	Phileap Pte. Ltd. [d]	Singapore	Property development	**25%**	25%
	KBD Westwood Pte. Ltd. [a, *]	Singapore	Property development	**80%**	-
	JOINT VENTURE ENTITY				
	Held by Subsidiary:				
	Soletanche Bachy – Koh Brothers Joint Venture [a]	Singapore	Civil engineering	**45%**	45%
	ASSOCIATED COMPANIES				
	Held by Subsidiaries:				
	Hi Con (S) Pte. Ltd. [a]	Singapore	Manufacture and sale of chemicals	**35%**	35%
	Tricaftan Environmental Technology Pte. Ltd. [i]	Singapore	Construction and project management	**16.31%**	16.31%

a Audited by PricewaterhouseCoopers LLP, Singapore.
b Audited by PricewaterhouseCoopers LLP, Singapore for the purpose of preparing the consolidated financial statements of the Group.
c Audited by PricewaterhouseCoopers, Malaysia.
d Audited by Ernst & Young LLP, Singapore.
e Audited by Riyanto, SE, Ak, Registered Public Accountants.
f Audited by Roger, Yue Tan & Associates, Malaysia.
g Audited by Dalian Zhao Lin Certified Public Accountant, China.
h Unaudited management accounts have been reviewed for the purpose of preparing the consolidated financial statements of the Group.
i Audited by Adept Public Accounting Corporation, Singapore.
j In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant joint venture companies would not compromise the standard and effectiveness of the audit of the Group.
^ Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited) and its subsidiaries ("KBE") are deemed to be subsidiaries of the Group as the Company acquired warrants in KBE [Note 13(a)] that, if exercised, gives the Company approximately 51% of the enlarged total number of shares issued by KBE on a diluted basis and hence deemed control.
* KBD Westwood Pte. Ltd. is regarded as a joint venture (Note 23) in accordance with FRS 111 Joint Arrangements based on the contractual term of agreement between the shareholders.

41. Investment properties

Property		Title	Site area/ gross floor area (sq ft)
(a)	The First City Complex comprising commercial units, office units and service apartments at Pulau Batam, Indonesia	Right of use for 30 years from October 1988	200,456 186,066
(b)	11 shop units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863** 22,895
(c)	45 apartment units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863** 35,166
(d)	2 residential units at 1 Khiang Guan Avenue, Singapore	Freehold	3,456 3,456

* The land used right may be extended for another 20 years.
** The 11 shop units and 45 apartment units are located within the same building.

42. Development properties

Property	Title	Percentage of completion at 31.12.2014/expected date of completion	Site area/ gross floor area (sq ft)	Group's effective interest in property
Site for residential development at Flora Drive, Singapore	99 years lease	66.58% / December 2015	322,368 496,388	100%

43. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 or later periods which the Group has not early adopted:

- <u>FRS 40 *Investment Property*</u> (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to clarify that FRS 40 and FRS 103 are not mutually exclusive. The guidance in FRS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in FRS 103 to determine whether the acquisition of an investment property is a business combination.

  The Group will apply this amendment for acquisition of investment property taking place on/after 1 January 2015.

43. New or revised accounting standards and interpretations (continued)

- FRS 108 *Operating Segments* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

  The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 113 *Fair Value Measurement* (effective for annual periods beginning on or after 1 July 2014)

  The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2017)

  FRS 115 was issued in November 2014 and supersedes FRS 18 Revenue, FRS 11 Construction contracts and other revenue related interpretations. It applies to all contracts with customers, except for leases, financial instruments and insurance contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements.

  The Group is assessing the impact of the adoption of FRS 115.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

  FRS 109 was issued in December 2014 and includes guidance on the classification and measurement of financial assets and financial liabilities and de-recognition of financial instruments.

  The Group is assessing the impact of the adoption of FRS 109.

44. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Koh Brothers Group Limited on 25 March 2015.

STATISTICS OF SHAREHOLDINGS
as at 20 March 2015

SHARE CAPITAL AND VOTING RIGHTS

Issued and paid-up capital	:	S$42,653,612.57
Number of issued and paid-up shares	:	456,475,400
Class of shares	:	Ordinary shares
Voting rights	:	(a) On a show of hands, every member present in person and each proxy shall have one vote.
		(b) On a poll, every member present in person or by proxy shall have one vote for every share he/she holds or represents.
Treasury shares	:	39,764,600

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	%	Number of shares	%+
1 - 99	4	0.04	124	0.00
100 - 1,000	107	1.05	91,385	0.02
1,001 - 10,000	7,776	76.31	35,814,726	8.60
10,001 - 1,000,000	2,280	22.37	102,606,190	24.62
1,000,001 and above	23	0.23	278,198,375	66.76
Total	**10,190**	**100.00**	**416,710,800**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of shares held	%+
1	Koh Keng Siang	62,222,535	14.93
2	Koh Teak Huat	32,213,088	7.73
3	Koh Keng Hiong	30,260,100	7.26
4	Singapore Nominees Pte Ltd	27,450,000	6.59
5	Quek Chee Nee	25,896,814	6.21
6	Maybank Nominees (Singapore) Pte Ltd	25,030,000	6.01
7	Koh Kheng How	16,421,000	3.94
8	Koh Tiat Meng	8,908,654	2.14
9	Citibank Nominees Singapore Pte Ltd	7,283,900	1.75
10	United Overseas Bank Nominees Pte Ltd	6,877,500	1.65
11	Phillip Securities Pte Ltd	5,865,000	1.41
12	Koh Tiak Chye	5,193,000	1.25
13	DBS Nominees Pte Ltd	4,834,500	1.16
14	Loh Wing Wah	3,100,000	0.74
15	OCBC Nominees Singapore Pte Ltd	2,888,000	0.69
16	OCBC Securities Private Ltd	2,506,384	0.60
17	Tan Noi Soon	2,400,000	0.58
18	CIMB Securities (Singapore) Pte Ltd	2,159,700	0.52
19	UOB Kay Hian Pte Ltd	2,000,000	0.48
20	Raffles Nominees (Pte) Ltd	1,623,200	0.39
	Total	**275,133,375**	**66.03**

Notes:
+ Percentage computed excludes shares held as treasury shares as at 20 March 2015.

SUBSTANTIAL SHAREHOLDERS

As at 20 March 2015

Name	Direct interest		Deemed interest	
	Number of shares	% of total issued shares[1]	Number of shares	% of total issued shares[1]
Koh Keng Siang	62,422,535	14.98	27,420,000[2]	6.58[2]
Koh Tiat Meng	61,308,654	14.71	–	–
Koh Teak Huat	32,213,088	7.73	325,000	0.08
Koh Keng Hiong	30,260,100	7.26	25,010,000[3]	6.00[3]
Quek Chee Nee	25,896,814	6.21	–	–

Notes:

1 Percentage computed excludes shares held as treasury shares as at 20 March 2015.

2 Koh Keng Siang is deemed interested in (i) 20,000 shares held by his wife and (ii) 27,400,000 shares pursuant to the Deed of Settlement and CDP Form 4.2 executed by Koh Tiat Meng.

3 Koh Keng Hiong is deemed interested in (i) 10,000 shares held by his wife and (ii) 25,000,000 shares pursuant to the Deed of Settlement and CDP Form 4.2 executed by Koh Tiat Meng.

RULE 723 OF THE LISTING MANUAL

Based on the information available to the Company as at 20 March 2015, approximately 43.83% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

KOH BROTHERS GROUP LIMITED

(Unique Entity Number: 199400775D)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of Koh Brothers Group Limited (the "**Company**") will be held at Oxford Hotel, 218 Queen Street, Singapore 188549 on Wednesday, 29 April 2015 at 2.00 pm for the following purposes:-

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2014 together with the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 0.50 cent per share and a special dividend of 0.30 cent per share (the "**Proposed Dividends**") for the year ended 31 December 2014. **(Resolution 2)**

3. To re-elect Mr Koh Teak Huat, who is retiring by rotation pursuant to Article 109 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **(Resolution 3)**

4. To re-appoint the following Directors, who are retiring under Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold office from the date of this Annual General Meeting until the next Annual General Meeting:-

   (a) Mr Koh Tiat Meng **(Resolution 4)**

   (b) Mr Lee Khoon Choy **(Resolution 5)**

   (c) Mr Ling Teck Luke **(Resolution 6)**

   (d) Mdm Quek Chee Nee **(Resolution 7)**

5. To approve the sum of S$362,000/- as Directors' fees for the year ended 31 December 2014. (FY2013: S$362,000/-) **(Resolution 8)**

6. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modification, the following resolutions as Ordinary Resolutions:-

7. That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to:- **(Resolution 10)**

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

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

   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; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided that:-

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

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

8. That:- **(Resolution 11)**

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

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (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, regulations and listing 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 of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:-

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

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

(iii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated;

(c) in this Resolution:-

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

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

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined); and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as hereinafter defined), where:-

"**Average Closing Price**" means the average of the Closing Market Prices of the Shares over the last five Market Days (as hereinafter defined) on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the date of the making of the offer (as hereinafter defined) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"**date of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

All capitalised terms used in Resolution 11 of the Notice of Annual General Meeting which are not defined herein shall unless the context otherwise requires have the same meanings ascribed to them in the Appendix to this Notice of Annual General Meeting of the Company dated 14 April 2015 to shareholders. Shareholders of the Company should refer to the Appendix for information relating to the proposed renewal of the Share Purchase Mandate.

ANY OTHER BUSINESS

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

BY ORDER OF THE BOARD

Koh Keng Siang
Managing Director & Group CEO

14 April 2015

EXPLANATORY NOTES:

Resolution 5: Mr Lee Khoon Choy will, upon re-appointment as a Director of the Company, remain as the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee and the Share Purchase Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Resolution 6: Mr Ling Teck Luke will, upon re-appointment as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Risk Committee, the Remuneration Committee and the Share Purchase Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Notes:

1. A member of the Company entitled to attend and vote at this meeting may appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
2. Where a member appoints more than one (1) proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

NOTICE OF ANNUAL GENERAL MEETING

3. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
4. The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
6. If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the Meeting will act as your proxy.
7. The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary), not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.
8. For depositors holding their shares through The Central Depository (Pte) Limited in Singapore, the Directors have determined that it is more practicable for the depositor proxy form to be delivered to, collected, collated, reviewed and checked at the Company's registered office at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary) and as such will be counted as valid in regards to this meeting pursuant to the Company's Articles of Association. The depositor proxy form, duly completed, must be deposited by the depositor(s) at the Company's registered office in Singapore not less than 48 hours before the commencement of this meeting.

Personal Data Privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the personal data of the member by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the proxy(ies) and/or representative(s) of the member to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of the proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the breach of warranty of the member.

BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN THAT the Transfer Books and Register of Members of Koh Brothers Group Limited (the "**Company**") will be closed on 29 May 2015 for the purposes of determining shareholders' entitlements to the Proposed Dividends for the year ended 31 December 2014.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road #02-00 Singapore 068898 up to 5.00 pm on 28 May 2015 will be registered to determine shareholders' entitlements to the Proposed Dividends.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares as at 5.00 pm on 28 May 2015 will be entitled to the Proposed Dividends.

The Proposed Dividends, if approved by shareholders at the 21st Annual General Meeting of the Company to be held on 29 April 2015, will be paid on 16 June 2015.

BY ORDER OF THE BOARD

Koh Keng Siang
Managing Director & Group CEO

14 April 2015

KOH BROS

KOH BROTHERS GROUP LIMITED

(Unique Entity Number: 199400775D)
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of **KOH BROTHERS GROUP LIMITED**, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PERSONAL DATA PRIVACY
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2015.

PROXY FORM

I/We ____ (Name)

of ____ (Address)

being a member/members of Koh Brothers Group Limited (the "**Company**") hereby appoint(s):

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the 21st Annual General Meeting (the "**Meeting**") of the Company to be held on Wednesday, 29 April 2015 at Oxford Hotel, 218 Queen Street, Singapore 188549 at 2.00 pm and at any adjournment thereof.

I/We direct my 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/her/their discretion, as he/she/they will on any other matter arising at the Meeting.

NO.	ORDINARY RESOLUTION	FOR*	AGAINST*
1	To receive and adopt the Auditors' Report, the Directors' Report and the Audited Financial Statements		
2	To declare a first and final dividend of 0.50 cent per share and a special dividend of 0.30 cent per share		
3	To re-elect Mr Koh Teak Huat as Director		
4	To re-appoint Mr Koh Tiat Meng as Director		
5	To re-appoint Mr Lee Khoon Choy as Director		
6	To re-appoint Mr Ling Teck Luke as Director		
7	To re-appoint Mdm Quek Chee Nee as Director		
8	To approve the sum of S$362,000/- as Directors' fees		
9	To re-appoint PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration		
10	To authorise Directors to issue shares and to make or grant instruments pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		
11	To approve renewal of the Share Purchase Mandate		

* Please indicate your vote "For" or "Against" with a "✓" within the box provided.

Total number of Shares held	
CDP Register	
Register of Members	

Dated this ____________ day of ______________________ 2015.

____
Signature(s)/Common Seal of Member(s)

(Please read notes overleaf before completing this Form.)

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy will be deemed to relate to all the shares held by the member.

3. Where a member of the Company appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be signed 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.

5. Where an instrument appointing a proxy or proxies 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 appointing a proxy or proxies, failing which the instrument may be treated as invalid.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary), not less than 48 hours before the time appointed for holding the Meeting.

7. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such body corporate.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

REGISTERED OFFICE

11 Lorong Pendek
Koh Brothers Building
Singapore 348639
Tel: (65) 6289 8889
Fax: (65) 6841 5400
Website: www.kohbrothers.com

BOARD OF DIRECTORS

Koh Tiat Meng
(Executive Chairman)

Koh Teak Huat
(Executive Deputy Chairman)

Koh Keng Siang
(Managing Director & Group CEO)

Koh Keng Hiong
(Executive Director and Deputy CEO, Leisure & Hospitality and Real Estate divisions)

Quek Chee Nee
(Non-Executive Director)

Lee Khoon Choy
(Lead Independent Director)

Ling Teck Luke
(Independent Director)

Lai Mun Onn
(Independent Director)

Gn Hiang Meng
(Independent Director)

EXECUTIVE COMMITTEE

Koh Tiat Meng
(Chairman)

Koh Keng Hiong

Koh Keng Siang

Koh Teak Huat

AUDIT AND RISK COMMITTEE

Lee Khoon Choy
(Chairman)

Gn Hiang Meng

Lai Mun Onn

Ling Teck Luke

NOMINATING COMMITTEE

Ling Teck Luke
(Chairman)

Gn Hiang Meng

Koh Keng Siang

Lai Mun Onn

REMUNERATION COMMITTEE

Lai Mun Onn
(Chairman)

Gn Hiang Meng

Lee Khoon Choy

Ling Teck Luke

SHARE PURCHASE COMMITTEE

Gn Hiang Meng
(Chairman)

Lai Mun Onn

Lee Khoon Choy

Ling Teck Luke

COMPANY SECRETARY

John Lee

GROUP PR MANAGER

David Tay

AUDITORS

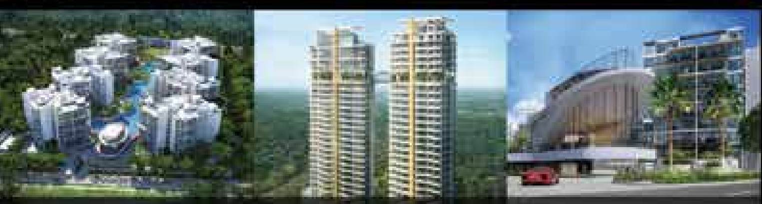
PricewaterhouseCoopers LLP
(Certified Public Accountants)
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge: Mr Soh Kok Leong
(appointed since financial year ended 31 December 2010)

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

INVESTOR RELATIONS

Citigate Dewe Rogerson, i.MAGE Pte Ltd
1 Raffles Place
#26-02 One Raffles Place
Singapore 048616
Contact Person: Ms Dolores Phua
Tel: (65) 6534 5122
Fax: (65) 6534 4171



Building Cities Building Dreams

Koh Brothers Group Limited
(Unique Entity Number: 199400775D)
(Incorporated in the Republic of Singapore)

11 Lorong Pendek
Koh Brothers Building
Singapore 348639
Tel: (65) 6289 8889 **Fax:** (65) 6841 5400
www.kohbrothers.com