

Circular dated 21 August 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Nobel Design Holdings Ltd. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser.

If you have sold or transferred all your shares in the capital of Nobel Design Holdings Ltd, you should at once hand this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



**NOBEL DESIGN HOLDINGS LTD
("Company")**

(Incorporated in the Republic of Singapore)
(Company Registration No. 198104591E)

LETTER TO SHAREHOLDERS

in relation to the

- (1) AUDITED REVISED FY2014 FINANCIAL STATEMENTS, AND**
- (2) PROPOSED CHANGE OF AUDITORS FROM NEXIA TS PUBLIC ACCOUNTING CORPORATION TO ERNST & YOUNG LLP.**

Important Dates and Times:

Last date and time for lodgment of Proxy Form : 5 September 2015 at 10.00 a.m.
Date and time of Extraordinary General Meeting : 7 September 2015 at 10.00 a.m.
Place of Extraordinary General Meeting : 16 Tai Seng Street, Level 7, Singapore 534138

DEFINITIONS

“2015 AGM”	The annual general meeting of the Company held on 28 April 2015
“ACRA”	Accounting and Corporate Regulatory Authority of Singapore
“Act” or “Companies Act”	Companies Act (Chapter 50) of Singapore (as may be amended from time to time)
“Audit Committee”	The audit committee of the Company, comprising Dr. Teh Ban Lian, Mr. Chan Pengee Adrian, Mr. Heng Chye Yam and Mr. Wong Soon Chiu
“Audited Revised FY2014 Financial Statements”	The audited revised financial statements of the Company for the financial year ended 31 December 2014 together with the Directors’ report, statement by Directors and Auditor’s report thereon
“Auditors”	The auditors of the Company for the time being
“Board”	The board of directors of the Company
“CDP”	The Central Depository (Pte) Limited
“Circular”	This circular to Shareholders dated 21 August 2015
“Company”	Nobel Design Holdings Ltd
“Directors”	The directors of the Company as at the date of this Circular, and from time to time, as the case may be
“EGM”	The extraordinary general meeting of the Company to be convened on 7 September 2015 at 10.00 a.m., the notice of which is set out on page 102 of this Circular
“Ernst & Young”	Ernst & Young LLP
“FRS 28”	Financial Reporting Standard 28: Investments in Associates and Joint Ventures
“FRS 39”	Financial Reporting Standard 39: Recognition and Measurement
“FRS 111”	Financial Reporting Standard 111: Joint Arrangements
“FY2014 Financial Statements”	The audited financial statements of the Company for the financial year ended 31 December 2014 together with the Directors’ report, statement by Directors and Auditor’s report thereon tabled for receipt and consideration by the Shareholders by way of ordinary resolution at the 2015 AGM
“Group”	Collectively, the Company and its Subsidiaries

DEFINITIONS

“Joint Arrangement Partners”

The shareholders of the Company’s respective Joint Ventures, details of which are as follows:

Joint Venture	Shareholders	Respective Shareholdings (%)
Urban Lofts Pte Ltd	Nobel Design Holdings Ltd	35
	ACT Holdings Pte Ltd	24
	Pinnacle Assets Pte Ltd	30
	Aspen Development Pte Ltd	11
	Total	100
Alliance Land Pte Ltd	Nobel Design Holdings Ltd	25
	Pinnacle Assets Pte Ltd	25
	Fission Holdings Pte Ltd	25
	Chee Hsian Sing	25
	Total	100
LVND Homes Pte Ltd	Nobel Design Holdings Ltd	25
	2E Capital Pte Ltd	50
	Lian Huat Group Pte Ltd	25
	Total	100
LVND Holdings Pte Ltd	Nobel Design Holdings Ltd	25
	2E Capital Pte Ltd	50
	Lian Huat Group Pte Ltd	25
	Total	100

“Joint Operation”

Has the meaning defined in Paragraph 2.1.2 of this Circular

“Joint Venture”

Has the meaning defined in Paragraph 2.1.2 of this Circular

“Listing Manual”

The Listing Manual of the SGX-ST

“Memorandum and Articles of Association”

The memorandum and articles of association of the Company

“Nexia TS”

Nexia TS Public Accounting Corporation

“Notice of EGM”

The notice of extraordinary general meeting, a copy of which is set out in page 102 of this Circular

“Ordinary Resolutions”

The ordinary resolutions as set out in the Notice of EGM

“Proposed Change of Auditors”

The proposed change of independent auditors of the Company from Nexia TS to Ernst & Young

“Proxy Form”

The proxy form in respect of the EGM, a copy of which is set out in page P-1 of this Circular

“Re-examination of Accounts”

The re-examination of the FY2014 Financial Statements as described in Paragraph 2.1.2 of this Circular

“Relevant Entities” and each a “Relevant Entity”

Urban Lofts Pte Ltd, LVND Homes Pte Ltd, Alliance Land Pte Ltd and LVND Holdings Pte Ltd

“Securities Account”

A securities account maintained by a Depositor with CDP but does not include a securities sub-account

DEFINITIONS

“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors in whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts
“Shares”	Ordinary shares in the capital of the Company
“Special Adviser”	PricewaterhouseCoopers LLP, the independent special adviser appointed by the Board to review and provide accounting advice to the Board on the Re-examination of Accounts
“Subsidiary”	A company which is for the time being a subsidiary of the Company, as defined by section 5 of the Companies Act
“Unaudited Revised FY2014 Financial Statements”	The unaudited revised financial statements of the Company for the financial year ended 31 December 2014, as announced by the Company on SGXNET on 21 May 2015

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively by section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or any modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Where any word or expression is defined in this Circular, such definition shall extend to the grammatical variations and cognate expressions of such word or expression.

LETTER TO SHAREHOLDERS

NOBEL DESIGN HOLDINGS LTD

(Incorporated in the Republic of Singapore)

(Company Registration No. 198104591E)

Directors:

Chan Pengee Adrian	(Non-Executive Chairman and Independent Director)
Goon Eu Jin Terence	(Group Chief Executive Officer and Group Managing Director)
Wee Ai Quey	(Chief Operating Officer and Executive Director)
Ong Ciu Hwa	(Executive Director)
Dr. Teh Ban Lian	(Non-Executive and Independent Director)
Heng Chye Yam	(Non-Executive and Independent Director)
Wong Soon Chiu	(Non-Executive and Independent Director)
Chan Kum Leong	(Non-Executive Director)

Registered office:

16 Tai Seng Street
#07-09
Singapore 534138

21 August 2015

To: The Shareholders of **NOBEL DESIGN HOLDINGS LTD**

Dear Sir/Madam

(1) AUDITED REVISED FY2014 FINANCIAL STATEMENTS, AND

(2) PROPOSED CHANGE OF AUDITORS.

1. INTRODUCTION

1.1 The Directors are convening the EGM to be held on 7 September 2015:

- (a) for the Shareholders to receive and consider the Audited Revised FY2014 Financial Statements; and
- (b) to seek Shareholders' approval for the Proposed Change of Auditors.

1.2 The purpose of this Circular is to provide Shareholders with (i) the background information relating to the Re-examination of Accounts as set out in Paragraph 2.1 of this Circular and (ii) information on the proposed Ordinary Resolutions to be tabled at the EGM.

The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular.

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any person (other than the Shareholders to whom this Circular is dispatched by the Company) or for any other purpose.

LETTER TO SHAREHOLDERS

2. AUDITED REVISED FY2014 FINANCIAL STATEMENTS

2.1 Background Information

2.1.1 FY2014 Financial Statements received and considered by Shareholders at the 2015 AGM

At the 2015 AGM, the Company laid the FY2014 Financial Statements before its Shareholders and tabled the same for receipt and consideration by the Shareholders, by way of ordinary resolution. The ordinary resolution was approved by Shareholders by a majority vote of 68.78% in favour of the resolution.

On 30 April 2015, the Company announced that, further to clarifications requested by the proxy of a Shareholder on the FY2014 Financial Statements at the 2015 AGM and in response to two media reports on 29 April 2015, the Board was conducting the Re-examination of Accounts.

With a view of assuring Shareholders of the professional integrity of the Re-examination of Accounts, the Board also engaged the Special Adviser to provide accounting advice to the Board on the Re-examination of Accounts.

2.1.2 Findings of the Company arising from the Re-examination of Accounts

In consultation with the Special Adviser, the Board made the following findings, as indicated in the Company's announcement of 21 May 2015:

- (a) The FY2014 Financial Statements were prepared on the basis that the joint arrangements of the Group in respect of Relevant Entities were classified as Joint Operations.
- (b) With effect from annual periods beginning on or after 1 January 2014, the FRS 111 was implemented, so as to be applicable to the FY2014 Financial Statements.
- (c) Under FRS 111, joint arrangements are classified into (i) joint operations or (ii) joint ventures. Under a joint operation, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement ("**Joint Operation**"). Under a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement ("**Joint Venture**"). An entity is required to determine the classification of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances. It is important to note that judgement is required in determining whether the joint arrangement is a Joint Operation or a Joint Venture.
- (d) FRS 111 provides that investments in Joint Operations are required to be recognised and measured at the assets and liabilities (and the related revenues and expenses) in relation to the parties' interests in the arrangement in accordance with the relevant financial reporting standards applicable to the particular assets, liabilities, revenues and expenses at the consolidated and separate financial statements level. Investments in Joint Ventures are required to be recognised as an investment at cost or at fair value in accordance with the FRS 39 at the separate financial statements of the Company and to be accounted for using the equity accounting method at the consolidated financial statements of the Group in accordance with the FRS 28.
- (e) Together with the Special Adviser, the Board discussed and re-examined the FY2014 Financial Statements and the requirements of FRS 111, in particular, the interpretation of the form of assets and liabilities of the Relevant Entities being directly attributable to the Joint Arrangement Partners. In addition, the Board made further clarifications with the Joint Arrangement Partners on the structure and legal form of the right to assets and obligation of liabilities of the joint arrangement companies. Further thereto, the Board is of the view that the Relevant Entities should, more appropriately, be re-classified as Joint Ventures under FRS 111. Please refer to Note 36 of the Audited Revised FY2014 Financial Statements annexed to this Circular on pages 94 to 98 hereafter for further information on the re-classification of the Relevant Entities as Joint Ventures.
- (f) With respect to the statement of cash flows, an amount of S\$8,091,588.00 in relation to loans to associated companies, which was previously classified as "cash flows from operating activities", has now been re-presented as "cash flows from investing activities" to better reflect the nature of the cash outflows. This reclassification itself has no impact on the net cash flows of the Group.

In view of the above, the Company, in consultation with the Special Adviser, has revised the FY2014 Financial Statements and, accordingly, the Company announced the Unaudited Revised FY2014 Financial Statements on 21 May 2015.

LETTER TO SHAREHOLDERS

2. AUDITED REVISED FY2014 FINANCIAL STATEMENTS (continued)

2.2 Audited Revised FY2014 Financial Statements

Nexia TS has since completed their audit of the Audited Revised FY2014 Financial Statements and issued their report on 11 August 2015. A copy of each of the revised Directors' report, statement by Directors, Auditor's report and financial statements of the Group for the reporting year ended 31 December 2014 are annexed to this Circular on pages 11 to 99 hereafter.

Apart from changes arising from the Re-examination of Accounts as described in Paragraph 2.1.2 of this Circular, no material changes were made to the Audited Revised FY2014 Financial Statements as compared to the FY2014 Financial Statements. The Audited Revised FY2014 Financial Statements supersede the FY2014 Financial Statements.

The Board would like to emphasise that the Group's net tangible assets per share, total net assets, earnings per Share and profit after tax in the Audited Revised FY2014 Financial Statements remain unchanged from the FY2014 Financial Statements.

The resolution for the Shareholders to receive and consider the Audited Revised FY2014 Financial Statements is set out in Ordinary Resolution 1 in the Notice of EGM.

3. PROPOSED CHANGE OF AUDITORS

3.1 Rationale for the Proposed Change of Auditors

The Company's existing Auditors, Nexia TS, was re-appointed as Auditors of the Company at the 2015 AGM, to hold office until the conclusion of the next annual general meeting of the Company. Nexia TS has been Auditors of the Company for three (3) consecutive audits since FY2012.

Nexia TS has, subsequent to the 2015 AGM, informed the Board of their intention to resign as the Auditors and the Board is mutually agreeable to this, as the Board is of the view that a change of Auditors would benefit the Company from the perspective of good corporate governance and would enable the Company to benefit from the fresh perspectives and views of another audit firm and enhance the independence and effectiveness of the independent audit of the Company's accounts.

In view of the foregoing, the Board considered several reputable audit firms in Singapore and decided that Ernst & Young would be an appropriate audit firm for the company.

Following a review and consideration of the factors listed below in consultation with the Audit Committee, the Board has determined that the proposal given by Ernst & Young is suitable to the existing needs and requirements of the Group. The scope of audit services to be provided by Ernst & Young will be comparable to the services currently provided by Nexia TS and the Company's subsidiaries will be audited by Ernst & Young.

As such the Directors are proposing a change of Auditors to Ernst & Young in place of Nexia TS as Auditors of the Company.

Following the above, the Company had, on 12 August 2015, received a written statement from Nexia TS, informing the Company of (i) its application to ACRA to resign as Auditors of the Company, and (ii) the reasons for its resignation as Auditors of the Company. The written statement from Nexia TS dated 12 August 2015 is annexed on pages 100 to 101 of this Circular.

The change of Auditors is conditional upon obtaining both the consent of ACRA to Nexia TS' resignation as Auditors of the Company and the approval of the Shareholders at the EGM, and thereafter, Ernst & Young will hold office until the conclusion of the next annual general meeting of the Company.

LETTER TO SHAREHOLDERS

3. PROPOSED CHANGE OF AUDITORS (continued)

3.2 Information on Ernst & Young

3.2.1 Ernst & Young is one of the world's big four accounting firms and a global leader in assurance, tax, transactions and advisory services. In Singapore, Ernst & Young has a history of 125 years, with over 120 partners and 2,000 people offering assurance, tax, transaction and advisory services to a wide-ranging clientele base consisting of multinational companies, private companies and public sector organisations, and is part of the integrated Asia-Pacific area, which comprises over 29,000 people in 22 countries.

For more information about Ernst & Young, its core values and services are provided at Ernst & Young's website at: <http://www.ey.com>.

3.2.2 The engagement partner-in-charge from Ernst & Young will be Ms Eleanor Lee. Ms Eleanor Lee has more than 25 years of audit experience and is a Fellow Chartered Accountant of the Institute of Singapore Chartered Public Accountants.

3.3 Requirements under Rules 712 and 715 of the Listing Manual

The Audit Committee has interviewed Ernst & Young and considered:

- (a) the reputation, credentials, adequacy of the resources and experience of Ernst & Young;
- (b) the audit engagement partner, the number and experience of the supervisory and professional staff proposed to be assigned by Ernst & Young to the audit of the financial statements of the Group;
- (c) Ernst & Young's other audit engagements and proposed audit arrangements for the Group;
- (d) the size, complexity and cost efficiencies of the Group's operations; and
- (e) Ernst & Young's overall ability to meet the audit requirements of the Group.

The Company's subsidiaries and all Relevant Entities, being Joint Ventures, will also be audited by Ernst & Young. The Audit Committee has satisfied itself that Rules 712 and 715 of the Listing Manual have been complied with and recommended to the Board that the Proposed Change of Auditors is in the best interest of the Company.

Consequential to the Audit Committee's review and recommendation to the Board, the Directors are, in accordance with Rule 712(3) of the Listing Manual, proposing to seek the Shareholders' approval for the Proposed Change of Auditors to Ernst & Young, in place of Nexia TS.

3.4 Confirmations pursuant to Rule 1203(5) of the Listing Manual

The Audit Committee and the Board confirm that:

- (a) Nexia TS has confirmed that it is not aware of any professional reasons why Ernst & Young should not accept the appointment as Auditors of the Company;
- (b) there were no disagreements with Nexia TS on accounting treatments within the last 12 months;
- (c) the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders or creditors of the Group, which has not been disclosed in this Circular;
- (d) the specific reasons for the Proposed Change of Auditors are disclosed in Paragraph 3.1 above; and
- (e) the Company complies with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of Ernst & Young.

LETTER TO SHAREHOLDERS

3. PROPOSED CHANGE OF AUDITORS (continued)

3.4 Confirmations pursuant to Rule 1203(5) of the Listing Manual (continued)

Nexia TS has issued its written statement in connection with its resignation as Auditors of the Company to the Company on 12 August 2015 and Ernst & Young has given its consent to be appointed as Auditors of the Company on 18 August 2015. Ms Eleanor Lee will be the audit engagement partner assigned to the audit of the Group. The change of Auditors is conditional upon obtaining both the consent of ACRA to Nexia TS' resignation as Auditors of the Company and the approval of the Shareholders at the EGM.

The Board wishes to express their appreciation for the past services rendered by Nexia TS.

The resolution for the Shareholders to approve the Proposed Change of Auditors is set out in Ordinary Resolution 2 in the Notice of EGM.

4. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the Proposed Change of Auditors and recommends the change of Auditors to Ernst & Young after taking into account the suitability of Ernst & Young and compliance with the requirements of the Listing Manual.

5. DIRECTORS' RECOMMENDATION

The Directors, having fully considered the rationale and benefit of the Proposed Change of Auditors and the suitability of Ernst & Young, are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution in respect of the Proposed Change of Auditors to be proposed at the EGM as set out in the Notice of EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM will be held at 16 Tai Seng Street, Level 7, Singapore 534138 on 7 September 2015 at 10.00 a.m. for the purposes of considering and, if thought fit, passing with or without any modification, the Ordinary Resolutions set out in the Notice of EGM.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP as at 48 hours before the EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy or proxies to attend and vote on his behalf, he should complete, sign and return the accompanying Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the corporate office of the Company at 16 Tai Seng Street, #07-09, Singapore 534138, not less than 48 hours before the time for holding the EGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the EGM if he subsequently wishes to do so.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Re-examination of Accounts, the Audited Revised FY2014 Financial Statements, the Proposed Change of Auditors, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

LETTER TO SHAREHOLDERS

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 16 Tai Seng Street, #07-09, Singapore 534138, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association;
- (b) written statement from Nexia TS dated 12 August 2015 regarding its resignation as Auditors;
- (c) consent to act as Auditors from Ernst & Young dated 18 August 2015; and
- (d) written consent from Nexia TS and Ernst & Young to the inclusion of their names in this Circular.

Yours faithfully

Goon Eu Jin Terence
Group Chief Executive Officer and Group Managing Director
For and on behalf of
the Board of Directors of
NOBEL DESIGN HOLDINGS LTD

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.

Directors

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

Chan Pengee Adrian
Goon Eu Jin Terence
Wee Ai Quey
Wong Soon Chiu
Dr. Teh Ban Lian
Heng Chye Yam
Chan Kum Leong
Ong Ciu Hwa

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 under "Share options" and "Warrants" on pages 14 and 16 of this report.

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director	
	At 31.12.2014	At 1.1.2014
Company	Ordinary shares	
Choong Chee Peng Bert*	50,482,000	49,432,000
Wee Ai Quey	22,612,000	21,562,000
Goon Eu Jin Terence	21,712,000	20,662,000
Wong Soon Chiu	7,229,000	6,163,000
Ong Ciu Hwa	812,000	510,000
Dr. Teh Ban Lian	304,000	129,000
Heng Chye Yam	231,000	86,000

* Not re-elected at the Annual General Meeting on 28 April 2015.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Directors' interests in shares or debentures (continued)

- (b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Nobel Employee Share Option Scheme as set out below and under "Share options" on page 14 of this report.

	Holdings registered in name of director	
	At 31.12.2014	At 1.1.2014
Company	Share options	
Wee Ai Quey	2,737,000	3,437,000
Goon Eu Jin Terence	3,380,143	4,260,143
Dr. Teh Ban Lian	358,143	533,286
Heng Chye Yam	298,286	444,429
Wong Soon Chiu	297,286	444,143
Ong Ciu Hwa	2,508,000	2,810,143
Chan Kum Leong	75,000	75,000
	Warrants	
Choong Chee Peng Bert	-	5,924,000
Wee Ai Quey	-	350,000
Goon Eu Jin Terence	-	170,000
Wong Soon Chiu	-	920,000

- (c) Certain directors holding office at the end of the financial year is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly owned by the Group:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
Subsidiaries	Ordinary shares			
Boss Design International Pte Ltd				
Wee Ai Quey	-	-	180,000	180,000
Marquis Furniture Gallery Pte Ltd				
Wee Ai Quey	-	-	430,000	430,000
Goon Eu Jin Terence	-	-	430,000	430,000
Momentum Creations Pte Ltd				
Wee Ai Quey	-	-	137,246	137,246
Goon Eu Jin Terence	-	-	137,246	137,246

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Directors' interests in shares or debentures (continued)

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
Subsidiaries				
			Ordinary shares	
Nobel Projects Pte Ltd				
Wee Ai Quey	-	-	649,999	649,999
Goon Eu Jin Terence	-	-	649,999	649,999
Buylateral Group Pte Ltd				
Goon Eu Jin Terence	-	-	456,002	456,002
Wee Ai Quey	-	-	456,002	456,002
			Preference shares	
Wee Ai Quey	-	-	65,577	65,577
Goon Eu Jin Terence	-	-	65,577	65,577
			Ordinary shares of BND1 each	
Nobel Design Sdn Bhd				
Goon Eu Jin Terence	-	-	90,000	90,000
			Ordinary shares of RM1 each	
Nobel Design House (M) Sdn Bhd				
Goon Eu Jin Terence	-	-	90,000	90,000
Nobel Reka Cipta Sdn Bhd				
Goon Eu Jin Terence	-	-	100,000	100,000
Seni Reka Nobel Sdn Bhd				
Wee Ai Quey	-	-	500,000	500,000
Goon Eu Jin Terence	-	-	500,000	500,000

By virtue of Section 7 of the Singapore Companies Act, Ms. Wee Ai Quey and Mr. Goon Eu Jin Terence are deemed to have an interest in all the related corporations of the Group.

- (d) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

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.

Share options

(a) Nobel Employee Share Option Scheme

The Nobel Employee Share Option Scheme (the "Scheme") was approved by members of the Company at an Extraordinary General Meeting on 20 February 2008.

Under the Scheme, executive and non-executive directors and employees of the Company and its subsidiaries (including controlling shareholders and their associates, as defined in the SGX-ST Listing Manual) are eligible to participate in the Scheme.

The Scheme serves to motivate employees, directors and associated company employees to perform their utmost best and to maintain a high level of contribution for the benefits of the Group as well as to retain key employees whose contribution are important to the long term growth and profitability of the Group.

The Scheme is administered by the Remuneration Committee (the "RC"). The members of the RC are as follows:

Heng Chye Yam, Chairman

Chan Pengee Adrian, member

Chan Kum Leong, member

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Share options (continued)

(a) Nobel Employee Share Option Scheme (continued)

The details of the options granted under the scheme to the controlling shareholders and directors of the Company as at 31 December 2014 are as follows:

Name of directors		Date of grant of option	Exercise price	Options granted and accepted	Options adjustment	Total	Options exercised	Lapsed	Options balance
Choong Chee Peng Bert	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
Wee Ai Quey	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	1,050,000	30,000	1,080,000	(700,000)	-	380,000
	(a)	29-Mar-12	\$0.3120 *	1,634,000	-	1,634,000	-	-	1,634,000
	(a)	9-Jan-13	\$0.4000 *	723,000	-	723,000	-	-	723,000
Goon Eu Jin Terence	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	1,300,000	37,143	1,337,143	(880,000)	-	457,143
	(a)	29-Mar-12	\$0.3120 *	2,023,000	-	2,023,000	-	-	2,023,000
	(a)	9-Jan-13	\$0.4000 *	900,000	-	900,000	-	-	900,000
Ong Ciu Hwa	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	980,000	28,000	1,008,000	(705,000)	-	303,000
	(a)	29-Mar-12	\$0.3120 *	1,525,000	-	1,525,000	-	-	1,525,000
	(a)	9-Jan-13	\$0.4000 *	680,000	-	680,000	-	-	680,000
Dr. Teh Ban Lian	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	180,000	5,143	185,143	(127,000)	-	58,143
	(a)	29-Mar-12	\$0.3120 *	300,000	-	300,000	(120,000)	-	180,000
	(a)	9-Jan-13	\$0.4000 *	120,000	-	120,000	-	-	120,000
Heng Chye Yam	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(106,000)	-	48,286
	(a)	29-Mar-12	\$0.3120 *	250,000	-	250,000	(100,000)	-	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	-	100,000	-	-	100,000
Wong Soon Chiu	(b)	25-May-09	\$0.0875 ^	100,000	2,857	102,857	(102,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(107,000)	-	47,286
	(a)	29-Mar-12	\$0.3120 *	250,000	-	250,000	(100,000)	-	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	-	100,000	-	-	100,000
Chan Kum Leong	(a)	9-Jan-13	\$0.4000 *	75,000	-	75,000	-	-	75,000

* The option was granted at a discount of 20% off market price of \$0.130, \$0.265, \$0.390 and \$0.500 respectively on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price for option granted on 5 March 2008 and 8 December 2010 was adjusted to \$0.1011 and \$0.2061 as a result of warrant issue.

^ The option was granted at market price of \$0.09 on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price was adjusted to \$0.0875 as a result of warrant issue.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Share options (continued)

(a) Nobel Employee Share Option Scheme (continued)

- (a) The options are exercisable in 3 tranches as follows:
 - (i) up to 40% of the New Shares available in respect of the Discount Option between the second anniversary and the third anniversary of the Date of Grant;
 - (ii) up to 70% of the New Shares available in respect of the Discount Option between the third anniversary and the fourth anniversary of the Date of Grant; and
 - (iii) up to 100% of the New Shares available in respect of the Discount Option between the fourth anniversary and the fifth anniversary of the Date of Grant.
- (b) The options are exercisable in 4 tranches as follows:
 - (i) up to 25% of the New Shares available in respect of the Market Price Option between the first anniversary and the second anniversary of the Date of Grant;
 - (ii) up to 50% of the New Shares available in respect of the Market Price Option between the second anniversary and the third anniversary of the Date of Grant;
 - (iii) up to 75% of the New Shares available in respect of the Market Price Option between the third anniversary and the fourth anniversary of the Date of Grant; and
 - (iv) up to 100% of the New Shares available in respect of the Market Price Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

(b) Share options outstanding

As at 31 December 2014, there are 13,247,716 outstanding options for the employees of the Company, the associated company, the executive and non-executive directors under the Scheme. Details of options granted to the directors up to 31 December 2014, have been disclosed in the 'Directors' interests in shares or debentures' and 'Share options' sections. Except as disclosed above, at the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

Warrants

In the financial year ended 2011 ("FY2011"), the Company issued 33,620,200 warrants ("Warrants") at an issue price of \$0.02 for each Warrant. Each Warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company ("New Share") at an exercise price of \$0.23 for each new share, on the basis of 1 Warrant for every 5 existing ordinary shares in the capital of the Company ("Shares") subject to the terms and conditions of the deed poll dated 22 September 2011 ("Warrants Issue"). The Warrants shall be exercised at any time commencing on and including 20 October 2011, being the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third anniversary of the date of the issue of the Warrants ("Exercise Period"). The New Shares arising from the exercise of the Warrants, shall rank *pari passu* in all respects with the existing Shares for any dividends, rights, allotments or other distributions. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

During the financial year, 15,807,986 (2013: 14,807,700) ordinary shares of the Company were issued for cash at \$0.23 each pursuant to the exercise of the warrants by warrants' holders.

The Warrants had expired at 5.00 p.m. on 21 October 2014. Any rights comprised in the Warrants which had not been exercised had lapsed and the Warrants had ceased to be valid for any purpose.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Audit Committee

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Dr. Teh Ban Lian (Chairman) – Non-Executive and Independent Director
Chan Pengee Adrian – Non-Executive and Independent Director
Heng Chye Yam – Non-Executive and Independent Director
Wong Soon Chiu – Non-Executive and Independent Director

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, the Listing Manual of the SGX-ST and the Singapore Code of Corporate Governance 2012. In performing those functions, the AC reviewed:-

- the reliability and integrity of financial statements;
- the impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- the compliance with laws and regulations in relation to financial reporting, particularly those of the Act, and the Listing Manual of the SGX-ST;
- the appropriateness of quarterly and full-year announcements and reports;
- the adequacy of internal controls and evaluation of adherence to such controls;
- the effectiveness and efficiency of internal and external audits;
- the appointment and re-appointment of external auditors and the level of auditors' remuneration;
- the nature and extent of non-audit services and their impact on independence and objectivity of the external auditors;
- interested person transactions;
- the findings of internal investigation, if any;
- the processes put in place to manage any material conflicts of interest within the Group; and
- all conflicts of interest matters referred to it.

The Audit Committee also reviews arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Pursuant to this, the Audit Committee has introduced a Whistle Blowing Policy where employees may raise improprieties to the Audit Committee Chairman in good faith, with the confidence that employees making such reports will be treated fairly and be protected from reprisal. The Audit Committee met four times in 2014.

The Audit Committee has recommended to the Board of Directors that the auditors, Ernst & Young LLP, be nominated for appointment as auditors at the forthcoming Extraordinary General Meeting of the Company in place of the resigning auditors, Nexia TS Public Accounting Corporation.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Independent auditor

At the forthcoming Extraordinary General Meeting, a motion will be tabled for the appointment of Ernst & Young LLP as auditors of the Company in place of Nexia TS Public Accounting Corporation.

On behalf of directors

Wee Ai Quey
Director

Goon Eu Jin Terence
Director

11 August 2015

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 21 to 99 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 directors

Wee Ai Quey
Director

Goon Eu Jin Terence
Director

11 August 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL DESIGN HOLDINGS LTD

For the financial year ended 31 December 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Nobel Design Holdings Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 21 to 99, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, 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 year ended on that date.

Emphasis of Matter

We draw attention to Note 36 to the financial statements which describe the restatement and reissuance of the financial statements due to the change in accounting treatment for joint arrangements and a change in the presentation of the consolidated statement of cash flows to better reflect the nature of the loan to associated company. We issued our auditor's report dated 31 March 2015 on the previously issued financial statements. Due to the restatement described in Note 36, we provide this new auditor's report on the reissued financial statements.

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.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Philip Tan Jing Choon
(Appointed since financial year ended 31 December 2012)

Singapore

11 August 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

		GROUP	
	Note	2014 \$	2013 \$ (Restated)
Revenue	4	77,701,548	68,394,537
Cost of sales		(49,327,957)	(40,565,362)
Gross profit		28,373,591	27,829,175
Other income	7	5,469,563	5,138,631
Other gains – net	8	3,333,804	8,232,388
Expenses			
- Distribution and marketing		(12,425,377)	(11,718,284)
- Administrative		(20,301,662)	(18,250,083)
- Finance	9	(144,983)	(79,986)
Share of profit of joint ventures – net of tax		19,037,066	9,561,949
Share of profit of associated companies – net of tax		38,352	97,458
Profit before income tax		23,380,354	20,811,248
Income tax expense	10	(276,799)	(678,712)
Net profit		23,103,555	20,132,536
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets – fair value gains/(losses)	13	8,405	(1,255)
Currency translation differences arising from consolidation – gains		627,523	388,707
Other comprehensive income, net of tax		635,928	387,452
Total comprehensive income		23,739,483	20,519,988
Profit attributable to:			
Equity holders of the Company		22,066,330	19,000,061
Non-controlling interests		1,037,225	1,132,475
		23,103,555	20,132,536
Total comprehensive income attributable to:			
Equity holders of the Company		22,534,903	19,286,620
Non-controlling interests		1,204,580	1,233,368
		23,739,483	20,519,988
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic earnings per share	11 (a)	11.216	10.374
Diluted earnings per share	11 (b)	10.416	9.149

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

BALANCE SHEETS

As at 31 December 2014

		GROUP			COMPANY	
	Note	2014	2013	1 Jan 2013	2014	2013
		\$	\$	\$	\$	\$
			(Restated)	(Restated)		
ASSETS						
Current assets						
Cash and cash equivalents	12	92,227,640	82,994,878	73,803,648	76,789,564	69,277,575
Available-for-sale financial assets	13	23,979	521,421	522,145	23,979	521,421
Trade and other receivables	14	32,576,738	28,817,722	28,541,597	24,641,873	19,416,353
Inventories	15	18,456,970	15,550,997	12,903,345	-	-
Gross amount due from customers for contract work-in-progress	16	89,502	459,931	149,898	-	-
		143,374,829	128,344,949	115,920,633	101,455,416	89,215,349
Non-current assets						
Trade and other receivables	14	421,206	180,346	569,868	-	-
Investments in associated companies	17	6	1,169,644	2,248,011	4	800,000
Investments in joint ventures	18	31,026,019	12,643,122	3,075,343	1,137,502	1,137,502
Investments in subsidiaries	19	-	-	-	3,716,309	3,716,306
Property, plant and equipment	20	1,770,238	1,626,692	5,231,050	181,704	272,945
Intangible assets	21	161,000	349,000	371,000	161,000	349,000
		33,378,469	15,968,804	11,495,272	5,196,519	6,275,753
Total assets		176,753,298	144,313,753	127,415,905	106,651,935	95,491,102
LIABILITIES						
Current liabilities						
Trade and other payables	22	20,396,245	20,054,583	24,291,078	4,533,254	6,538,889
Borrowings	23	12,395,469	2,899,335	3,950,010	8,470,211	-
Obligations under finance leases	24	57,805	88,290	128,388	19,000	38,000
Gross amount due to customers for contract work-in-progress	16	3,748,737	4,010,738	3,048,221	-	-
Current income tax liabilities		543,905	930,904	1,210,764	-	-
Deferred income	25	3,249,874	3,249,874	3,026,034	3,249,874	3,249,874
		40,392,035	31,233,724	35,654,495	16,272,339	9,826,763
Non-current liabilities						
Obligations under finance leases	24	16,998	34,636	132,927	-	19,000
Deferred income	25	7,853,860	11,103,734	12,624,306	7,853,860	11,103,734
Deferred income tax liabilities	26	93,731	93,731	93,731	69,200	69,200
		7,964,589	11,232,101	12,850,964	7,923,060	11,191,934
Total liabilities		48,356,624	42,465,825	48,505,459	24,195,399	21,018,697
NET ASSETS		128,396,674	101,847,928	78,910,446	82,456,536	74,472,405
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	27	32,459,456	27,309,824	23,272,513	32,459,456	27,309,824
Other reserves	28	1,436,487	1,157,785	483,058	1,656,152	1,837,618
Retained earnings	29	91,790,907	70,883,476	53,189,551	48,340,928	45,324,963
		125,686,850	99,351,085	76,945,122	82,456,536	74,472,405
Non-controlling interests		2,709,824	2,496,843	1,965,324	-	-
Total equity		128,396,674	101,847,928	78,910,446	82,456,536	74,472,405

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

For the financial year ended 31 December 2014

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	
	Note	2014 \$	2013 \$ (Restated)
Cash flows from operating activities			
Net profit		23,103,555	20,132,536
Adjustments for:			
- Income tax expense	10	276,799	678,712
- Employee share option expense	6	557,049	806,561
- Amortisation of deferred income	8	(3,249,874)	(3,254,433)
- Depreciation	5	542,791	509,366
- Dividend income from investment in quoted shares – available-for-sale financial assets	7	(306)	(324)
- Property, plant and equipment written off		89,349	4,688
- Gain on disposal of property, plant and equipment	8	(203)	(4,872,986)
- Gain on disposal of club membership		(14,010)	-
- Loss on disposal of available-for-sale financial assets		8,750	-
- Reversal of impairment loss on available-for-sale financial assets	13	(2,903)	(531)
- Interest income		(1,191,681)	(1,187,885)
- Club membership written off	5	-	22,000
- Finance expenses	9	144,983	79,986
- Share of profit of joint ventures		(19,037,066)	(9,561,949)
- Share of profit of associated companies		(38,352)	(97,458)
- Unrealised currency translation losses		609,882	372,153
		1,798,763	3,630,436
<i>Change in working capital:</i>			
- Trade and other receivables		814,632	(1,587,512)
- Inventories		(2,905,973)	(2,647,652)
- Contract work-in-progress		108,428	652,484
- Trade and other payables		345,662	(3,626,495)
Cash generated from/(used in) operations		161,512	(3,578,739)
- Income tax paid		(663,798)	(958,572)
Net cash used in operating activities		(502,286)	(4,537,311)

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	
	Note	2014 \$	2013 \$ (Restated)
Cash flows from investing activities			
Dividend income received from investment in quoted shares – available-for-sale financial assets	7	306	324
Dividend income received from associated companies		396,000	560,000
Dividend income received from joint ventures		718,750	-
Final cash distribution from liquidation of associated companies		-	5,825
Loans to associated companies		(8,091,588)	-
Repayment of loans to joint ventures		4,107,425	2,111,909
Proceeds from redemption of available-for-sale financial assets		500,000	-
Proceeds from disposal of club membership		202,010	-
Disposal of property, plant and equipment		896	13,767,702
Additions to property, plant and equipment		(727,579)	(3,840,489)
Fixed deposits with maturity of more than three months		1,006,500	(10,948,462)
Interest received		1,104,745	771,052
Net cash (used in)/provided by investing activities		(782,535)	2,427,861
Cash flows from financing activities			
Proceeds from partial disposal of share in a subsidiary		-	40,171
Proceeds from bank borrowings		33,694,675	18,920,282
Repayment of bank borrowings		(24,198,541)	(19,970,957)
Net proceeds from issuance of shares		4,402,712	3,618,918
Fixed deposits pledged		(10,520,244)	(17,212)
Repayment of finance leases		(94,460)	(142,364)
Interest paid		(144,983)	(79,986)
Dividends paid to equity holders of the Company	30	(1,158,899)	(1,306,136)
Dividends paid to non-controlling interests		(991,599)	(742,020)
Net cash provided by financing activities		988,661	320,696
Net decrease in cash and cash equivalents		(296,160)	(1,788,754)
Cash and cash equivalents			
Beginning of financial year		10,560,138	12,334,582
Effect of currency translation on cash and cash equivalents		15,178	14,310
End of financial year	12	10,279,156	10,560,138

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

1. General information

Nobel Design Holdings Ltd (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 16 Tai Seng Street, Singapore 534138.

The principal activities of the Company are those of interior designers and renovators and manufacturers of furniture. The principal activities of its associated companies, joint ventures and subsidiaries are disclosed in Notes 17, 18 and 19 respectively in the notes to 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 of 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:

FRS 110 Consolidated Financial Statements

FRS 110 *Consolidated Financial Statements* introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure, or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of *de facto* circumstances.

In accordance with the transitional provisions of FRS 110, the Group re-assessed the control conclusion for its investees and assessed that there is no change to its control conclusion in respect of its investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

FRS 111 *Joint Arrangements*

The Group has adopted the following new and amended standards, together with the consequential amendments to other FRSs, for the financial year ended 31 December 2014.

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 are 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 (Refer to Note 3(e) and 36).

In prior years, the Group's interest in Astrid Hill Residences Pte Ltd, Urban Lofts Pte Ltd, LVND Homes Pte Ltd, Alliance Land Pte Ltd, LVND Holdings Pte Ltd, LVND Hotels Pte Ltd and LVND Investments Pte Ltd were accounted for by proportionate consolidation. The Group combined its share of the jointly controlled entity's 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 investments 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 2.3 (c) 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 in Note 36. The change in accounting policy has had no significant impact on earnings per share.

FRS 112 *Disclosures of Interests in Other Entities*

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) *Separate Financial Statements* and FRS 28 (revised 2011) *Investments in Associates and Joint Ventures*.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 January 2014. The Group has incorporated the additional required disclosures into the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added 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 – Trading income

Sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers which generally coincides with delivery and acceptance of the goods sold.

(b) Rendering of service – Revenue on renovation contracts

Revenue from interior renovation contracts is recognised using the percentage of completion method. Under the percentage of completion method, contract income is recognised by reference to physical progress on each contract, after making appropriate provision for uncertainties and estimated costs to complete. Progress billings are shown as a deduction from costs. Contract costs comprise direct materials, direct labour costs, sub-contractors' costs and those indirect costs related to contract performance. General and administrative costs are expensed when incurred. Provision for foreseeable losses on uncompleted contracts is made in the financial year in which such losses are determined.

(c) Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest method.

(d) Dividend income

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

(e) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(f) Commission income, parking fee income and management fee

Commission income, parking fee income and management fee are recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.3 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 deconsolidated 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(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 earnings 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 the paragraph "Investments in subsidiaries, associated companies and joint ventures" 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.3 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 the paragraph "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) *Measurement*

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Freehold land is 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:

	<u>Useful lives</u>
Leasehold land and building	30 years
Leasehold improvements	3 - 10 years
Plant and equipment	3 - 10 years
Motor vehicles	5 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.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

(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 and losses – net".

2.5 Intangible assets

Club memberships are initially recognised at cost and are subsequently carried at cost less accumulated impairment losses.

2.6 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 and assets under construction. Borrowing costs that are directly attributable to acquisition and construction are capitalised as part of the cost of fixed assets. Capitalisation of borrowing costs commences when activities to prepare the assets are in progress until the asset is ready for its intended use.

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.

2.7 Construction contracts – renovation contracts

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.7 Construction contracts – renovation contracts (continued)

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. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as 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.

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 gross amount due from customers for contract work-in-progress within current assets. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as gross amount due to customers for contract work-in-progress within current liabilities.

Progress billings not yet paid by customers are included within “Trade receivables”. Advances received are included within “Other payables”.

2.8 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company’s balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

Intangible assets

Property, plant and equipment

Investments in subsidiaries, associated companies and joint ventures

Intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures 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 cash-generating unit (“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 recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset 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 is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.10 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: 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) 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 and other receivables (Note 14)" and "Cash and cash equivalents (Note 12)" on the balance sheet.

(ii) 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.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

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

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. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(e) *Impairment* (continued)

(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 2.10(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 asset 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.

(f) *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.

2.11 Financial guarantees

The Company has issued corporate guarantees to banks for bank 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.12 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.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the 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.

2.14 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 current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

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

The Group leases motor vehicles under finance leases and warehouses, showrooms, land and office space under operating leases from non-related parties.

(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 property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.15 Leases (continued)

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

(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:*

The Group leases office space under operating leases to non-related parties.

(i) Lessor - Operating leases

Leases of leasehold land and building 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 incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

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.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. 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.

2.17 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, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.17 Income taxes (continued)

Deferred income tax is measured:

- (i) 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 at the balance sheet date; and
- (ii) 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.

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.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 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. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.19 Employee compensation (continued)

(b) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued.

(c) *Profit sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(d) *Short-term compensated absences*

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.

2.20 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 Dollar, 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.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Administrative expenses".

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.20 Currency translation (continued)

(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 the 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
- (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 or partial disposal of the entity giving rise to such reserve.

2.21 Segment reporting

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

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and net of bank overdrafts (if any).

2.23 Government grants

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 expenses are shown separately as other income.

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

2.24 Share capital

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

2.25 Dividends to Company's shareholders

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. Critical accounting estimates and assumptions

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.

(a) Revenue on renovation contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the revenue on uncompleted contracts at the balance sheet date had been higher/lower by 10% from management's estimates, the Group's revenue would have been higher/lower by \$1,222,526 (2013: \$1,075,342).

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been lower/higher by \$813,561 (2013: \$720,141).

(b) 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.

If the net present values of estimated cash flows had been higher/lower by 10% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would have been higher/lower by \$39,989 (2013: \$41,452).

(c) Net realisable value for slow moving inventories

The management carries out an inventory review on a product-by-product basis at the end of each reporting period and write down its inventory to lower of cost and net realisable value. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. As at 31 December 2014, management has written down approximately \$416,186 (2013: \$1,730) of its slow moving inventories. The carrying amount of inventories at the end of reporting year was \$18,456,970 (2013: \$15,550,997).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. Critical accounting estimates and assumptions (continued)

(d) *Impairment of available-for-sale financial assets*

At the balance sheet date, the fair values of certain equity securities classified as available-for-sale financial assets with cost of \$76,462 (2013: \$76,462) have declined by \$52,483 (2013: \$55,386). The Group has made a judgement that this decline is not significant or prolonged. In making this judgement, the Group has considered, among other factors, the short-term duration of the decline, the small magnitude by which the fair value of the investment is below cost; and the positive financial health and short-term business outlook of the investee.

The Group has recognised a reversal of impairment loss of \$2,903 (2013: \$531) against the quoted equity securities in Singapore whose trade prices had been above cost for a prolonged period during the financial year.

(e) *Joint arrangement*

Judgement is required to determine when the Group has joint control over an investee. The Group has made an assessment of the relevant activities of the investee and whether the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its investee are those relating to the financing, operating and capital decisions of the investee, such as: the approval the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel or service providers of the investee. A joint arrangement exists only when the Group has joint control over the relevant activities of its investee under a contractual arrangement.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, it considers:

- 1) The structure of the joint arrangement – whether it is structured through a separate vehicle.
- 2) When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
 - (i) the legal form of the separate vehicle;
 - (ii) the terms of the contractual arrangement; and
 - (iii) other facts and circumstances (when relevant).

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the presentation and disclosure of the financial statements.

The Directors of the Company have examined the joint arrangement structure, the terms of the arrangements with its joint venturers, the commercial intention of the joint venturers under the joint arrangements to share assets and to give proportionate corporate guarantees and personal guarantees to procure material bank borrowings. The Directors of the Company are of the view that the arrangements should be more appropriately be classified as joint ventures under FRS 111 *Joint Arrangements* (Refer to Note 36).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

4. Revenue

	GROUP	
	2014	2013
	\$	\$
		(Restated)
Revenue on renovation contracts	20,350,628	17,598,065
Sale of goods - trading income	57,224,627	50,559,558
Others	126,293	236,914
	77,701,548	68,394,537

5. Profit before income tax

This is determined after charging/(crediting):

	GROUP	
	2014	2013
	\$	\$
		(Restated)
Advertising and promotion	2,584,100	2,260,116
Fees on audit services paid/payable to:		
- Auditor of the Company	91,287	79,748
- Other auditors	15,571	21,330
Fees on non-audit services paid/payable to:		
- Auditor of the Company	4,000	3,500
Bank charges	194,363	167,316
Contract costs on renovation contracts	10,670,343	8,626,718
Changes in inventories	(2,905,973)	(2,647,652)
Club memberships written off	-	22,000
Depreciation of property, plant and equipment (Note 20)	542,791	509,366
Employee compensation (Note 6)	13,673,006	11,499,388
Allowance for impairment of trade and other receivables (Note 33 (b))	212,157	252,947
Inventories written-down	416,186	1,730
Property tax	452,200	564,198
Purchase of inventories	37,510,227	32,350,435
Rental expense on operating leases	9,452,744	9,090,979
Sales commission	1,794,884	1,648,415
Utilities	430,666	485,395
Reversal of inventories written-down in prior year	(333,222)	(89,727)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

6. Employee compensation

	GROUP	
	2014	2013
	\$	\$
		(Restated)
Wages and salaries	11,967,831	9,821,702
Employer's contribution to defined contribution plans including Central Provident Fund	812,494	565,946
Directors' fee	292,000	267,500
Employee share option expense (Note 28 (b)(i))	557,049	806,561
Staff accommodation	43,632	37,679
	13,673,006	11,499,388

7. Other income

	GROUP	
	2014	2013
	\$	\$
		(Restated)
Commission income	16,266	21,883
Dividend income from investment in quoted shares	306	324
Fixed deposit interest income	826,830	766,881
Interest income	364,851	421,004
Management fee from joint ventures	54,000	54,000
Parking fee income	97,727	112,064
Rental income	3,648,237	3,549,477
Miscellaneous income	461,346	212,998
	5,469,563	5,138,631

8. Other gains - net

	GROUP	
	2014	2013
	\$	\$
		(Restated)
Amortisation of deferred income (Note 25)	3,249,874	3,254,433
Bad debts recovered	83,727	104,969
Gain on disposal of property, plant and equipment	203	4,872,986
	3,333,804	8,232,388

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

9. Finance expenses

	GROUP	
	2014	2013
	\$	\$
		(Restated)
Bank loan interest	61,645	-
Finance lease interest	8,136	10,707
Trust receipts interest	74,864	68,519
Other interest	338	760
	144,983	79,986

10. Income tax expense

(a) Income tax expense

	GROUP	
	2014	2013
	\$	\$
		(Restated)
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	484,927	821,079
- Foreign	26,897	53,231
	511,824	874,310
(Over)/under provision in prior financial years:		
Current income tax		
- Singapore	(230,286)	(209,145)
- Foreign	(4,739)	13,547
	276,799	678,712

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. Income tax expense (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	2013
	\$	\$
		(Restated)
Profit before tax	23,380,354	20,811,248
Share of profit of joint ventures – net of tax	(19,037,066)	(9,561,949)
Share of profit of associated companies - net of tax	(38,352)	(97,458)
Profit before tax and share of profit of associated companies and joint ventures	4,304,936	11,151,841
Tax calculated at tax rate of 17% (2013: 17%)	731,839	1,895,813
Effects of:		
- different tax rates in other countries	(7,810)	(8,837)
- expenses not deductible for tax purposes	237,663	98,191
- income not subject to tax	(631,581)	(1,323,865)
- deferred tax assets not recognised	321,020	413,545
- utilisation of previously unrecognised tax losses	(26,928)	-
- over provision in prior years income tax	(235,025)	(195,598)
- corporate income tax rebate	(47,168)	(70,651)
- enhanced allowance	(5,761)	(55,685)
- tax exemption	(58,594)	(77,775)
- other	(856)	3,574
Tax charge	276,799	678,712

(b) The tax (charge)/credit relating to each component of other comprehensive income is as follows:

	GROUP					
	2014			2013		
	Before tax	Tax charge	After tax	Before tax	Tax credit	After tax
	\$	\$	\$	\$	\$	\$
Fair value gains/(losses) on available-for-sale financial assets	10,127	(1,722)	8,405	(1,512)	257	(1,255)
Currency translation difference arising from consolidation	627,523	-	627,523	388,707	-	388,707
Other comprehensive income	637,650	(1,722)	635,928	387,195	257	387,452

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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	22,066,330	19,000,061
Weighted average number of ordinary shares outstanding for basic earnings per share	196,745,111	183,158,550
Basic earnings per share (cents per share)	11.216	10.374

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: warrants and share options.

Warrants are assumed to have been converted into ordinary shares at issuance.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	GROUP	
	2014	2013
	\$	\$
Net profit attributable to equity holders of the Company	22,066,330	19,000,061
Weighted average number of ordinary shares outstanding for basic earnings per share	196,745,111	183,158,550
Adjustments for:		
- Share options	3,496,996	1,600,960
- Warrants	11,605,641	22,916,198
	211,847,748	207,675,708
Diluted earnings per share (cents per share)	10.416	9.149

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

12. Cash and cash equivalents

	<u>GROUP</u>		<u>COMPANY</u>	
	2014 \$	2013 \$ (Restated)	2014 \$	2013 \$
Cash at bank and on hand	10,279,156	10,560,138	2,844,914	2,512,895
Bank deposits	81,948,484	72,434,740	73,944,650	66,764,680
	92,227,640	82,994,878	76,789,564	69,277,575

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

	<u>GROUP</u>	
	2014 \$	2013 \$ (Restated)
Cash and cash equivalents (as above)	92,227,640	82,994,878
Less: Bank deposits pledged*	(11,838,136)	(1,317,892)
Less: Bank deposits with maturity more than three months	(70,110,348)	(71,116,848)
Cash and cash equivalents per consolidated statement of cash flows	10,279,156	10,560,138

* Bank deposits are pledged in relation to the security granted for certain borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

13. Available-for-sale financial assets

	GROUP AND COMPANY	
	2014	2013
	\$	\$
Beginning of financial year	521,421	522,145
Fair value gains/(losses) recognised in equity (Note 28 (b)(ii))	8,405	(1,255)
Redemption	(508,750)	-
Reversal of impairment loss	2,903	531
End of financial year	23,979	521,421

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

	GROUP AND COMPANY	
	2014	2013
	\$	\$
<i>Listed securities</i>		
Equity securities – Singapore	23,979	21,076
Fixed income notes	-	500,345
	23,979	521,421

The fixed income notes bear coupon rate of Nil (2013: 3.83%) per annum and matured on 17 January 2014 (2013: 17 January 2014).

The details of the quoted equity shares are as follows:

	GROUP AND COMPANY	
	2014	2013
	\$	\$
Equity securities – Singapore, at cost	76,462	76,462
Less: Allowance for impairment	(52,483)	(55,386)
	23,979	21,076

The movement for allowance for impairment are as follows:

	GROUP AND COMPANY	
	2014	2013
	\$	\$
Beginning of financial year	55,386	55,917
Reversal of impairment loss	(2,903)	(531)
End of financial year	52,483	55,386

The Group has recognised a reversal of impairment loss of \$2,903 (2013: \$531) against the quoted securities in Singapore whose trade prices had been above cost for a prolonged period during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

14. Trade and other receivables

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
		(Restated)		
<i>Current</i>				
Trade receivables				
- Non-related parties	9,450,491	8,508,974	116,658	116,655
- Subsidiaries	-	-	1,330,460	992,608
- Joint ventures	-	77,040	-	77,040
- Associated companies	74,547	74,547	-	-
	9,525,038	8,660,561	1,447,118	1,186,303
Less: Allowance for impairment of receivables (Note 33 (b)(ii))	(1,043,907)	(1,042,811)	(1,447,118)	(1,109,263)
Trade receivables – net	8,481,131	7,617,750	-	77,040
Other receivables				
- Subsidiaries ⁽¹⁾	-	-	7,179,686	2,319,402
- Loans to joint ventures ⁽²⁾	14,010,398	18,117,823	14,010,398	18,117,823
- Loans to associated companies ⁽²⁾	8,091,744	156	4,789,366	-
- Sundry receivables	365,444	802,920	88,883	594,337
- Interest receivables	439,609	417,254	421,590	411,004
	22,907,195	19,338,153	26,489,923	21,442,566
Less: Allowance for impairment of receivables (Note 33 (b)(ii))	(156,072)	(101,146)	(2,158,772)	(2,392,844)
Non-trade receivables – net	22,751,123	19,237,007	24,331,151	19,049,722
Deposits	525,082	834,885	307,722	289,582
Prepayments	819,402	1,128,080	3,000	9
	1,344,484	1,962,965	310,722	289,591
	32,576,738	28,817,722	24,641,873	19,416,353
<i>Non-current</i>				
Other receivables				
Deposits	421,206	180,346	-	-
Total trade and other receivables	32,997,944	28,998,068	24,641,873	19,416,353

⁽¹⁾ The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

⁽²⁾ Loans to joint ventures and associated companies are unsecured, interest free and repayable on demand, except for certain loans of approximately \$8,795,282 (2013:\$11,228,203) which is bearing an interest between 2% to 3% per annum.

The fair values of non-current deposits receivable approximate their carrying value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

15. Inventories

	GROUP	
	2014	2013
	\$	\$
Merchandise	13,199,352	11,312,555
Goods in transit	5,257,618	4,238,442
	18,456,970	15,550,997

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$34,604,254 (2013: \$29,702,783).

The Group reversed \$333,222 (2013: \$89,727) of a previous inventory write-down in 2013, as the inventories were sold above the carrying amounts in the years the reversals were made.

16. Gross amount due from/(to) customers for contract work-in-progress

	GROUP	
	2014	2013
	\$	\$
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	6,466,856	4,713,361
Less: Progress billings	(10,126,091)	(8,264,168)
	(3,659,235)	(3,550,807)
Presented as:		
Gross amount due from customers for contract work	89,502	459,931
Gross amount due to customers for contract work	(3,748,737)	(4,010,738)
	(3,659,235)	(3,550,807)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17. Investments in associated companies

	COMPANY	
	2014	2013
	\$	\$
Equity investments at cost:		
Beginning of financial year	800,000	1,200,000
Additions	4	-
Liquidation of associated companies	(800,000)	(400,000)
End of financial year	4	800,000

The investments in associated companies are not individually material.

The carrying amount of the Group's interest in associated companies is as follows:

	GROUP	
	2014	2013
	\$	\$
Net assets		
At 1 January	2,924,112	4,086,991
Profit for the year	42,672	237,121
At 31 December	2,966,784	4,324,112
Less: Liquidations	(2,029,991)	-
Less: Dividends	(990,000)	(1,400,000)
	(53,207)	2,924,112
Interest in associated companies based on respective equity interests	(17,842)	1,169,644
Other adjustments ⁽¹⁾	17,848	-
Carrying value of Group's interest in associated companies	6	1,169,644

⁽¹⁾ The Group has not recognised its share of losses of associated companies, Cove City Ltd, Alliance Stellar Ltd and Covent Garden Development Pte Ltd amounting to \$5,598 (2013: \$Nil), \$137 (2013: \$Nil) and \$12,107 (2013: \$Nil) respectively as the Group's cumulative share of losses exceeded its interests in those entities' and the Group has no obligation in respect of those losses. The cumulative unrecognised loss with respect to those entities is \$17,842 (2013: Nil) at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17. Investments in associated companies (continued)

Details of investment in associated companies are as follows:

Name of associated companies	Principal activities	Country of incorporation / place of business	Effective percentage of equity held by the Group		GROUP Cost of investment	
			2014 %	2013 %	2014 \$	2013 \$
<u>Held by the Company</u>						
Covent Garden Development Pte Ltd +	Property development in United Kingdom	Singapore	40	-	4	-
ACT-Nobel Homes Pte Ltd ++	Property development	Singapore	-	40	-	400,000
Shelford Terraces Pte Ltd ++	Property development	Singapore	-	40	-	400,000
					4	800,000
<u>Held by a subsidiary - Momentum Creations Pte Ltd</u>						
P.T. Marquis Sarana Cipta *, ^	Exporter and importer of furniture, and interior design consultancy and contract	Indonesia	40	40	65,670	65,670
<u>Held by a subsidiary - Affluent Apex Ltd</u>						
Cove City Ltd +	Investment holding company	British Virgin Island	25	-	1	-
Alliance Stellar Ltd +	Investment holding company	British Virgin Island	25	-	1	-
					65,672	65,670
					65,676	865,670

As at financial year ended 31 December 2013, the associated company, Cotswold Residences Pte Ltd had been liquidated.

⁺ Audited by Nexia TS Public Accounting Corporation, Singapore.

⁺⁺ Audited by Nexia TS Public Accounting Corporation, Singapore. These companies are in the process of liquidation.

^{*} The cost of investment in this associated company has been fully impaired.

[^] Not required to be audited by law of country of incorporation, company is dormant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

18. Investments in joint ventures

	COMPANY	
	2014	2013
	\$	\$
Equity investments at cost		
Beginning of financial year	1,137,502	1,137,501
Additions	-	1
End of financial year	1,137,502	1,137,502

Details of investments in joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation / place of business	Percentage of ownership interest		COMPANY Cost of investment	
			2014	2013	2014	2013
			%	%	\$	\$
Astrid Hill Residences Pte Ltd ⁺	Property development	Singapore	28³/₄	28 ³ / ₄	287,500	287,500
Urban Lofts Pte Ltd ⁺	Property development	Singapore	35	35	350,000	350,000
LVND Homes Pte Ltd ⁺	Property development	Singapore	25	25	250,000	250,000
Alliance Land Pte Ltd ⁺	Property development	Singapore	25	25	250,000	250,000
LVND Holdings Pte Ltd ⁺	Investment holdings	Singapore	25	25	2	2
Surrey Homes Pte Ltd ⁺⁺	Property development	Singapore	33¹/₃	33 ¹ / ₃	-	-
CABAS International Pte Ltd [@]	Design and manufacture of furniture	Singapore	33¹/₃	33 ¹ / ₃	-	-
<u>Held by - LVND Holdings Pte Ltd</u>						
LVND Hotels Pte Ltd ⁺	Hotel management consultancy services	Singapore	25	25	-	-
LVND Investments Pte Ltd (formerly known as LVND Development Pte Ltd) ⁺	Property development	Singapore	25	25	-*	-*
					1,137,502	1,137,502

⁺ Audited by Nexia TS Public Accounting Corporation, Singapore.

[@] Not audited. CABAS International Pte Ltd is presently dormant.

⁺⁺ Struck off in the current financial year.

^{*} The cost of investment has been transferred to LVND Holdings Pte Ltd, but effective holding remained the same.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

18. Investments in joint ventures (continued)

Set out below is the summarised financial information for the joint ventures of the Group as at 31 December 2014 and 2013, which, in the opinion of the directors, is material to the Group.

Summarised balance sheet

	Urban Lofts Pte Ltd		LVND Homes Pte Ltd		Alliance Land Pte Ltd		LVND Holdings Pte Ltd and its subsidiaries	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Current assets	107,534,894	141,281,463	152,192,743	126,871,032	66,052,705	69,213,448	115,964,074	117,193,067
Includes:								
- Cash and cash equivalents	15,166,392	16,658,642	31,294,212	20,546,116	18,245,390	12,484,609	2,253,418	13,592,988
Current liabilities	27,368,389	40,915,778	2,841,924	1,992,192	35,903	1,243,170	83,345,486	70,799,824
Includes:								
- Financial liabilities (excluding trade and other payables)	-	22,500,000	-	-	-	-	-	-
- Other current liabilities (including trade and other payables)	27,368,389	18,415,778	2,841,924	1,992,192	35,903	1,243,170	83,345,486	70,799,824
Non-current assets	-	-	-	-	-	-	72,311,412	68,403,956
Non-current liabilities	40,418,567	78,381,823	108,426,445	119,380,576	39,344,012	56,880,101	104,000,000	114,000,000
Includes:								
- Financial liabilities (excluding trade and other payables)	40,418,567	57,586,000	80,951,328	99,928,071	34,525,000	54,222,532	104,000,000	114,000,000
- Other current liabilities (including trade and other payables)	-	20,795,823	27,475,117	19,452,505	4,819,012	2,657,569	-	-
Net assets	39,747,938	21,983,862	40,924,374	5,498,264	26,672,790	11,090,177	930,000	797,199

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

18. Investments in joint ventures (continued)

Summarised statement of comprehensive income

	Urban Lofts Pte Ltd		LVND Homes Pte Ltd		Alliance Land Pte Ltd		LVND Holdings Pte Ltd and its subsidiaries	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	85,082,695	71,810,265	86,294,866	14,536,287	72,608,976	48,624,620	-	-
Interest income	6,337	11,960	1,715,646	975,902	6,096	-	358,373	-
Interest expenses	199,450	77,755	1,410,710	930,671	-	-	21,145	138,794
Profit before income tax	20,985,586	20,417,029	42,682,060	5,523,869	18,346,524	11,986,721	223,323	912,873
Income tax expense	(3,221,510)	(3,503,135)	(7,255,950)	(939,058)	(2,763,911)	(2,065,443)	(90,522)	(115,674)
Total comprehensive income	17,764,076	16,913,894	35,426,110	4,584,811	15,582,613	9,921,278	132,801	797,199

Total comprehensive income in aggregate for all individually immaterial joint ventures for the year ended 31 December 2014 amounted to \$34,259 (2013: loss (\$183,736)).

The information above 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

18. Investments in joint ventures (continued)

Reconciliation of summarised financial information

	Urban Lofts Pte Ltd		LVND Homes Pte Ltd		Alliance Land Pte Ltd		LVND Holdings Pte Ltd and its subsidiaries		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net assets										
At 1 January	21,983,862	5,069,968	5,498,264	913,453	11,090,177	1,168,899	797,199	-	39,369,502	7,152,320
Profit for the year	17,764,076	16,913,894	35,426,110	4,584,811	15,582,613	9,921,278	132,801	797,199	68,905,600	32,217,182
At 31 December	39,747,938	21,983,862	40,924,374	5,498,264	26,672,790	11,090,177	930,000	797,199	108,275,102	39,369,502
Interest in joint ventures	13,911,778	7,694,352	10,231,094	1,374,566	6,668,198	2,772,544	232,500	199,300	31,043,570	12,040,762
Other Adjustment	(218,239)	(278,561)	(136,667)	(140,927)	-	-	-	-	(354,906)	(419,488)
	13,693,539	7,415,791	10,094,427	1,233,639	6,668,198	2,772,544	232,500	199,300	30,688,664	11,621,274
Add:										
Carrying value of individually immaterial joint ventures									337,355	1,021,848
Carrying value of Group's interest in joint ventures									31,026,019	12,643,122

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. Investments in subsidiaries

	COMPANY	
	2014	2013
	\$	\$
Equity investments at cost		
Beginning of financial year	5,828,306	5,789,767
Additions	3	38,539
	5,828,309	5,828,306
Less: Allowance for impairment	(2,112,000)	(2,112,000)
End of financial year	3,716,309	3,716,306

The movement for allowance for impairment are as follows:

	COMPANY	
	2014	2013
	\$	\$
Beginning of financial year	2,112,000	3,098,034
Reversal of allowance for impairment – net	-	(986,034)
End of financial year	2,112,000	2,112,000

Management had assessed impairment test on its loss making subsidiaries. An impairment loss of \$Nil (2013: \$171,586) was recognised to write down the cost of investment to its recoverable amount.

The Company has recognised a reversal of \$Nil (2013: \$1,157,620), as there was a revision in its recoverable amount.

Details of subsidiaries held by the Company are as follows:

Name of subsidiaries	Principal activities	Country of incorporation / place of business	Percentage of ownership interest		COMPANY Cost of investment	
			2014	2013	2014	2013
			%	%	\$	\$
Boss Design International Pte Ltd +	Furniture retailing, interior renovators and designers	Singapore	100	100	339,400	339,400
Home2be Pte Ltd +	Retailing of furniture and household accessories	Singapore	75.2	75.2	395,200	395,200
Marquis Furniture Gallery Pte Ltd +	Furniture retailing and interior designers	Singapore	100	100	430,000	430,000
Momentum Creations Pte Ltd +	Retailers of designer furniture	Singapore	84.2	84.2	133,047	133,047
Nobel Projects Pte Ltd +	Supply and installation of wardrobes, kitchens and other wooden joinery and fittings	Singapore	65	65	649,999	649,999
Affluent Apex Ltd +	Investment holdings	British Virgin Island	100	-	3	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. Investments in subsidiaries (continued)

Details of subsidiaries held by the Company are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation / place of business	Percentage of ownership interest		COMPANY Cost of investment	
			2014 %	2013 %	2014 \$	2013 \$
Nobel Design Sdn Bhd ***	Interior design contractors	Brunei	52	52	260,000	260,000
Nobel Design House (M) Sdn Bhd ****	Interior design contractors	Malaysia	100	100	51,500	51,500
Nobel Reka Cipta Sdn Bhd ****	Interior design contractors	Malaysia	100	100	38,540	38,540
Seni Reka Nobel Sdn Bhd ****	Furniture retailing and interior design contractors	Malaysia	100	100	285,000	285,000
Buylateral Group Pte Ltd ; ^^	Trading and distribution on an e-commerce platform for furniture, accessories, fabric and furnishings for the business-to-business (B2B) market	Singapore	73.15	73.15	3,165,620	3,165,620
Numero Uno Creative Group Pte Ltd +	Interior design services, furniture manufacturer, turnkey projects and project management	Singapore	80	80	80,000	80,000
					5,828,309	5,828,306

Name of subsidiaries	Principal activities	Country of incorporation / place of business	Percentage of ownership interest		GROUP Cost of investment	
			2014 %	2013 %	2014 \$	2013 \$

Held by - Marquis Furniture Gallery Pte Ltd

Marquis HQO Pte Ltd +	Retailer of office furniture, leather chairs and other office accessories	Singapore	90	90	180,000	180,000
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Held by - Buylateral Group Pte Ltd

Buylateral.Com (M) Sdn Bhd ****	Wholesaler and internet retailers of furniture, accessories, fabric and furnishing	Malaysia	73.15	73.15	1 (RM2)	1 (RM2)
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. Investments in subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation / place of business	Percentage of ownership interest		GROUP Cost of investment	
			2014 %	2013 %	2014 \$	2013 \$
<u>Held by - Buylateral Group Pte Ltd (continued)</u>						
Target Marketing Systems, Inc. ⁺	Trading and distribution on an e-commerce platform for furniture, accessories, fabric and furnishing for the business-to-business (B2B) market.	United States of America	73.15	73.15	758,206 (USD) 425,680 and S\$19,487)	758,206 (USD) 425,680 and S\$19,487)

^{^^} In 2006, Nobel Design Holdings Ltd acquired the entire 65,577 Series A redeemable convertible preference shares. Accordingly, the company became a subsidiary of Nobel Design Holdings Ltd, which is also the ultimate holding company.

⁺ Audited by Nexia TS Public Accounting Corporation, Singapore.

⁺⁺⁺ Audited by Deloitte & Touche, Brunei Darussalam.

⁺⁺⁺⁺ Audited by Roger Yue, Tan & Associates, Malaysia.

- (i) 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 would not compromise the standard and effectiveness of the audit of the Company.

Carrying value of non-controlling interests

	2014 \$	2013 \$
Buylateral Group Pte Ltd and its subsidiaries	2,368,594	1,724,784
Other subsidiaries with immaterial non-controlling interest	341,230	772,059
	2,709,824	2,496,843

During the financial year end 31 December 2014, the Group has paid dividend of \$991,000 to non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. Investments in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for Buylateral Group Pte Ltd that 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.

Buylateral Group Pte Ltd and its subsidiaries

Summarised balance sheet

	2014 \$	2013 \$
Current		
Assets	18,539,557	14,226,633
Liabilities	(10,242,542)	(7,979,034)
Total current net assets	8,297,015	6,247,599
Non-current		
Assets	541,564	176,176
Liabilities	(16,998)	-
Total non-current net assets	524,566	176,176

Summarised statement of comprehensive income

	2014 \$	2013 \$
Revenue	37,696,633	29,930,220
Profit before income tax	1,774,514	2,355,499
Income tax expense	-	(25,507)
Net profit	1,774,514	2,329,992
Other comprehensive income	623,295	375,768
Total comprehensive income	2,397,809	2,705,760

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. Investments in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised statement of cash flows

	2014 \$	2013 \$
Cash (used in)/generated from operation	(520,827)	1,639,108
Income tax paid	-	(25,507)
Net cash (used in)/generated from operating activities	(520,827)	1,613,601
Net cash used in investing activities	(421,975)	(71,972)
Net cash generated from/(used in) financing activities	875,819	(1,599,210)
Net decrease in cash and cash equivalent	(66,983)	(57,581)
Cash and cash equivalent at beginning of year	499,012	542,919
Effect on currency translation on cash and cash equivalent	14,637	13,674
Cash and cash equivalent at end of year	446,666	499,012

20. Property, plant and equipment

GROUP	Leasehold land and building	Leasehold improvements	Plant and equipment	Motor vehicles	Total
2014	\$	\$	\$	\$	\$
<i>Cost</i>					
Beginning of financial year	-	1,460,076	1,603,884	984,811	4,048,771
Currency translation differences	-	460	16,576	-	17,036
Additions	-	295,860	450,916	27,140	773,916
Disposals	-	-	(1,704)	-	(1,704)
Written off	-	(125,521)	(6,760)	-	(132,281)
End of financial year	-	1,630,875	2,062,912	1,011,951	4,705,738
<i>Accumulated depreciation</i>					
Beginning of financial year	-	665,618	1,084,665	671,796	2,422,079
Currency translation differences	-	441	14,025	107	14,573
Depreciation charge (Note 5)	-	240,965	161,365	140,461	542,791
Disposals	-	-	(1,011)	-	(1,011)
Written off	-	(39,340)	(3,592)	-	(42,932)
End of financial year	-	867,684	1,255,452	812,364	2,935,500
<i>Net book value</i>					
End of financial year	-	763,191	807,460	199,587	1,770,238

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. Property, plant and equipment (continued)

GROUP	Leasehold land and building	Leasehold improvements	Plant and equipment	Motor vehicles	Total
2013 (Restated)	\$	\$	\$	\$	\$
<i>Cost</i>					
Beginning of financial year	4,271,128	669,823	1,255,690	1,207,699	7,404,340
Currency translation differences	-	368	10,862	-	11,230
Additions	2,617,335	872,297	350,857	-	3,840,489
Disposals	(6,888,463)	-	-	(222,888)	(7,111,351)
Written off	-	(82,412)	(13,525)	-	(95,937)
End of financial year	-	1,460,076	1,603,884	984,811	4,048,771
<i>Accumulated depreciation</i>					
Beginning of financial year	-	547,520	933,922	691,848	2,173,290
Currency translation differences	-	365	8,617	-	8,982
Depreciation charge (Note 5)	-	195,472	155,636	158,258	509,366
Disposals	-	-	-	(178,310)	(178,310)
Written off	-	(77,739)	(13,510)	-	(91,249)
End of financial year	-	665,618	1,084,665	671,796	2,422,079
Net book value					
End of financial year	-	794,458	519,219	313,015	1,626,692

COMPANY	Leasehold land and building	Leasehold improvements	Plant and equipment	Motor vehicles	Total
2014	\$	\$	\$	\$	\$
<i>Cost</i>					
Beginning of financial year	-	125,010	648,291	262,001	1,035,302
Additions	-	-	16,240	-	16,240
Disposals	-	-	(1,385)	-	(1,385)
End of financial year	-	125,010	663,146	262,001	1,050,157
<i>Accumulated depreciation</i>					
Beginning of financial year	-	17,627	556,962	187,768	762,357
Depreciation charge	-	25,002	29,502	52,400	106,904
Disposals	-	-	(808)	-	(808)
End of financial year	-	42,629	585,656	240,168	868,453
Net book value					
End of financial year	-	82,381	77,490	21,833	181,704

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. Property, plant and equipment (continued)

COMPANY	Leasehold land and building	Leasehold improvements	Plant and equipment	Motor vehicles	Total
2013	\$	\$	\$	\$	\$
<i>Cost</i>					
Beginning of financial year	4,271,128	-	553,128	484,889	5,309,145
Additions	2,617,335	125,010	95,163	-	2,837,508
Disposals	(6,888,463)	-	-	(222,888)	(7,111,351)
End of financial year	-	125,010	648,291	262,001	1,035,302
<i>Accumulated depreciation</i>					
Beginning of financial year	-	-	526,153	295,104	821,257
Depreciation charge	-	17,627	30,809	70,974	119,410
Disposals	-	-	-	(178,310)	(178,310)
End of financial year	-	17,627	556,962	187,768	762,357
Net book value					
End of financial year	-	107,383	91,329	74,233	272,945

- a) During the year, the Group acquired property, plant and equipment with an aggregate cost of \$773,916 (2013: \$3,840,489) of which \$46,337 (2013: \$Nil) was acquired by means of finance lease arrangements.

The Group and Company carrying amounts of motor vehicles held under finance leases are \$106,850 (2013: \$256,883) and \$21,833 (2013: \$74,233) respectively at the balance sheet date.

- b) On 13 March 2012, the Group has entered into a conditional sale and purchase agreement (the "Purchase Agreement") with RBC DEXIA Trust Services Singapore Limited in its capacity as trustee of Cambridge Industrial Trust ("CIT") for the proposed sale and leaseback of its Corporate Headquarters building and leasehold interest in the property known as 16 Tai Seng Street, Singapore 534138 (the "Property") together with the mechanical and electrical equipment, and fixtures and fittings located therein (the "Mechanical and Electrical Equipment") for a total consideration of \$72,333,000. Under the terms of the sale and purchase agreement, CIT agreed to purchase from the Group, the Property together with the Mechanical and Electrical Equipment, at an initial consideration of \$59,250,000 (Tranche 1). A further consideration of approximately \$13,083,000 (subject to final survey of the gross floor area for the A&A Extension) (Tranche 2) is payable by CIT to the Group upon completion of the A&A Extension (as defined in the Purchase Agreement) in accordance with the Construction Conditions for A&A Extension. Tranche 2 was completed in the financial year ended 31 December 2013.

The particular of the property is as follows:

Description	Location	Approximate site area	Tenure
<u>Leasehold land and Building</u>			
8 - storey showroom cum factory building	16 Tai Seng Street, Singapore 534138	6,513 square meters	30 years commencing 4 July 2007

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. Intangible assets

	GROUP AND COMPANY	
	2014	2013
	\$	\$
Club memberships, at cost	375,925	397,925
Less: Written off	(26,925)	(22,000)
Less: Disposal	(188,000)	-
	161,000	375,925
Less: Allowance for impairment	-	(26,925)
End of financial year	161,000	349,000

There is no movement in the allowance for impairment of club memberships as at 31 December 2013. For the financial year ended 31 December 2014, allowance for impairment had been written off.

22. Trade and other payables

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
		(Restated)		
Trade payables to:				
- non-related parties	7,133,878	5,590,872	58,741	27,361
- subsidiaries	-	-	-	12,787
	7,133,878	5,590,872	58,741	40,148
Other payables to:				
- non-related parties	990,316	1,627,185	66,091	588,940
- subsidiaries	-	-	27,548	27,548
- advances from associated companies	-	880,000	-	880,000
- advances from joint ventures	115,000	833,750	115,000	833,750
- directors of subsidiaries ⁽¹⁾	520,600	77,900	-	-
Deposits received from customers	4,250,994	4,650,872	728,229	708,579
Accrued operating expenses	7,385,457	6,394,004	3,537,645	3,459,924
	13,262,367	14,463,711	4,474,513	6,498,741
Total trade and other payables	20,396,245	20,054,583	4,533,254	6,538,889

The amounts due to subsidiaries, associated companies, joint ventures and directors of subsidiaries are unsecured, interest-free and repayable on demand.

⁽¹⁾ Directors of subsidiaries who are also non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

23. Borrowings

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
		(Restated)		
<i>Current</i>				
Bank loan (I)	8,470,211	-	8,470,211	-
Bills payable to banks	3,925,258	2,899,335	-	-
Total borrowings	12,395,469	2,899,335	8,470,211	-

(a) *Securities granted*

Bank loan (I)

The above loan from a bank has interest rate of 0.75% per annum over the bank's cost of funds and payable in arrears on the last day of the Term relating to the drawing. The Term for each drawing shall be 3 months or any other period as agreed to by the bank.

The loan is secured by:

- a charge on fixed deposits over all fixed deposit(s) in Singapore Dollar/other acceptable currencies placed/ to be placed from time to time with the bank.

Bills payable to banks

The Group's bills payable to banks are secured by the followings:

- a pledge of fixed deposits of the Group amounting to about \$602,484 (2013: \$601,582) (Note 12);
- deed of debenture by way of fixed and floating charge over the subsidiary's present and future undertakings; and
- deed of assignment of credit insurance policies of a subsidiary.

Bankers guarantee (BG)

The Group's BG are unsecured except for 2 BGs which are secured by a pledge of fixed deposits of the Group amounting to about \$719,811 (2013: \$716,310) (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

24. Obligations under finance leases

The Group and the Company leases certain motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Minimum lease payments due				
- Not later than one year	63,032	96,176	21,090	42,180
- Between one and five years	16,998	38,040	-	21,090
	80,030	134,216	21,090	63,270
Less: Future finance charges	(5,227)	(11,290)	(2,090)	(6,270)
Present value of finance lease liabilities	74,803	122,926	19,000	57,000

The present values of finance lease liabilities are analysed as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Not later than one year	57,805	88,290	19,000	38,000
Later than one year				
- Between one and five years	16,998	34,636	-	19,000
Total	74,803	122,926	19,000	57,000

The fair values of the non-current finance lease liabilities approximates their carrying amounts.

The average effective interest rate for the Group and the Company is between 3.96% to 5.65% (2013: 3.81% to 6.23%) and 4.19% to 5.24% (2013: 4.19% to 5.24%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25. Deferred income

	GROUP AND COMPANY	
	2014	2013
	\$	\$
Current	3,249,874	3,249,874
Non-current	7,853,860	11,103,734
Total	11,103,734	14,353,608

Movement of deferred income is as follows:

Beginning of financial year	14,353,608	15,650,340
Additions	-	1,957,701
Credited to profit and loss (Note 8)	(3,249,874)	(3,254,433)
End of financial year	11,103,734	14,353,608

In 2007, the sales and leaseback transactions for 30 Woodlands Loop and the leasehold land and existing building for 134 Joo Seng Road were completed in February 2007 and April 2007 respectively. The sale and leaseback transaction of the leasehold land and buildings extension for 134 Joo Seng Road was completed in December 2007. The amortised deferred income recognised in the profit or loss amounted to \$Nil (2013: \$167,701).

In 2012, the Company entered into a sale and leaseback transaction for the property at 16, Tai Seng Street. The property was sold at a consideration of \$59,250,000, which resulted in a gain of \$48,479,441, out of which \$17,150,000 was deferred due to the excess in sales price over the fair value of the property. The excess amount has been deferred and will be amortised in proportion to the lease payments over the lease period. The amortised deferred income recognised in the profit or loss amounted to \$2,858,333 (2013: \$2,858,333) and the balance of \$9,765,972 (2013: \$12,624,306) in the balance sheet as deferred income.

In 2013, the Company completed its Tranche 2 of the sale and leaseback transaction for the property at 16, Tai Seng Street. The consideration for Tranche 2 is \$13,657,700, which resulted in a gain of \$6,769,236 out of which \$1,957,701 was deferred due to the excess in sales price over the fair value of the property. The excess amount has been deferred and will be amortised in proportion to the lease payments over the lease period. The amortised deferred income recognised in the profit or loss amounted to \$391,541 (2013: \$228,399) and the balance of \$1,337,762 (2013: \$1,729,302) in the balance sheet as deferred income.

The fair values of the non-current deferred income approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

26. Deferred income taxes

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 sheet as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
		(Restated)		
Deferred income tax liabilities				
- To be settled after one year	93,731	93,731	69,200	69,200

The movement in deferred income tax liabilities is as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
		(Restated)		
Accelerated tax depreciation				
Beginning and end of financial year	93,731	93,731	69,200	69,200

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$26,762,195 (2013: \$24,293,562) and capital allowances of \$78,376 (2013: \$14,892) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

27. Share capital

	GROUP AND COMPANY	
	No. of ordinary shares	Share capital
		\$
2014		
Beginning of financial year	190,481,700	27,309,824
Shares issued pursuant to the share option scheme and warrants	19,049,986	5,149,632
End of financial year	209,531,686	32,459,456
2013		
Beginning of financial year	174,455,000	23,272,513
Shares issued pursuant to the share option scheme and warrants	16,026,700	4,037,311
End of financial year	190,481,700	27,309,824

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. Share capital (continued)

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.

During the financial year 2014;

- (i) 2,310,000 share options were exercised and issued at \$0.2061 each;
- (ii) 932,000 share options were exercised and issued at \$0.3120 each; and
- (iii) 15,807,986 warrants were exercised and issued at \$0.2300 each.

During the financial year 2013;

- (i) 904,000 share options were exercised and issued at \$0.2061 each;
- (ii) 240,000 share options were exercised and issued at \$0.0875 each;
- (iii) 75,000 share options were exercised and issued at \$0.0778 each; and
- (iv) 14,807,700 warrants were exercised and issued at \$0.2300 each.

The newly issued shares rank *pari passu* in all respects with the previously issued shares.

28. Other reserves

(a) Composition:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Employee share option reserve	1,656,152	1,590,588	1,656,152	1,590,588
Fair value reserve	-	(8,405)	-	(8,405)
Currency translation reserve	(219,665)	(679,833)	-	-
Warrant issue reserve	-	255,435	-	255,435
	1,436,487	1,157,785	1,656,152	1,837,618

(b) Movements:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>i. Employee share option reserve</i>				
Beginning of financial year	1,590,588	967,539	1,590,588	967,539
Employee share option scheme				
- Value of employee services (Note 6)	557,049	806,561	557,049	806,561
- Share options exercised	(491,485)	(183,512)	(491,485)	(183,512)
End of financial year	1,656,152	1,590,588	1,656,152	1,590,588

The Nobel Employee Share Option Scheme (the "Scheme") was approved by the shareholders at an Extraordinary General Meeting (EGM) held on 20 February 2008. The number of shares available for the grant of options is 6,187,500 being the total number of new shares available for the controlling shareholders under the Scheme as at the date of EGM.

Under the Scheme, executive and non-executive directors and employees of the Company and its subsidiaries (including controlling shareholders and their associates, as defined in the SGX-ST Listing Manual) are eligible to participate in the Scheme as administered by the Remuneration Committee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

28. Other reserves (continued)

(b) Movements: (continued)

i. Employee share option reserve (continued)

Movements in the number of share options granted to controlling shareholders and directors and employees of the Company under the Scheme as at 31 December 2014, are as follows:

	<u>Number of shares</u>	
	2014	2013
Beginning of financial year	16,608,773	14,032,344
Share option exercised during the financial year	(3,242,000)	(1,219,000)
Share option forfeited and lapsed during the financial year	(119,057)	(142,571)
Share option granted during the financial year	-	3,938,000
End of financial year	13,247,716	16,608,773

During the financial year, 3,242,000 (2013: 1,219,000) share options were exercised by employees.

The share options granted on 5 March 2008, 8 December 2010, 29 March 2012 and 9 January 2013 are exercisable in 3 tranches as follows:

- (i) up to 40% of the New Shares available in respect of the Discount Option between the second anniversary and the third anniversary of the Date of Grant;
- (ii) up to 70% of the New Shares available in respect of the Discount Option between the third anniversary and the fourth anniversary of the Date of Grant; and
- (iii) up to 100% of the New Shares available in respect of the Discount Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

The share options granted on 25 May 2009 and 27 July 2009 are exercisable in 4 tranches as follows:

- (i) up to 25% of the New Shares available in respect of the Market Price Option between the first anniversary and the second anniversary of the Date of Grant;
- (ii) up to 50% of the New Shares available in respect of the Market Price Option between the second anniversary and the third anniversary of the Date of Grant;
- (iii) up to 75% of the New Shares available in respect of the Market Price Option between the third anniversary and the fourth anniversary of the Date of Grant; and
- (iv) up to 100% of the New Shares available in respect of the Market Price Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

28. Other reserves (continued)

(b) Movements: (continued)

i. Employee share option reserve (continued)

The details of the options granted under the scheme to the controlling shareholders and directors of the Company as at 31 December 2014 are as follows:

Name of directors		Date of grant of option	Exercise price	Options granted and accepted	Options adjustment	Total	Options exercised	Lapsed	Options balance
Choong Chee Peng Bert	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
Wee Ai Quey	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	1,050,000	30,000	1,080,000	(700,000)	-	380,000
	(a)	29-Mar-12	\$0.3120 *	1,634,000	-	1,634,000	-	-	1,634,000
	(a)	9-Jan-13	\$0.4000 *	723,000	-	723,000	-	-	723,000
Goon Eu Jin Terence	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	1,300,000	37,143	1,337,143	(880,000)	-	457,143
	(a)	29-Mar-12	\$0.3120 *	2,023,000	-	2,023,000	-	-	2,023,000
	(a)	9-Jan-13	\$0.4000 *	900,000	-	900,000	-	-	900,000
Ong Ciu Hwa	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	980,000	28,000	1,008,000	(705,000)	-	303,000
	(a)	29-Mar-12	\$0.3120 *	1,525,000	-	1,525,000	-	-	1,525,000
	(a)	9-Jan-13	\$0.4000 *	680,000	-	680,000	-	-	680,000
Dr. Teh Ban Lian	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	180,000	5,143	185,143	(127,000)	-	58,143
	(a)	29-Mar-12	\$0.3120 *	300,000	-	300,000	(120,000)	-	180,000
	(a)	9-Jan-13	\$0.4000 *	120,000	-	120,000	-	-	120,000
Heng Chye Yam	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(106,000)	-	48,286
	(a)	29-Mar-12	\$0.3120 *	250,000	-	250,000	(100,000)	-	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	-	100,000	-	-	100,000
Wong Soon Chiu	(b)	25-May-09	\$0.0875 ^	100,000	2,857	102,857	(102,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(107,000)	-	47,286
	(a)	29-Mar-12	\$0.3120 *	250,000	-	250,000	(100,000)	-	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	-	100,000	-	-	100,000
Chan Kum Leong	(a)	9-Jan-13	\$0.4000 *	75,000	-	75,000	-	-	75,000

* The option was granted at a discount of 20% off market price of \$0.130, \$0.265, \$0.390 and \$0.500 respectively on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price for option granted on 5 March 2008 and 8 December 2010 was adjusted to \$0.1011 and \$0.2061 as a result of warrant issue.

^ The option was granted at market price of \$0.09 on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price was adjusted to \$0.0875 as a result of warrant issue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

28. Other reserves (continued)

(b) Movements: (continued)

i. Employee share option reserve (continued)

The fair value of the share options was estimated as of the grant date using the Black Scholes pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used to value the share options on the following grant dates:

Date of grant	Weighted average share price (\$)	Weighted average exercise price (\$)	Weighted average exercise price (adjusted) (\$)	Estimated volatility	Expected Life (years)	Risk-free rate (%)	Expected dividend yield
05.03.2008*	0.130	0.104	0.1011	64%	5	1.41%	0%
25.05.2009	0.090	0.090	0.0875	54%	5	1.20%	0%
27.07.2009	0.080	0.080	0.0778	94%	5	1.20%	0%
08.12.2010*	0.265	0.212	0.2061	70%	5	1.20%	0%
29.03.2012*	0.390	0.312	-	28%	5	3.00%	1.89%
09.01.2013*	0.500	0.400	-	18%	5	0.30%	0.88%

* The option was granted at a discount of 20% off market price on the average exercise price.

The share price and exercise price at date of grant are based on volume-weighted share price for 3 consecutive trading days prior to the grant date. The expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 12 months. The risk-free interest rate is based on the 5 years zero-coupon Singapore Government bond yields on the date of grant.

No other features of options grant were incorporated into the measurement of the fair value of the options.

The fair value of the options granted on 5 March 2008, 25 May 2009, 27 July 2009, 8 December 2010, 29 March 2012 and 9 January 2013 determined using the Black Scholes pricing model was \$479,393, \$32,040, \$6,302, \$814,317, \$1,117,643 and \$668,869 respectively. The expense recognised during the year taken into the employee share option reserve amounted to \$557,049 (2013: \$806,561) (Note 28 (b)(i)).

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>ii. Fair value reserve</i>				
Beginning of financial year	(8,405)	(7,150)	(8,405)	(7,150)
Available-for-sale financial assets				
- Fair value gains/(losses) (Note 13)	8,405	(1,255)	8,405	(1,255)
End of financial year	-	(8,405)	-	(8,405)
<i>iii. Currency translation reserve</i>				
Beginning of financial year	(679,833)	(967,647)	-	-
Net currency translation differences of financial statements of foreign subsidiaries	627,523	388,707	-	-
Less: Non-controlling interests	(167,355)	(100,893)	-	-
End of financial year	(219,665)	(679,833)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

28. Other reserves (continued)

(b) Movements: (continued)

	<u>GROUP</u>		<u>COMPANY</u>	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>iv. Warrant issue reserve</i>				
Beginning of financial year	255,435	490,316	255,435	490,316
Transfer to share capital	(255,435)	(234,881)	(255,435)	(234,881)
End of financial year	-	255,435	-	255,435

During the financial year, 15,807,986 (2013: 14,807,700) ordinary shares of the Company were issued for cash at \$0.23 each pursuant to the exercise of the warrants by warrant holders.

29. Retained earnings

- (a) Retained earnings of the Group are distributable except for accumulated retained profits of associated companies and joint ventures amounting to \$Nil and \$30,243,426 (2013: \$942,112 and \$11,925,110) respectively. Retained earnings of the Company are distributable.
- (b) Movement in retained earnings for the Company is as follows:

	<u>COMPANY</u>	
	2014	2013
	\$	\$
Beginning of financial year	45,324,963	38,605,133
Net profit	4,174,864	8,025,966
Dividends paid (Note 30)	(1,158,899)	(1,306,136)
End of financial year	48,340,928	45,324,963

30. Dividends

	<u>COMPANY</u>	
	2014	2013
	\$	\$
<i>Ordinary dividends paid</i>		
Final dividend paid in respect of the previous financial year of 0.6 cents (2013: 0.7 cents) per share	1,158,899	1,306,136
Proposed but not recognised as a liability as at 31 December:		
First and final dividend of 0.65 cents (2013: 0.6 cents) per ordinary share	1,361,956	1,142,890

Proposed dividend per ordinary share is based on 209,531,686 and 190,481,700 ordinary shares as at 31 December 2014 and 2013 respectively. The proposed dividend has been recommended during the Annual General Meeting on 28 April 2015 and paid on 28 May 2015. The financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

31. Contingencies

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
		(Restated)		
Corporate guarantees				
- Subsidiaries	-	-	2,828,750	2,828,750
- Joint ventures	94,423,800	156,655,050	94,423,800	156,655,050
	94,423,800	156,655,050	97,252,550	159,483,800

The Company has given corporate guarantees to certain banks and financial institutions for credit facilities granted to the subsidiaries and joint ventures (collectively known as the "borrowers"). The Company has evaluated the fair value of the corporate guarantees and is of the view that the consequential benefit derived from its guarantees to the banks and financial institutions with regard to the subsidiaries and joint ventures is minimal. The subsidiaries and joint ventures for which the guarantees were provided are in favourable equity positions and are profitable.

The Company was not required to fulfil any guarantee on the basis of default by the borrowers at the balance sheet date.

32. Commitments

(a) Capital commitments

Capital expenditures contracted by joint ventures for at the balance sheet date but not recognised in the financial statements of the joint ventures are as follows:

	GROUP	
	2014	2013
	\$	\$
Construction cost commitments	24,451,480	22,240,718

(b) Operating lease commitments - where the Group is a lessee

The Group and Company lease warehouses, showrooms, land and office space from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation 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		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Not later than one year	8,700,056	7,929,461	6,099,759	5,968,534
Between one and five years	19,885,910	24,165,076	15,261,799	21,385,737
	28,585,966	32,094,537	21,361,558	27,354,271

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

32. Commitments (continued)

- (b) Operating lease commitments - where the Group is a lessee (continued)

The operating leases relate to premises leased by the Group are as follows:

Description	Leased rates per month \$	Total approximate lease area Square meters	Lease expiry date Year
GROUP			
Showrooms	26,000 – 60,200	1,887	2015 – 2017
Warehouses	2,000 – 38,200	11,059	2015 – 2020
Office	300 – 3,700	1,122	2015 – 2020
Land	44,700	6,513	2018
Rental of building	457,000	20,036	2018
COMPANY			
Land	44,700	6,513	2018
Rental of building	457,000	20,036	2018

The operating lease expenses incurred by the Group and Company for rental of premises were about \$9,452,744 (2013: \$9,090,979) and \$5,972,523 (2013: \$5,835,897) respectively.

- (c) Operating lease commitments - where the Group is a lessor

The Group and Company lease out office space to non-related parties under non-cancellable operating leases.

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:

	GROUP AND COMPANY	
	2014	2013
	\$	\$
Not later than one year	3,728,753	2,773,525
Between one and five years	1,716,304	2,441,525
	5,445,057	5,215,050

33. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(a) Market risk

(i) Currency risk

The Group operates in Asia Pacific with dominant operations in Singapore, Malaysia, Brunei Darussalam and United States of America. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Malaysian Ringgit ("MYR"), Euro ("EUR") and British Pound ("GBP"). The currency risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement.

The Group's currency exposure based on the information provided to key management is as follows:

GROUP	SGD	USD	MYR	EUR	GBP	Others	Total
	\$	\$	\$	\$	\$	\$	\$
At 31 December 2014							
Financial assets							
Cash and cash equivalents	90,770,166	426,459	419,281	-	611,734	-	92,227,640
Trade and other receivables	14,328,548	5,973,883	588,219	51,652	11,234,048	2,192	32,178,542
Available-for-sale financial assets	23,979	-	-	-	-	-	23,979
Gross amount due from customers for contract work-in-progress	89,502	-	-	-	-	-	89,502
	<u>105,212,195</u>	<u>6,400,342</u>	<u>1,007,500</u>	<u>51,652</u>	<u>11,845,782</u>	<u>2,192</u>	<u>124,519,663</u>
Financial liabilities							
Trade and other payables	(15,364,510)	(4,079,941)	(529,705)	(386,021)	-	(36,068)	(20,396,245)
Bank borrowings*	(3,959,895)	(40,166)	-	-	(8,470,211)	-	(12,470,272)
	<u>(19,324,405)</u>	<u>(4,120,107)</u>	<u>(529,705)</u>	<u>(386,021)</u>	<u>(8,470,211)</u>	<u>(36,068)</u>	<u>(32,866,517)</u>
Net financial assets/ (liabilities)	85,887,790	2,280,235	477,795	(334,369)	3,375,571	(33,876)	91,653,146
Less: Financial assets net of those denominated in the respective entities functional currency	(88,585,685)	(3,101,975)	(466,752)	-	(3,217,543)	-	(95,371,955)
Currency exposure	<u>(2,697,895)</u>	<u>(821,740)</u>	<u>11,043</u>	<u>(334,369)</u>	<u>158,028</u>	<u>(33,876)</u>	<u>(3,718,809)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

GROUP	SGD	USD	MYR	EUR	Others	Total
	\$	\$	\$	\$	\$	\$
At 31 December 2013						
(Restated)						
Financial assets						
Cash and cash equivalents	82,254,576	469,146	271,156	-	-	82,994,878
Trade and other receivables	22,676,003	4,577,543	529,102	87,340	-	27,869,988
Available-for-sale financial assets	521,421	-	-	-	-	521,421
Gross amount due from customers for contract work-in-progress	459,931	-	-	-	-	459,931
	105,911,931	5,046,689	800,258	87,340	-	111,846,218
Financial liabilities						
Trade and other payables	(16,026,290)	(2,756,845)	(432,597)	(810,227)	(28,624)	(20,054,583)
Bank borrowings*	(3,022,261)	-	-	-	-	(3,022,261)
	(19,048,551)	(2,756,845)	(432,597)	(810,227)	(28,624)	(23,076,844)
Net financial assets/(liabilities)	86,863,380	2,289,844	367,661	(722,887)	(28,624)	88,769,374
Less: Financial assets net of those denominated in the respective entities functional currency	(86,320,885)	(2,316,620)	(356,356)	-	-	(88,993,861)
Currency exposure	542,495	(26,776)	11,305	(722,887)	(28,624)	(224,487)

* Bank borrowings include obligations under finance leases.

The Group is not exposed to significant currency risk on its receivables from/payable to subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

COMPANY	2014				2013		
	SGD	MYR	GBP	Total	SGD	MYR	Total
	\$	\$	\$	\$	\$	\$	\$
Financial assets							
Cash and cash equivalents	76,167,061	10,769	611,734	76,789,564	69,266,270	11,305	69,277,575
Trade and other receivables	16,632,047	-	8,006,826	24,638,873	19,416,344	-	19,416,344
Available-for-sale financial assets	23,979	-	-	23,979	521,421	-	521,421
	92,823,087	10,769	8,618,560	101,452,416	89,204,035	11,305	89,215,340
Financial liabilities							
Trade and other payables	(4,533,254)	-	-	(4,533,254)	(6,538,889)	-	(6,538,889)
Bank borrowings*	(19,000)	-	(8,470,211)	(8,489,211)	(57,000)	-	(57,000)
	(4,552,254)	-	(8,470,211)	(13,022,465)	(6,595,889)	-	(6,595,889)
Net financial assets	88,270,833	10,769	148,349	88,429,951	82,608,146	11,305	82,619,451
Less: Financial assets net of those denominated in the Company's functional currency	(88,270,833)	-	-	(88,270,833)	(82,608,146)	-	(82,608,146)
Currency exposure	-	10,769	148,349	159,118	-	11,305	11,305

* Bank borrowings include obligations under finance leases.

The Company is not exposed to significant currency risk on its receivables from/payable to subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, MYR, EUR and GBP change against the SGD by 4% (2013: 4%), 2% (2013: 3%), 7% (2013: 8%) and 1% (2013: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets/(liabilities) position will be as follows:

	Increase/(Decrease)			
	PROFIT AFTER TAX			
	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
USD against SGD				
- strengthened	(27,282)	(889)	-	-
- weakened	27,282	889	-	-
MYR against SGD				
- strengthened	183	281	179	281
- weakened	(183)	(281)	(179)	(281)
EUR against SGD				
- strengthened	(19,427)	(48,000)	-	-
- weakened	19,427	48,000	-	-
GBP against SGD				
- strengthened	1,312	-	1,231	-
- weakened	(1,312)	-	(1,231)	-

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheet as available-for-sale.

These securities are listed in Singapore. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

If prices for equity securities listed in Singapore had changed by 10% (2013: 10%) with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

← 2014 →		← 2013 →	
Profit After Tax		Profit After Tax	
\$		\$	
Other comprehensive income		Other comprehensive income	
\$		\$	

GROUP AND COMPANY

Listed in Singapore

- increased by	-	1,990	-	1,749
- decreased by	(1,990)	-	(1,749)	-

(iii) Interest rate risk

Interest rate risk is the risk that changes in interest rates will have an adverse financial effect on the Group's financial conditions and/or results. The primary source of the Group's interest rate risk is its borrowings from financial institutions in Singapore. The Group's policy is to manage its interest cost using a combination of fixed and variable interest rate borrowings, where applicable.

The Group has adequate credit facilities to ensure necessary liquidity as shown in the consolidated balance sheets.

The Group has cash balances placed with reputable banks. The Group manages its interest rate risks on its interest income by placing the cash balances in varying maturities and interest rate terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The Group's and the Company's interest-bearing financial assets and liabilities are mainly bank and cash balances, financial assets and bank borrowings (all variable) as set out in the table below.

	Interest bearing		Non-interest	
	Fixed	Variable	bearing	Total
	\$	\$	\$	\$
GROUP				
At 31 December 2014				
Assets				
Cash and cash equivalents	81,948,484	4,888,140	5,391,016	92,227,640
Available-for-sale financial assets	-	-	23,979	23,979
Other receivables	8,795,282	-	14,902,129	23,697,411
Gross amount due from customers for contract work-in-progress	-	-	89,502	89,502
	90,743,766	4,888,140	20,406,626	116,038,532
Liabilities				
Bank borrowings*	4,000,061	8,470,211	-	12,470,272
At 31 December 2013 (Restated)				
Assets				
Cash and cash equivalents	72,434,740	2,657,903	7,902,235	82,994,878
Available-for-sale financial assets	500,345	-	21,076	521,421
Other receivables	11,228,203	-	9,024,035	20,252,238
Gross amount due from customers for contract work-in-progress	-	-	459,931	459,931
	84,163,288	2,657,903	17,407,277	104,228,468
Liabilities				
Bank borrowings*	3,022,261	-	-	3,022,261
COMPANY				
At 31 December 2014				
Assets				
Cash and cash equivalents	73,944,650	1,505,277	1,339,637	76,789,564
Available-for-sale financial assets	-	-	23,979	23,979
Other receivables	8,795,282	-	15,843,591	24,638,873
	82,739,932	1,505,277	17,207,207	101,452,416
Liabilities				
Bank borrowings*	19,000	8,470,211	-	8,489,211
At 31 December 2013				
Assets				
Cash and cash equivalents	66,764,680	1,888,334	624,561	69,277,575
Available-for-sale financial assets	500,345	-	21,076	521,421
Other receivables	11,228,203	-	8,111,101	19,339,304
	78,493,228	1,888,334	8,756,738	89,138,300
Liabilities				
Bank borrowings*	57,000	-	-	57,000

* Bank borrowings include obligations under finance leases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The Group's bank borrowings are at variable rates. No hedges have been entered into as the loans are denominated mainly in SGD and there are natural hedges as the Group's collections are mainly in SGD. If the SGD interest rates increase/decrease by 0.5% (2013: 0.5%) with all other variables including tax rate being held constant, the Group's net profit will be lower/higher by \$35,151 (2013: \$Nil) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group manages such risks by dealing with a diversity of credit-worthy counterparties to mitigate any significant concentration of credit risk. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections. The Group places its cash and cash equivalents with creditworthy institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform the obligations as at the end of the financial year in relation to each class of financial assets is the carrying amount of these assets in the consolidated balance sheets.

The trade receivables of the Group comprise 3 debtors (2013: 3 debtors) that individually represented 14% - 23% (2013: 11% - 18%) trade receivables.

The credit risk for trade receivables by geographical area based on the information provided by key management is as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	2014 \$	2013 \$ (Restated)	2014 \$	2013 \$
Singapore	1,842,061	2,412,688	-	77,040
United States of America	5,914,894	4,399,170	-	-
Malaysia and Brunei	724,176	805,892	-	-
	<u>8,481,131</u>	<u>7,617,750</u>	<u>-</u>	<u>77,040</u>

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(b) Credit risk (continued)

(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 trade and other receivables.

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

	<u>GROUP</u>		<u>COMPANY</u>	
	2014	2013	2014	2013
	\$	\$	\$	\$
		(Restated)		
Past due < 3 months	264,961	130,517	-	-
Past due 3 to 6 months	134,932	284,000	-	-
	<u>399,893</u>	<u>414,517</u>	<u>-</u>	<u>-</u>

The carrying amounts of trade and other receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade receivables				
Gross amount	1,043,907	1,042,811	1,447,118	1,109,263
Less: Allowance for impairment	<u>(1,043,907)</u>	<u>(1,042,811)</u>	<u>(1,447,118)</u>	<u>(1,109,263)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	<u>GROUP</u>		<u>COMPANY</u>	
	2014	2013	2014	2013
	\$	\$	\$	\$
Other receivables				
Gross amount	156,072	101,146	2,158,772	2,392,844
Less: Allowance for impairment	<u>(156,072)</u>	<u>(101,146)</u>	<u>(2,158,772)</u>	<u>(2,392,844)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(b) Credit risk (continued)

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade receivables				
Beginning of financial year	1,042,811	943,167	1,109,263	697,495
Currency translation difference	11,761	57,723	-	-
Allowance made	154,596	175,614	347,648	440,935
Allowance recovered, utilised and written off	(165,261)	(110,036)	(9,793)	(5,510)
Reclassified to other receivables	-	(23,657)	-	(23,657)
End of financial year	1,043,907	1,042,811	1,447,118	1,109,263
Other receivables				
Beginning of financial year	101,146	5,419	2,392,844	2,106,676
Currency translation difference	1,465	-	-	-
Allowance made	57,561	77,333	1,302	309,767
Allowance written off and recovered	(4,100)	(5,263)	(235,374)	(47,256)
Reclassified from trade receivables	-	23,657	-	23,657
End of financial year	156,072	101,146	2,158,772	2,392,844

Trade receivables that are individually determined to be impaired at the end of the reporting period relates to trade receivables that are more than 90 days and irrecoverable. Other receivables are individually determined for impairment when indicators exist. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and bank deposits as disclosed in Note 12.

Management monitors rolling forecasts of the liquidity reserve and cash and cash equivalents (Note 12) of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Carrying amounts	Contractual cash flows	Cash flow	
			Within 1 year	Within 1 to 5 years
	\$	\$	\$	\$
GROUP				
At 31 December 2014				
Trade and other payables	20,396,245	20,396,245	20,396,245	-
Bank borrowings	12,395,469	12,395,469	12,395,469	-
Obligations under finance lease	74,803	80,030	63,032	16,998
Financial guarantee contracts	94,423,800	94,423,800	94,423,800	-
	127,290,317	127,295,544	127,278,546	16,998
At 31 December 2013 (Restated)				
Trade and other payables	20,054,583	20,054,583	20,054,583	-
Bank borrowings	2,899,335	2,899,335	2,899,335	-
Obligations under finance lease	122,926	134,216	96,176	38,040
Financial guarantee contracts	156,655,050	156,655,050	156,655,050	-
	179,731,894	179,743,184	179,705,144	38,040
COMPANY				
At 31 December 2014				
Trade and other payables	4,533,254	4,533,254	4,533,254	-
Bank borrowings	8,470,211	8,470,211	8,470,211	-
Obligations under finance lease	19,000	21,090	21,090	-
Financial guarantee contracts	97,252,550	97,252,550	97,252,550	-
	110,275,015	110,277,105	110,277,105	-
At 31 December 2013				
Trade and other payables	6,538,889	6,538,889	6,538,889	-
Obligations under finance lease	57,000	63,270	42,180	21,090
Financial guarantee contracts	159,483,800	159,483,800	159,483,800	-
	166,079,689	166,085,959	166,064,869	21,090

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurating with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	GROUP	
	2014	2013
	\$	\$
		(Restated)
Net debt	(59,361,123)	(59,918,034)
Total equity	128,396,674	101,847,928
Total capital	69,035,551	41,929,894
Gearing ratio	N.M.	N.M.

N.M. – not meaningful

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

(e) Fair value measurements

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

- (i) quoted prices (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 (i.e. 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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents the assets and liabilities measured at fair value:

	Level 1	Level 2	Level 3
	\$	\$	\$
GROUP AND COMPANY			
2014			
Assets			
Available-for-sale financial assets			
- Equity securities	23,979	-	-
Total assets	23,979	-	-
2013			
Assets			
Available-for-sale financial assets			
- Equity securities	21,076	-	-
- Debt investments	500,345	-	-
Total assets	521,421	-	-

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 and Company is the current bid price. These instruments are included in Level 1.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximates their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 13 to financial statements, except for the following:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
		(Restated)		
Loans and receivables	124,495,684	111,324,797	101,428,437	88,693,919
Financial liabilities at amortised cost	32,866,517	23,076,844	13,022,465	6,595,889

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Related party transactions

Related parties comprise mainly of companies which are controlled or significantly influenced by the Company's key management personnel and their close family members. The inter-company balances are unsecured, interest-free, unless stated otherwise, and subject to the normal credit terms of the respective parties and are repayable on demand.

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	GROUP	
	2014	2013
	\$	\$
		(Restated)
Dividend received from associated companies	396,000	560,000
Dividend received from joint ventures	718,750	-
Management fee received from joint ventures	54,000	54,000
Interest received from joint ventures	285,467	303,645

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the company. The directors and executive officers of the Group are considered as key management personnel of the Group.

Key management's remuneration includes salary, bonus, commission and other emoluments computed based on the cost incurred by the Group and the Company and where the Group and the Company did not incur any costs, the value of the benefit is included. The key management's remuneration is as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Wages and salaries	6,321,365	4,399,506	3,251,856	2,256,500
Employer's contribution to defined contribution plans	95,366	94,298	27,200	27,200
Staff allowances	42,600	42,600	-	-
Employee share option expense	361,506	610,527	209,537	333,016
	6,820,837	5,146,931	3,488,593	2,616,716

35. Segment information

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions, allocate resources, and assess performance.

The executive directors consider the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the primary geographic areas: Singapore, Malaysia, Brunei Darussalam ("Brunei"), the United States of America ("USA") and United Kingdom. From a business segment perspective, management separately considers sales activities in these geographic areas.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. Segment information (continued)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2014 are as follows:

		← Singapore		→ Malaysia & Brunei		USA			
GROUP		Interior and residential projects	Furniture retail	Development properties	Hotel Division	HQ and other investing activities	Interior and residential projects	Supply chain	Total
	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014									
Sales									
Total segment sales	15,021	23,252	-	-	-	-	2,392	37,697	78,362
Less: Inter-segment sales	(26)	(635)	-	-	-	-	-	-	(661)
Sales to external parties	14,995	22,617	-	-	-	-	2,392	37,697	77,701
Adjusted EBITDA	3,142	186	-	-	-	(1,628)	205	1,896	3,801
Depreciation	72	293	-	-	-	107	8	63	543
Share of profit of associated companies	-	-	38	-	-	-	-	-	38
Share of profit of joint ventures	-	-	-	18,889	148	-	-	-	19,037
Total assets	6,577	15,346	35,050	18,078	80,276	2,345	19,081	176,753	
Total assets includes:									
Investment in joint ventures	-	-	31,026	-	-	-	-	-	31,026
Additions to property, plant and equipment	21	314	-	-	16	-	-	423	774
Available-for-sale financial assets	-	-	-	-	24	-	-	-	24
Intangible assets	-	-	-	-	161	-	-	-	161
Total liabilities	6,078	8,915	115	-	24,053	1,436	7,760	48,357	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. Segment information (continued)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2013 are as follows:

GROUP	Singapore			Malaysia & Brunei		USA	
	Interior and residential projects	Furniture retail	Development properties	Hotel Division	HQ and other investing activities	Interior and residential projects	Supply chain
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013 (Restated)							
Sales							
Total segment sales	12,935	23,148	-	-	-	3,113	29,930
Less: Inter-segment sales	(11)	(721)	-	-	-	-	-
Sales to external parties	12,924	22,427	-	-	-	3,113	29,930
							68,394
Adjusted EBITDA	3,625	1,039	-	-	3,168	273	2,448
Depreciation	70	277	-	-	119	7	36
Share of profit of associated companies	-	-	97	-	-	-	-
Share of profit of joint ventures	-	-	9,282	280	-	-	-
Total assets	8,421	15,345	14,808	17,122	71,351	1,862	15,404
							144,313
Total assets includes:							
Investment in associated companies	-	-	1,170	-	-	-	-
Investment in joint ventures	-	-	12,643	-	-	-	-
Additions to property, plant and equipment	223	707	-	-	2,838	-	73
Available-for-sale financial assets	-	-	-	-	521	-	-
Intangible assets	-	-	-	-	349	-	-
Total liabilities	4,855	9,426	1,714	-	19,876	1,116	5,479
							42,466

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. Segment information (continued)

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the statement of comprehensive income.

The executive directors assess the performance of the operating segments based on a measure of Earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") for continuing operations. This measurement basis excludes the effects of expenditure from the operating segments such as restructuring costs and impairment loss that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the executive directors, which manages the cash position of the Group.

(a) Reconciliations

(i) Segment profits

A reconciliation of adjusted EBITDA to profit before tax and discontinued operations is as follows:

	GROUP	
	2014	2013
	\$'000	\$'000
		(Restated)
Adjusted EBITDA for reportable segments	3,801	10,553
Share of profit of joint ventures – net of tax	19,037	9,562
Share of profit of associated companies – net of tax	38	97
Depreciation	(543)	(509)
Finance expenses	(145)	(80)
Interest income	1,192	1,188
Profit before income tax	23,380	20,811

(ii) Segment assets

The amounts reported to the executive directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the executive directors monitor the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than deferred income tax assets, bank deposits, and available-for-sale financial assets.

	GROUP	
	2014	2013
	\$'000	\$'000
		(Restated)
Segment assets for reportable segments	176,753	144,313

(iii) Segment liabilities

The amounts provided to the executive directors 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 segment. All liabilities are allocated to the reportable segments other than income tax liabilities and bank borrowings.

	GROUP	
	2014	2013
	\$'000	\$'000
		(Restated)
Segment liabilities for reportable segments	48,357	42,466

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. Segment information (continued)

(b) Revenue from major products and services

Revenue from external customers are derived mainly from interior design and renovation projects, retailing of furniture and accessories and supply chain. Breakdown of the revenue is as follows:

	GROUP	
	2014	2013
	\$'000	\$'000
		(Restated)
Interior design and residential projects	17,387	16,037
Furniture retail	22,617	22,427
Supply chain	37,697	29,930
	77,701	68,394

(c) Geographical information

The Group's four business segments operate in four main geographical areas:

Singapore – the company is headquartered and has operations in Singapore. The operations in this area are principally the interior design and residential projects and furniture retail.

Malaysia and Brunei – the operations in this area are principally furniture retailing, interior design and residential projects.

United States of America – the operations in this area are principally supply chain management.

United Kingdom – the operations in this area are principally investment holdings.

	GROUP	
	2014	2013
	\$'000	\$'000
		(Restated)
Revenue		
Singapore	37,612	35,351
United States of America	37,697	29,930
Malaysia and Brunei	2,392	3,113
	77,701	68,394

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. Segment information (continued)

(c) Geographical information (continued)

	GROUP	
	2014	2013
	\$'000	\$'000
		(Restated)
Non-current assets		
Singapore	32,882	15,825
United States of America	479	116
Malaysia and Brunei	17	28
	33,378	15,969

36. Subsequent events and impact of change in accounting policy

On 21 May 2015, the Board of Directors announced, inter-alia, the following:

- i) The financial statements for the financial year ended 31 December 2014 ("FY2014 financial statements") dated 31 March 2015 and tabled at the last Annual General Meeting were prepared on the basis that the joint arrangements of the Company, together with its subsidiaries ("Group") in respect of the businesses and operations of the material entities under the Group, Urban Lofts Pte Ltd, LVND Homes Pte Ltd, Alliance Land Pte Ltd and LVND Holdings Pte Ltd ("Relevant Entities"), were classified as joint operations.
- ii) After further discussion with the Special Advisor PricewaterhouseCoopers LLP, a re-examination of FY2014 financial statements, the requirements of FRS 111 and clarifications with its joint arrangement partners on the facts and circumstances with respect to the Relevant Entities, the Board is of the view that the Relevant Entities should more appropriately be re-classified as joint ventures under FRS 111.

Hence, 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.

On adoption of FRS 111, the Group recognised its investment in joint venture 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 2.3 (c) 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 has had no significant impact on earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

36. Subsequent events and impact of change in accounting policy (continued)

Impact of change in accounting policy on the statement of comprehensive income

Consolidated statement of comprehensive income for the year ended 31 December 2013.

	As per previously stated \$	Change in accounting policy \$	Restated \$
Revenue	109,318,356	(40,923,819)	68,394,537
Cost of sales	(69,829,177)	29,263,815	(40,565,362)
Gross profit	39,489,179	(11,660,004)	27,829,175
Other income	5,539,096	(400,465)	5,138,631
Other gains – net	8,232,388	-	8,232,388
Expenses			
- Distribution and marketing	(11,718,879)	595	(11,718,284)
- Administrative	(18,481,982)	231,899	(18,250,083)
- Finance	(339,871)	259,885	(79,986)
Share of profit of joint ventures – net of tax	-	9,561,949	9,561,949
Share of profit of associated companies – net of tax	97,458	-	97,458
Profit before income tax	22,817,389	(2,006,141)	20,811,248
Income tax expense	(2,684,853)	2,006,141	(678,712)
Net profit	20,132,536	-	20,132,536
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets – fair value gains/(losses)	(1,255)	-	(1,255)
Currency translation differences arising from consolidation – gains	388,707	-	388,707
Other comprehensive income, net of tax	387,452	-	387,452
Total comprehensive income	20,519,988	-	20,519,988
Profit attributable to:			
Equity holders of the Company	19,000,061	-	19,000,061
Non-controlling interests	1,132,475	-	1,132,475
	20,132,536	-	20,132,536
Total comprehensive income attributable to:			
Equity holders of the Company	19,286,620	-	19,286,620
Non-controlling interests	1,233,368	-	1,233,368
	20,519,988	-	20,519,988

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

36. Subsequent events and impact of change in accounting policy (continued)

Impact of change in accounting policy on balance sheet

Balance sheet as at 31 December 2013.

	As per previously stated	Change in accounting policy	Restated
	\$	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	100,662,558	(17,667,680)	82,994,878
Available-for-sale financial assets	521,421	-	521,421
Trade and other receivables	22,514,626	6,303,096	28,817,722
Inventories	15,550,997	-	15,550,997
Gross amount due from customers for contract work-in-progress	459,931	-	459,931
Development properties	88,187,069	(88,187,069)	-
	<u>227,896,602</u>	<u>(99,551,653)</u>	<u>128,344,949</u>
Non-current assets			
Trade and other receivables	180,346	-	180,346
Investments in associated companies	1,169,644	-	1,169,644
Investments in joint ventures	-	12,643,122	12,643,122
Property, plant and equipment	18,727,658	(17,100,966)	1,626,692
Intangible assets	349,000	-	349,000
	<u>20,426,648</u>	<u>(4,457,844)</u>	<u>15,968,804</u>
Total assets	<u>248,323,250</u>	<u>(104,009,497)</u>	<u>144,313,753</u>
LIABILITIES			
Current liabilities			
Trade and other payables	31,312,423	(11,257,840)	20,054,583
Borrowings	10,774,335	(7,875,000)	2,899,335
Obligations under finance leases	88,290	-	88,290
Gross amount due to customers for contract work-in-progress	4,010,738	-	4,010,738
Current income tax liabilities	953,687	(22,783)	930,904
Deferred income	3,249,874	-	3,249,874
	<u>50,389,347</u>	<u>(19,155,623)</u>	<u>31,233,724</u>
Non-current liabilities			
Borrowings	82,562,118	(82,562,118)	-
Obligations under finance leases	34,636	-	34,636
Deferred income	11,103,734	-	11,103,734
Deferred income tax liabilities	2,385,487	(2,291,756)	93,731
	<u>96,085,975</u>	<u>(84,853,874)</u>	<u>11,232,101</u>
Total liabilities	<u>146,475,322</u>	<u>(104,009,497)</u>	<u>42,465,825</u>
NET ASSETS	<u>101,847,928</u>	<u>-</u>	<u>101,847,928</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	27,309,824	-	27,309,824
Other reserves	1,157,785	-	1,157,785
Retained earnings	70,883,476	-	70,883,476
	<u>99,351,085</u>	<u>-</u>	<u>99,351,085</u>
Non-controlling interests	<u>2,496,843</u>	<u>-</u>	<u>2,496,843</u>
Total equity	<u>101,847,928</u>	<u>-</u>	<u>101,847,928</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

36. Subsequent events and impact of change in accounting policy (continued)

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

Balance sheet as at 1 January 2013.

	As per previously stated	Change in accounting policy	Restated
	\$	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	86,763,560	(12,959,912)	73,803,648
Available-for-sale financial assets	522,145	-	522,145
Trade and other receivables	9,977,396	18,564,201	28,541,597
Inventories	12,903,345	-	12,903,345
Gross amount due from customers for contract work-in-progress	149,898	-	149,898
Development properties	74,682,959	(74,682,959)	-
	<u>184,999,303</u>	<u>(69,078,670)</u>	<u>115,920,633</u>
Non-current assets			
Trade and other receivables	569,868	-	569,868
Investments in associated companies	2,248,011	-	2,248,011
Investments in joint ventures	-	3,075,343	3,075,343
Property, plant and equipment	5,231,050	-	5,231,050
Intangible assets	371,000	-	371,000
	<u>8,419,929</u>	<u>3,075,343</u>	<u>11,495,272</u>
Total assets	<u>193,419,232</u>	<u>(66,003,327)</u>	<u>127,415,905</u>
LIABILITIES			
Current liabilities			
Trade and other payables	49,099,030	(24,807,952)	24,291,078
Borrowings	6,785,010	(2,835,000)	3,950,010
Obligations under finance leases	128,388	-	128,388
Gross amount due to customers for contract work-in-progress	3,048,221	-	3,048,221
Current income tax liabilities	1,272,931	(62,167)	1,210,764
Deferred income	3,026,034	-	3,026,034
	<u>63,359,614</u>	<u>(27,705,119)</u>	<u>35,654,495</u>
Non-current liabilities			
Borrowings	38,010,007	(38,010,007)	-
Obligations under finance leases	132,927	-	132,927
Deferred income	12,624,306	-	12,624,306
Deferred income tax liabilities	381,932	(288,201)	93,731
	<u>51,149,172</u>	<u>(38,298,208)</u>	<u>12,850,964</u>
Total liabilities	<u>114,508,786</u>	<u>(66,003,327)</u>	<u>48,505,459</u>
NET ASSETS	<u>78,910,446</u>	<u>-</u>	<u>78,910,446</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23,272,513	-	23,272,513
Other reserves	483,058	-	483,058
Retained earnings	53,189,551	-	53,189,551
	<u>76,945,122</u>	<u>-</u>	<u>76,945,122</u>
Non-controlling interests	<u>1,965,324</u>	<u>-</u>	<u>1,965,324</u>
Total equity	<u>78,910,446</u>	<u>-</u>	<u>78,910,446</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

36. Subsequent events and impact of change in accounting policy (continued)

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

Consolidated statement of cash flow for the year ended 31 December 2013.

	As per previously stated	Change in accounting policy	Restated
	\$	\$	\$
Net cash provided by/(used in) operating activities	(28,465,562)	23,928,251	(4,537,311)
Net cash provided by/(used in) investing activities	(23,989,662)	26,417,523	2,427,861
Net cash (used in)/provided by financing activities	48,274,238	(47,953,542)	320,696
Net increase/(decrease) in cash and cash equivalents	(4,180,986)	2,392,232	(1,788,754)

With respect to the statement of cash flow, other than the impact of change in accounting policy as disclosed above, an amount of S\$8,091,588 in relation to loans to an associated companies, which was previously classified as “cash flows from operating activities” has now been re-presented as “cash flows from investing activities” to better reflect the nature of this amount. This reclassification itself has no impact on the net cash flows of the Group.

37. 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 and which the Group has not early adopted:

- Amendments to FRS 19: Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 102: Share-based payment (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 103: Business Combinations (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 108: Operating Segments (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 16: Property, Plant and Equipment (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 24: Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 38: Intangible Assets (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 113: Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 40: Investment Property (effective for annual periods beginning on or after 1 July 2014)
- FRS 114: Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 1: Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 27: Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. New or revised accounting standards and interpretations (continued)

- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 105: Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 107: Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2016)
- Amendment to FRS 19: Employee Benefits (effective for annual periods beginning on or after 1 January 2016)
- Amendment to FRS 34: Interim Financial Reporting (effective for annual periods beginning on or after 1 January 2016)
- FRS 115: Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
- FRS 109: Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

The management anticipates that the adoption of the above FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Nobel Design Holdings Ltd on 11 August 2015.

WRITTEN STATEMENT FROM NEXIA TS



12 August 2015

The Board of Directors
Nobel Design Holdings Ltd
16 Tai Seng Street, #07-09
Singapore 534138

Dear Sirs

**NOBEL DESIGN HOLDINGS LTD (the “Company”) AND ITS SUBSIDIARIES
(the “Group”)**

Nexia TS Public Accounting Corporation (“Nexia TS”) has, subsequent to the Annual General Meeting held on the 28 April 2015, discussed with the Board of Directors (“the Board”) of their intention to resign as auditors and by mutual consent of Nexia TS and the Board, the change in the auditors is considered to be beneficial to the company.

We hereby give notice to resign as auditors of Nobel Design Holdings Ltd and its affiliates listed as follows:

- | | |
|--------------------------------------|---------------------------------------|
| 1. Boss Design International Pte Ltd | 11. Astrid Hill Residences Pte Ltd |
| 2. Home2be Pte Ltd | 12. Urban Lofts Pte Ltd |
| 3. Marquis Furniture Gallery Pte Ltd | 13. LVND Homes Pte Ltd |
| 4. Momentum Creations Pte Ltd | 14. Alliance Land Pte Ltd |
| 5. Nobel Projects Pte Ltd | 15. LVND Holdings Pte Ltd |
| 6. Affluent Apex Ltd | 16. LVND Hotels Pte Ltd |
| 7. Buylateral Group Pte Ltd | 17. LVND Investments Pte Ltd |
| 8. Numero Uno Creative Group Pte Ltd | 18. Covent Garden Development Pte Ltd |
| 9. Marquis HQO Pte Ltd | 19. Cove City Ltd |
| 10. Target Marketing Systems, Inc. | 20. Alliance Stellar Ltd |

Accordingly, we intend to withdraw our consent to act in this capacity and an application for Consent to Resign as an Auditor under Section 205AB of the Companies Act (the “Act”) have been sent to the Accounting and Corporate Regulatory Authority (“ACRA”) and is awaiting for their response.

We wish to inform the Board that under Section 205AB(5) of the Act states that the resignation will take effect on the latest of the following three dates:

- (a) On the day on which ACRA notifies Nexia TS and the company of ACRA’s consent to the resignation;
- (b) On the day fixed by ACRA; or
- (c) On the day specified by Nexia TS in the notice of resignation.

Associated With
Smith & Williamson

Nexia TS Public Accounting Corporation

UEN: 200507237N

Incorporated with limited liability

Nexia TS Public Accounting Corporation is a member of Nexia International, an international network of independent accounting and consulting firms.

100 Beach Road, #30-00 Shaw Tower, Singapore 189702

Tel (65) 6534 5700

Fax (65) 6534 5766

Website: www.nexiats.com.sg

China • Malaysia • Myanmar • Singapore

WRITTEN STATEMENT FROM NEXIA TS



We would like to place on record our thanks for the opportunity to have worked with your organisation. Should there be any occasion where we can be of service to you in any other capacity, we look forward to hearing from you.

Yours faithfully

A handwritten signature in black ink that reads "Nexia TS". The signature is stylized and cursive.

Nexia TS Public Accounting Corporation

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOBEL DESIGN HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198104591E)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Nobel Design Holdings Ltd (“**Company**”) will be held at 16 Tai Seng Street, Level 7, Singapore 534138, on 7 September 2015 at 10.00 a.m. to transact the following business:

All capitalised terms contained herein shall, unless otherwise defined in this Notice, bear the respective meanings ascribed thereto in the circular to shareholders of the Company dated 21 August 2015 (“**Circular**”).

ORDINARY RESOLUTION 1:

To receive and consider the Audited Revised FY2014 Financial Statements of the Company and the Directors’ Report and Auditors’ Report thereon.

ORDINARY RESOLUTION 2:

That:

- (a) Ernst & Young, having consented to act, be and are hereby appointed as auditors of the Company in place of Nexia TS to hold the office until the conclusion of the Company’s next annual general meeting at a remuneration to be agreed between the Directors and Ernst & Young; and
- (b) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Change of Auditors and/or this ordinary resolution.

BY ORDER OF THE BOARD

LEE BEE FONG (MS)
Company Secretary
Singapore
21 August 2015

Notes:

- 1. A member entitled to attend and vote at the EGM is entitled to appoint no more than two proxies to attend and vote in his behalf and such proxy need not be a member of the Company.
- 2. The proxy form must be deposited at the Company’s registered office at 16 Tai Seng Street, #07-09, Singapore 534138 not later than 48 hours before the time of the EGM.
- 3. A Depositor’s name must appear in the Depository Register maintained by the Central Depository (Pte) Limited at least 48 hours before the time fixed for the holding of the EGM or any postponement or adjournment thereof, in order for the Depositor to attend and vote at the EGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

PROXY FORM

NOBEL DESIGN HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198104591E)

All capitalised terms contained herein shall, unless otherwise defined in this Proxy Form, bear the respective meanings ascribed thereto in the circular to shareholders of the Company dated 21 August 2015 ("**Circular**").

I/We _____, (NRIC/Passport No.) _____

of _____

being a member/members of the abovementioned Company, hereby appoint:-

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/her/them, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at 16 Tai Seng Street, Level 7, Singapore 534138 on 7 September 2015 at 10.00 a.m., and any adjournment thereof.

No.	Ordinary Resolutions	For ⁽¹⁾	Against ⁽¹⁾
1.	To receive and consider the Audited Revised FY2014 Financial Statements of the Company and the Directors' Report and Auditor's Report thereon.		
2.	To approve the proposed change of Auditors from Nexia TS Public Accounting Corporation to Ernst & Young LLP.		

Note:

⁽¹⁾ If you wish to exercise all your votes "For" or "Against", please indicate with a tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2015

Signature(s) of member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

No. of Shares Held

NOBEL DESIGN HOLDINGS LTD

Notes to the Proxy Form

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead.
3. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 16 Tai Seng Street, #07-09, Singapore 534138 at least 48 hours before the time appointed for the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
8. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Extraordinary General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Extraordinary General Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or 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.
10. In the case of a member whose shares are entered against his name 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 Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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 Extraordinary General Meeting dated 21 August 2015.