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TUAN SING HOLDINGS LIMITED
(Incorporated in Singapore)
(Registration number: 196900130M)
AND ITS SUBSIDIARIES

Directors' Report and Financial Statements

For The Financial Year Ended
31 December 2014

TUAN SING HOLDINGS LIMITED
AND ITS SUBSIDIARIES
Directors' Report and Financial Statements

C o n t e n t s

DIRECTORS' REPORT
for the financial year ended 31 December 2014

The Directors of the Company are pleased to present their report to the members together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014.

1 Directors

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

Mr Ong Beng Kheong	(Chairman)
Mr William Nursalim alias William Liem	(Chief Executive Officer)
Mr Choo Teow Huat Albert	
Mr Chow Kok Kee	
Mr David Lee Kay Tuan	
Ms Michelle Liem Mei Fung	
Mr Ng Siow How	

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 Directors' interests in shares and debentures

The Directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of Directors and Companies In Which Interests Are Held	Shareholdings Registered In Name Of Director		Shareholdings In Which Director Is Deemed To Have An Interest	
	As at 1 January 2014	As at 31 December 2014	As at 1 January 2014	As at 31 December 2014
The Company (Ordinary Shares)				
Mr Ong Beng Kheong	2,200	2,200	-	-
Mr David Lee Kay Tuan	250,000	250,000	-	-
Ms Michelle Liem Mei Fung	-	-	546,383,829 [1]	546,383,829 [1]

Name of Directors and Companies In Which Interests Are Held	Shareholdings Registered In Name Of Director		Shareholdings In Which Director Is Deemed To Have An Interest	
	As at 1 January 2014	As at 31 December 2014	As at 1 January 2014	As at 31 December 2014
SP Corporation Limited (Ordinary Shares)				
Ms Michelle Liem Mei Fung	-	-	281,463,197 [1]	281,463,197 [1]

Notes

1 By virtue of interest in Nuri Holdings (S) Pte Ltd.

By virtue of Section 7 of the Singapore Companies Act, Ms Michelle Liem Mei Fung is deemed to have an interest in the Company and in all the related corporations of the Company.

There was no change in any of the above-mentioned Directors' interests between the end of the financial year and 21 January 2015.

During the financial year, 3,416,310 new ordinary shares, fully-paid were allotted pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme where shares were issued at 31.3 cents per share in lieu of cash for the first and final dividend of 0.5 cent per share for the financial year ended 31 December 2013. Following the allotment, the fully paid-up issued shares of the Company increased to 1,176,155,916 ordinary shares.

4 Directors' receipt and entitlement to contractual benefits

Since the beginning of the financial year, no Director has received or become entitled to receive a benefit, which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in this report and notes 25 and 30 to the financial statements.

5 Share option

Option to take up unissued shares

During the financial year, there was no option to take up unissued shares of the Company or any corporation in the Group.

Unissued shares under option and option exercised

During the financial year, no shares of the Company or any corporation in the Group were allotted and issued by virtue of the exercise of option to take up unissued shares of the Company or any corporation of the Group.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6 Audit and Risk Committee

The Audit Committee has been renamed to Audit and Risk Committee as from 30 October 2014. The Committee performed the functions specified in Section 201B(5) of the Singapore Companies Act and the Singapore Code of Corporate Governance.

The Audit and Risk Committee of the Company is chaired by Mr Choo Teow Huat Albert and includes Messrs Chow Kok Kee and David Lee Kay Tuan, all of whom are non-executive Directors and the majority including the Chairman is independent. The Audit and Risk Committee met four times during the financial year ended 31 December 2014 and had reviewed, *inter alia*, the following with the executive Director, external and internal auditors of the Company where relevant:

(a) the external and internal audit plans; the scope and results of the internal audit procedures and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company before their submission to the Board of Directors and the external auditors' report on those financial statements;

(d) the quarterly, half-yearly and annual announcements on the results and financial positions of the Company and the Group;

(e) the co-operation and assistance given by the management to the Group's external and internal auditors; and

(f) the re-appointment of the external and internal auditors of the Group.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as the external auditors of the Company at its forthcoming Annual General Meeting.

7 External auditors

Deloitte & Touche LLP have expressed their willingness to accept re-appointment.

On Behalf of the Directors

....

Ong Beng Kheong
Chairman

....

William Nursalim alias William Liem
Chief Executive Officer

29 January 2015

STATEMENT BY DIRECTORS

In the opinion of the Directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 8 to 98 are drawn up 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 and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

On Behalf of the Directors

....

Ong Beng Kheong
Chairman

....

William Nursalim alias William Liem
Chief Executive Officer

29 January 2015

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

TUAN SING HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Tuan Sing Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 98.

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.

Auditors' 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.

Deloitte.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the 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 and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

29 January 2015

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2014

	Note	Group		Company	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000
Assets					
Current assets					
Cash and bank balances	5	**252,270**	276,872	**356**	298
Trade and other receivables	6	**87,420**	62,262	**112**	50
Amounts due from subsidiaries	15	**-**	-	**366,313**	300,334
Inventories	7	**4,487**	4,090	**-**	-
Development properties	8	**414,153**	404,285	**-**	-
Total current assets		**758,330**	747,509	**366,781**	300,682
Non-current assets					
Property, plant and equipment	9	**397,886**	3,504	**-**	-
Investment properties	10	**1,082,932**	824,125	**498**	498
Investments in subsidiaries	11	**-**	-	**574,302**	584,380
Investments in equity accounted investees	12	**62,981**	208,159	**-**	-
Deferred tax assets	17	**4,179**	-	**-**	-
Other non-current assets		**14**	14	**-**	-
Total non-current assets		**1,547,992**	1,035,802	**574,800**	584,878
Total assets		**2,306,322**	1,783,311	**941,581**	885,560
Liabilities and equity					
Current liabilities					
Loans and borrowings	13	**195,347**	150,052	**-**	-
Trade and other payables	14	**107,134**	79,675	**15,693**	21,934
Amounts due to subsidiaries	15	**-**	-	**322,278**	320,734
Income tax payable		**5,830**	3,284	**52**	217
Total current liabilities		**308,311**	233,011	**338,023**	342,885
Non-current liabilities					
Loans and borrowings	13	**1,149,525**	767,604	**79,275**	-
Deferred tax liabilities	17	**35,016**	23,491	**-**	-
Other non-current liabilities		**423**	-	**-**	-
Total non-current liabilities		**1,184,964**	791,095	**79,275**	-
Capital, reserves and non-controlling interests					
Share capital	18	**169,260**	168,190	**169,260**	168,190
Reserves	19	**633,658**	581,491	**355,023**	374,485
Equity attributable to owners of the Company		**802,918**	749,681	**524,283**	542,675
Non-controlling interests		**10,129**	9,524	**-**	-
Total equity		**813,047**	759,205	**524,283**	542,675
Total liabilities and equity		**2,306,322**	1,783,311	**941,581**	885,560

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000
Revenue	21	**354,765**	302,273
Cost of sales		**(286,139)**	(251,003)
Gross profit		**68,626**	51,270
Other operating income		**29,177**	5,546
Distribution costs		**(4,230)**	(16,986)
Administrative expenses		**(16,202)**	(15,866)
Other operating expenses		**(23,426)**	(4,114)
Share of results of equity accounted investees	12	**19,985**	14,757
Finance income	22	**4,760**	5,018
Finance costs	23	**(9,186)**	(4,080)
Profit before tax and fair value adjustments		**69,504**	35,545
Fair value adjustments	24	**6,469**	27,224
Profit before tax	25	**75,973**	62,769
Income tax expenses	26	**(14,387)**	(9,715)
Profit for the year		**61,586**	53,054
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property	28	**-**	5,630
Share of other comprehensive income/(loss) of equity accounted investees	28	**2,173**	(6,000)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	28	**(276)**	(127)
		1,897	(497)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	28	**(7,020)**	(9,032)
Share of other comprehensive income of equity accounted investees	28	**2,489**	2,390
Income tax relating to components of other comprehensive income that may be reclassified subsequently	28	**(316)**	(510)
		(4,847)	(7,152)
Other comprehensive loss for the year, net of tax	28	**(2,950)**	(7,649)
Total comprehensive income for the year		**58,636**	45,405
Profit attributable to:			
Owners of the Company		**61,169**	52,000
Non-controlling interests		**417**	1,054
		61,586	53,054
Total comprehensive income attributable to:			
Owners of the Company		**58,031**	44,213
Non-controlling interests		**605**	1,192
		58,636	45,405
Basic and diluted earnings per share (in cents)			
Excluding fair value adjustments	27	**4.7**	2.4
Including fair value adjustments	27	**5.2**	4.5

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000
Operating activities			
Profit before tax		**75,973**	62,769
Adjustments for:			
Fair value gain	24	**(6,469)**	(27,224)
Share of results of equity accounted investees	12	**(19,985)**	(14,757)
Depreciation of property, plant and equipment	9	**1,078**	699
Allowance for inventory obsolescence, net	7	**75**	20
(Write-back of allowance)/Allowance for doubtful trade and other receivables, net	6	**(1)**	119
Plant and equipment written off	25	**18**	2
Net loss/(gain) on disposal of property, plant and equipment	25	**3**	(1,767)
Negative goodwill on acquisition	29	**(26,924)**	(802)
Adjustment arising from selective capital reduction of an associate	12	**136**	-
Finance income	22	**(4,760)**	(5,018)
Finance costs		**9,186**	4,080
Operating cash flows before movements in working capital		**28,330**	18,121
Development properties less progressive billings receivable		**(4,630)**	44,288
Inventories		**207**	(193)
Trade and other receivables		**(7,696)**	8,899
Trade and other payables		**(3,054)**	7,024
Cash generated from operations		**13,157**	78,139
Interest received		**2,701**	1,906
Income tax paid		**(2,169)**	(6,863)
Net cash from operating activities		**13,689**	73,182
Investing activities			
Additions to property, plant and equipment	9	**(831)**	(679)
Disposal of property, plant and equipment		**-**	2,134
Additions to investment properties		**(11,068)**	(11,297)
Acquisition of subsidiary	29	**(102,317)**	(170,868)
Distribution received		**8,670**	3,501
Net cash used in investing activities		**(105,546)**	(177,209)
Financing activities			
Repayment of finance lease obligations		**(2)**	(23)
Proceeds from loans and borrowings		**202,498**	374,668
Repayment of loans and borrowings		**(115,677)**	(192,337)
Interest paid		**(16,157)**	(11,553)
Bank deposits pledged as securities for bank facilities		**95**	(59,527)
Dividend paid to shareholders		**(4,794)**	(2,161)
Dividend paid to non-controlling interests		**-**	(4,600)
Net cash from financing activities		**65,963**	104,467
Net (decrease)/increase in cash and cash equivalents		**(25,894)**	440
Cash and cash equivalents at the beginning of the year		**212,626**	207,077
Foreign currency translation adjustments		**682**	5,109
Cash and cash equivalents at the end of the year	5	**187,414**	212,626

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

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2014

	Note	Share capital $'000	Foreign currency translation account $'000	Asset revaluation reserve $'000	Other capital reserves # $'000	Revenue reserve $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group									
At 1 January 2014		**168,190**	**(11,384)**	**76,909**	**99,381**	**416,585**	**749,681**	**9,524**	**759,205**
Total comprehensive income for the year									
Profit for the year		**-**	**-**	**-**	**-**	**61,169**	**61,169**	**417**	**61,586**
Exchange differences on translation of foreign operations	28	**-**	**(7,208)**	**-**	**-**	**-**	**(7,208)**	**188**	**(7,020)**
Share of other comprehensive income of equity accounted investees	28	**-**	**-**	**2,173**	**2,489**	**-**	**4,662**	**-**	**4,662**
Income tax adjustments relating to other comprehensive income	28	**-**	**-**	**(276)**	**(316)**	**-**	**(592)**	**-**	**(592)**
Other comprehensive (loss)/income for the year, net of tax		**-**	**(7,208)**	**1,897**	**2,173**	**-**	**(3,138)**	**188**	**(2,950)**
Total		**-**	**(7,208)**	**1,897**	**2,173**	**61,169**	**58,031**	**605**	**58,636**
Transactions with owners, recognised directly in equity									
Transfer from revenue reserve to other capital reserves		**-**	**-**	**-**	**8,781**	**(8,781)**	**-**	**-**	**-**
Issue of shares under the Scrip Dividend Scheme	18	**1,070**	**-**	**-**	**-**	**-**	**1,070**	**-**	**1,070**
Dividend paid to shareholders									
- Cash	20	**-**	**-**	**-**	**-**	**(4,794)**	**(4,794)**	**-**	**(4,794)**
- Share	20	**-**	**-**	**-**	**-**	**(1,070)**	**(1,070)**	**-**	**(1,070)**
Total		**1,070**	**-**	**-**	**8,781**	**(14,645)**	**(4,794)**	**-**	**(4,794)**
At 31 December 2014		**169,260**	**(18,592)**	**78,806**	**110,335**	**463,109**	**802,918**	**10,129**	**813,047**

 # Details of "Other capital reserves" are disclosed in note 19.

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the financial year ended 31 December 2013

	Note	Share capital $'000	Foreign currency translation account $'000	Asset revaluation reserve $'000	Other capital reserves # $'000	Revenue reserve $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group									
At 1 January 2013		164,545	(2,214)	77,573	96,775	370,950	707,629	12,932	720,561
Total comprehensive income for the year									
Profit for the year		-	-	-	-	52,000	52,000	1,054	53,054
Exchange differences on translation of foreign operations	28	-	(9,216)	-	-	-	(9,216)	138	(9,078)
Exchange differences realised on disposal	28	-	46	-	-	-	46	-	46
Asset revaluation reserve realised		-	-	(167)	-	167	-	-	-
Share of other comprehensive income of equity accounted investees	28	-	-	(6,000)	2,390	-	(3,610)	-	(3,610)
Revaluation of property	28	-	-	5,630	-	-	5,630	-	5,630
Income tax adjustments relating to other comprehensive income	28	-	-	(127)	(510)	-	(637)	-	(637)
Other comprehensive (loss)/income for the year, net of tax		-	(9,170)	(664)	1,880	167	(7,787)	138	(7,649)
Total		-	(9,170)	(664)	1,880	52,167	44,213	1,192	45,405
Transactions with owners, recognised directly in equity									
Transfer from revenue reserve to other capital reserves		-	-	-	726	(726)	-	-	-
Issue of shares under the Scrip Dividend Scheme	18	3,645	-	-	-	-	3,645	-	3,645
Dividend paid to shareholders									
- Cash	20	-	-	-	-	(2,161)	(2,161)	-	(2,161)
- Share	20	-	-	-	-	(3,645)	(3,645)	-	(3,645)
Dividend to non-controlling interests		-	-	-	-	-	-	(4,600)	(4,600)
Total		3,645	-	-	726	(6,532)	(2,161)	(4,600)	(6,761)
At 31 December 2013		168,190	(11,384)	76,909	99,381	416,585	749,681	9,524	759,205

 # Details of "Other capital reserves" are disclosed in note 19.

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the financial year ended 31 December 2014

	Note	Share capital $'000	Other capital reserve# $'000	Revenue reserve $'000	Total $'000
Company					
At 1 January 2014		**168,190**	**101,264**	**273,221**	**542,675**
Profit for the year, representing total comprehensive income for the year		**-**	**-**	**(13,598)**	**(13,598)**
Transactions with owners, recognised directly in equity					
Issue of shares under the Scrip Dividend Scheme	18	**1,070**	-	-	**1,070**
Dividend paid to shareholders					
- Cash	20	-	-	**(4,794)**	**(4,794)**
- Share	20	-	-	**(1,070)**	**(1,070)**
Total		**1,070**	**-**	**(5,864)**	**(4,794)**
At 31 December 2014		**169,260**	**101,264**	**253,759**	**524,283**
At 1 January 2013		164,545	101,264	190,648	456,457
Profit for the year, representing total comprehensive income for the year		-	-	88,379	88,379
Transactions with owners, recognised directly in equity					
Issue of shares under the Scrip Dividend Scheme	18	3,645	-	-	3,645
Dividend paid to shareholders					
- Cash	20	-	-	(2,161)	(2,161)
- Share	20	-	-	(3,645)	(3,645)
Total		3,645	-	(5,806)	(2,161)
At 31 December 2013		168,190	101,264	273,221	542,675

 # Details of "Other capital reserves" are disclosed in note 19.

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

1 General

Tuan Sing Holdings Limited (Registration number: 196900130M) is incorporated in the Republic of Singapore with its principal place of business and registered office at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697. The Company is listed on the Singapore Stock Exchange. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding. The principal activities of its significant subsidiaries and associates are disclosed in note 34 and note 35 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2014 were authorised for issue by the Board of Directors on 29 January 2015.

2 Summary of significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Adoption of new and revised Standards

On 1 January 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and relevant to its operations.

The adoption of these new/revised FRSs and INT FRSs did not result in any substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries and associates.

Other than the additional disclosures, the application of FRS 112 has not had any material impact on the amounts recognised in the consolidated financial statements.

(c) Standards issued but not yet effective

At the date of authorisation of these financial statements, the following new and revised FRSs that are relevant to the Group were issued but not effective:

- *Amendments to FRS 19 (2011) Defined Benefit Plans: Employee Contributions*
- *Improvements to Financial Reporting Standards (January 2014)*
- *Improvements to Financial Reporting Standards (February 2014)*
- *Amendments to FRS 27 Equity Method in Separate Financial Statements*
- *Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation*
- *FRS 115 Revenue from Contracts with Customers*
- *Improvements to FRSs (November 2014)*

Consequential amendments were also made to various standards as a result of these new/revised standards.

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: identify the contracts with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisifies a performance obligation.

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. In addition, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial year beginning on or after 1 January 2017, with retrospective application required.

The Group is currently assessing the effects of FRS 115 in the period of initial adoption.

Other than FRS 115, management has considered and is of the view that the adoption of the amendments and improvements to FRSs that are issued as at date of authorisation of these financial statements but effective only in future periods will not have a material impact on the financial statements in the period of their initial adoption.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including: -

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with FRS 39 Financial Instruments: Recognition and Measurement, or FRS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Asset Held for Sale and Discontinued Operations are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year from acquisition date.

The policy described above is applied to all business combinations that take place on or after 1 January 2010.

Associates and joint venture (equity accounted investees)

Associates are those entities over which the Group has significant influence. Influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

Joint ventures are joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results of and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations.*

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates or joint ventures.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. [note 2(h)].

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where the group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(e) Foreign currency transactions and translation

Functional and presentation currency

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (i.e. its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated to the functional currency at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies below [note 2(f)].

Foreign currency translation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation account.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint venture that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Net investment in foreign operations

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation account.

(f) Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through profit or loss”.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss”, “held-to-maturity investments”, “available-for-sale” financial assets and “loans and receivables”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

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

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if (i) it has been acquired principally for the purpose of selling in the near future; or (ii) on initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives and FRS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 33(e).

Held-to-maturity financial assets

Bonds with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Subsequent to initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Certain shares and debt securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in note 33(e). Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities are classified as either financial liabilities “at fair value through profit or loss” or other financial liabilities.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if (i) it has been incurred principally for the purpose of repurchasing in the near future; or (ii) it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) on initial recognition, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘other operating income and expenses’ line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 33(e).

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group’s accounting policy for borrowing costs (note 2(y)).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of obligation under the guarantee recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue.*

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or expired.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedging accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss for the period immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of profit or loss and other comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other income and expenses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the period when the hedged item is recognised in profit or loss in same line item of the statement of profit or loss and other comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation account. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses previously recognised in other comprehensive income and accumulated in foreign currency translation account are reclassified in profit or loss in the same way as exchange differences relating to the foreign operation as described in the accounting policy for foreign currency transactions and translation as stated in note 2(e) to these financial statements.

Offsetting arrangements

Financial assets and financial liabilities are to offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available as of the date of the reporting rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

(g) Property, plant and equipment

Measurement

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less any subsequent accumulated depreciation and accumulated impairment losses.

Cost includes professional fees and for qualifying assets, borrowing cost, capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Revaluation

Certain land and buildings held for use in the production or supply of goods or services, or for administrative purpose, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising from the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged to profit or loss. A decrease in carrying amount arising from the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation

Depreciation is charged so as to write off the cost or valuation of assets, other than properties under construction and freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

	Useful lives
Building on freehold land	50 years
Leasehold land, buildings and improvements	Over the remaining lease periods ranging 3 to 99 years
Plant and equipment	1 to 15 years
Motor vehicles	5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate being accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

(h) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(k) Impairment of assets

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include (i) significant financial difficulty of the issuer or counterparty; or (ii) default or delinquency in interest or principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate for a similar financial asset. Such impairment loss will not reverse in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment of tangible and intangible assets excluding goodwill

The carrying amounts of the Group's tangible and non-tangible assets are reviewed at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units (CGU), or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Investment properties

Investment properties comprise completed properties and properties under construction or redevelopment held to earn rental and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss for the period in which they arise.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfers are made to or from investment properties when and only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed costs of property for subsequent accounting is its fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment [note 2(g)] up to the date of change in use.

(n) Development properties

Development properties are properties held for development and sale in the ordinary course of business. They include completed properties and properties in the course of development. Unsold properties are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

Development properties are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion. Progress billings not yet paid by customers are included within "trade and other receivables". Payments received from purchasers prior to completion are included in "trade and other payables" as advanced billings.

Cost of development properties comprises costs that relate directly to the development, such as acquisition costs and related costs that are attributable to development activities and can be allocated to the development project, including attributable borrowing costs [note 2(y)].

The Group's policy for revenue recognition in relation to development properties is described under "Revenue recognition" [note 2(w)].

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour costs where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Allowance is made where necessary for obsolete, slow-moving and defective inventories.

(q) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and demand deposits, bank overdrafts and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents exclude encumbered fixed deposits.

(r) Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of reporting period, as measured by the proportion that contract cost incurred for work performed to date relative to the estimated total contract cost, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent recovery of contract costs is probable. Contract costs are recognised as expenses in the periods in which they are incurred. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense for the period.

(s) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit attributable to the leased asset is diminished. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs [note 2(y)]. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as expenses in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(u) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, are recognised in the profit or loss in the period in which they become receivable.

(w) Revenue recognition

Revenue is measured at 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. Revenue is reduced for goods and services tax, estimated customer returns, rebates and other similar allowances.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when 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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sales of development properties

Revenue from completed property development is recognised when the risks and rewards of ownership have been transferred to the purchaser either through the transfer of legal title or equitable interest in a property.

Revenue recognition on partly completed properties held for sale is based on the following methods:

- For sale of partly completed development properties in Singapore under progressive payment scheme, profit is recognised upon the signing of sale contracts and payment of the first instalment which corresponds to 20% of the estimated profit attributable to the actual contracts signed. Subsequent recognition of profit is based on the percentage of completion method as construction progresses. The percentage of work completed is measured based on the construction and related costs incurred to date as a proportion of the estimated total construction and related costs;

- For sale of partly completed development properties in Singapore under deferred payment scheme and overseas development properties, profit is recognised only upon the transfer of significant risks and rewards of ownership of the properties to the purchasers.

  In cases where transfer of significant risks and rewards of ownership coincides with the time the development units are delivered to the purchasers, revenue is recognised upon completion of construction; and when legal title passes to the buyer or when equitable interest in the property vests to the buyer upon release of the handover notice to the buyer, whichever is earlier.

Construction contracts

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts as disclosed in note 2(r).

Revenue from hotel investment

Revenue is recognised when goods and services have been provided to the customer and the costs in relation to the goods and service can be reliably measured.

Services rendered

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period except that revenue from services of short duration are recognised on completion of services;

- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the services for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and

- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Rental income

The Group's policy for recognition of revenue from operating leases is described above in note 2(s).

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investment is recognised when the shareholders' rights to receive payment have been established.

(y) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(z) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends are deducted from shareholders' equity and recorded as a liability when declared payable. Proposed dividends which are subject to shareholders' approval are not deducted from equity and are not recorded as liabilities.

(aa) Employee benefits

Retirement benefit obligations

Payments to defined contribution retirement benefit plans are recognised as expenses when employees have rendered the services entitling them to the contributions. Contributions made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Employees' leave entitlement

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

(ab) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax

Deferred tax is recognised on the difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or when the asset is realised based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised either in other comprehensive income or directly in equity, or where they arise from the initial accounting for business combination. In case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(ac) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is provided internally to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's CEO to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition on commodity trading

As described in note 2(w) to the financial statements, it is the Group's policy to recognise revenue to the extent that it is probable that the economic benefits will flow to the Group. In making this judgement, management has considered the detailed criteria for the recognition of revenue from the sale of goods, set out in *FRS 18 Revenue* which includes the primary responsibility for providing the goods, inventory risk, latitude in establishing prices, and credit risk.

In relation to the commodity trading business of SP Corporation Limited ("SP Corp"), a listed subsidiary of the Group, SP Corp is of the view that it acted as a principal as it has exposure to the significant risks and rewards associated with the sale of coal. Accordingly, the sales value of these transactions was recognised as revenue which is approximately $23,200,000 (2013: $35,000,000) for the financial year as disclosed in note 21 to the financial statements under "Sale of products".

Key sources of estimation uncertainty

Key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Percentage of completion for revenue recognition

The Group uses the stage of completion method to account for its contract revenue [note 21] and contract costs arising from the sale of development properties in Singapore under progressive payment scheme that are within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 – Agreement for the Construction of Real Estate [note 2(w)].

The stage of completion is measured by reference to certification of value of work performed to date. Where there is no certification of value available, the stage of completion is based on the respective costs incurred to date as compared to the total budgeted costs of the development.

Significant judgements are required to estimate the total contract costs which include estimation for variation works and any other claims from contractors. In making the judgements, the Group relies on past experience and the work of specialists. The valuation of development properties and provisions for foreseeable losses, if any, are therefore subject to uncertainty in respect of variation works and estimation of future costs. The Group adopts a prudent approach in evaluating these uncertainties.

Fair value measurement and valuation processes

The Group carries its hotel properties (note 9) and investment properties (note 10) at fair value based on independent professional valuations or internal valuations.

In determining fair values, the valuers have used valuation techniques (including direct comparison method, investment method, capitalisation method, discounted cash flow method and residual land value method) which involve certain estimates and significant unobservable inputs which are disclosed in notes 9 and 10. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. The investment method capitalises an income stream into a present value using single-year capitalisation rates. Capitalisation method involves assessment of the income earning capacity and capitalised it at the adopted capitalisation rate to derive a core value. Discounted cash flow method recognises the time value of money by estimating the net present value of future cash flows. In the residual land value method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of the property under development. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. In relying on valuation reports, the management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Information relating to the valuation techniques and inputs used in determining the fair value of hotel properties and investment properties are disclosed in notes 9 and 10 respectively to the financial statements.

Deferred tax liabilities arising from increase in the carrying amount of investment in Grand Hotel Group

The Group's interest in Grand Hotel Group ("GHG") is held by TSH Australia Holdings Pte Ltd ("TAHAUD") through Tuan Sing (Australia) Trust ("TSAT") and Tuan Sing Real Estate Trust ("TSRET"). TAHAUD is a wholly-owned subsidiary of the Company. GHG is not liable for tax under the Australian tax legislation provided the taxable income of GHG (including any assessable component of capital gains from sale of investment assets) is fully distributed to unit holders in each year.

TAHAUD is subject to income taxes in the Australian jurisdiction. TAHAUD has not been taxed on income received from the trust in the past as it had unutilised losses brought forward. At the end of the reporting period, TAHAUD have estimated aggregate tax losses of A$1,432,000 (2013: A$6,880,000) or equivalent to $1,538,000 (2013: $7,770,000). These tax losses can be used to offset against future taxable income arising from the distribution of income from GHG subject to satisfying the relevant loss recoupment tests.

The estimates of taxable gains and available tax losses are dependent on a number of assumptions, such as the nature and deductibility of expenses, the calculation of tax base which involves adjustment of certain historical cost with inflation factor; the determination of whether there is thin capitalisation which may result in the inability to claim tax deduction for finance cost. In making these estimates, the Group has taken advice from certain tax specialists.

The Group has in turn estimated deferred tax liability arising from an increase in the carrying amount of its investments in GHG at A$23,816,000 (2013: A$17,807,000) or equivalent to $25,576,000 (2013: $20,113,000) [note 17]. In estimating this amount, the Group considers the taxable gains to be the excess of Group's share of the fair value of net assets of GHG over the tax cost base of the securities in GHG held by the Group.

Future actual tax liability when incurred and payable will differ from this estimate to the extent that the future realisation of values from the investment in GHG differs from the amount of fair value of the assets currently estimated. It would similarly be affected by any change in tax losses and tax base which have yet to be agreed with the Australian tax authorities.

Recoverability of investments in and amounts due from subsidiaries in the Company's financial statements

Investments in subsidiaries and amounts due from subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets have been subsequently determined based on fair value less costs to sell. As a result of above assessment, the Company made a net impairment loss of $11,240,000 (2013: $10,231,000) for investments in subsidiaries and a net impairment loss of $20,639,000 (2013: reversal of impairment loss $79,903,000) for amounts due from subsidiaries. The carrying amounts of investments in subsidiaries and amounts due from subsidiaries are disclosed in notes 11 and 15 respectively.

Allowance for doubtful receivables

Allowance for doubtful receivables is based on an evaluation of the collectability of receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including current creditworthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The carrying amount of trade and other receivables are disclosed in note 6 to the financial statements.

4 Segment information

Products and services from which reportable segments derive their revenue

For management purpose, the Group is organised into strategic business units based on their products and services. The Group's principal business operating units, during and at the end of the reporting period, are Property, Hotels Investment, Industrial Services and Other Investments. Accordingly, the Group's reportable operating segments under FRS 108 are as follows:

Segment	**Principal activities**
Property	Development of properties for sale, property investment and provision of property management services.
Hotels Investment	Investment in hotels in Australia through Grand Hotel Grand ("GHG").
Industrial Services	Trading and marketing of selected industrial commodities, distribution of tyres and retreading of tyres, as well as manufacturing of polypropylene woven bags.
Other Investments	Investments in GulTech, a printed circuit boards manufacturer with operations in Singapore and China, and Pan-West, a retailer of golf-related products.
Corporate and Others	Provision of corporate-level services.

Segment revenue represents revenue generated from external and internal customers. Segment profit represents the profit earned by each segment after allocation of central administrative costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Management monitors the operating results of each of its business unit for the purpose of making decisions on resource allocation and performance assessment. Corporate and Others are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on arm's length basis.

Information regarding each of the Group's reportable segments is presented below.

Segment revenues and results

	Property	Hotels Investment	Industrial Services	Other Investments	Corporate and Others	Inter-segment Eliminations	Total Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014							
Revenue							
External revenue	202,215	12,023#	140,347	@	180	-	354,765
Inter-segment revenue	807	-	-	-	9,339	(10,146)	-
	203,022	12,023	140,347	-	9,519	(10,146)	354,765
Results							
Gross profit	53,575	3,322	7,621	-	2,507	1,601	68,626
Other operating income	1,596	26,991	352	205	22,978	(22,945)	29,177
Distribution costs	(1,501)	-	(2,729)	-	-	-	(4,230)
Administrative expenses	(5,585)	(1,226)	(3,886)	(12)	(1,956)	(3,537)	(16,202)
Other operating expenses	(4,940)	(18,192)	(156)	(136)	(37,161)	37,159	(23,426)
Share of results of equity accounted investees	-	8,049	-	11,936	-	-	19,985
Finance income	4,953	185	758	27	872	(2,035)	4,760
Finance costs	(7,028)	(3,374)	(28)	-	(790)	2,034	(9,186)
Profit before tax and fair value adjustments	41,070	15,755	1,932	12,020	(13,550)	12,277	69,504
Fair value adjustments	3,264	3,685	-	(480)	-	-	6,469
Profit before tax	44,334	19,440	1,932	11,540	(13,550)	12,277	75,973
Income tax expenses	(7,753)	(6,478)	(107)	(1)	(48)	-	(14,387)
Profit for the year	36,581	12,962	1,825	11,539	(13,598)	12,277	61,586
Profit attributable to:							
Owners of the Company	36,580	12,962	1,409	11,539	(13,598)	12,277	61,169
Non-controlling interests	1	-	416	-	-	-	417
Profit for the year	36,581	12,962	1,825	11,539	(13,598)	12,277	61,586

#: Revenue reported under "Hotels Investment" relates to GHG's results after acquisition (note 29). Prior to that, the Group equity accounted for its 50% interest in GHG.

@: No revenue is reported under "Other Investments" as the Group equity accounts for its investment in GulTech and Pan-West.

Segment revenues and results (cont'd)

	Property	Hotels Investment	Industrial Services	Other Investments	Corporate and Others	Inter-segment Eliminations	Total Consolidated
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2013							
Revenue							
External revenue	140,065	#	162,025	@	183	-	302,273
Inter-segment revenue	1,032	-	-	-	20,486	(21,518)	-
	141,097	-	162,025	-	20,669	(21,518)	302,273
Results							
Gross profit	40,576	-	9,577	-	14,573	(13,456)	51,270
Other operating income	4,901	202	414	-	96,872	(96,843)	5,546
Distribution costs	(14,094)	-	(2,892)	-	-	-	(16,986)
Administrative expenses	(6,595)	(664)	(4,766)	(3)	(2,753)	(1,085)	(15,866)
Other operating expenses	(3,222)	(514)	(377)	-	(20,149)	20,148	(4,114)
Share of results of equity accounted investees	-	7,264	-	7,493	-	-	14,757
Finance income	4,287	20	600	111	-	-	5,018
Finance costs	(2,855)	(1,226)	-	-	-	1	(4,080)
Profit before tax and fair value adjustments	22,998	5,082	2,556	7,601	88,543	(91,235)	35,545
Fair value adjustments	17,950	9,072	-	202	-	-	27,224
Profit before tax	40,948	14,154	2,556	7,803	88,543	(91,235)	62,769
Income tax expenses	(4,362)	(5,016)	(170)	(3)	(164)	-	(9,715)
Profit for the year	36,586	9,138	2,386	7,800	88,379	(91,235)	53,054
Profit attributable to:							
Owners of the Company	36,008	9,138	1,910	7,800	88,379	(91,235)	52,000
Non-controlling interests	578	-	476	-	-	-	1,054
Profit for the year	36,586	9,138	2,386	7,800	88,379	(91,235)	53,054

#: Revenue reported under "Hotels Investment" relates to GHG's results after acquisition (note 29). Prior to that, the Group equity accounted for its 50% interest in GHG.

@: No revenue is reported under "Other Investments" as the Group equity accounts for its investment in GulTech and Pan-West.

Segment assets, liabilities and other segment information

	Property	Hotels Investment	Industrial Services	Other Investments	Corporate and Others	Total Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
2014						
Assets						
Segment assets	**1,496,391**	**669,452**	**76,516**	**16**	**966**	**2,243,341**
Investments in equity accounted investees	**-**	**-**	**-**	**62,981**	**-**	**62,981**
Total assets	**1,496,391**	**669,452**	**76,516**	**62,997**	**966**	**2,306,322**
Liabilities						
Segment liabilities	**(52,806)**	**(31,340)**	**(21,304)**	**(60)**	**(2,047)**	**(107,557)**
Loans and borrowings	**(886,523)**	**(379,074)**	**-**	**-**	**(79,275)**	**(1,344,872)**
Current and deferred tax liabilities	**(13,854)**	**(26,264)**	**(560)**	**(29)**	**(139)**	**(40,846)**
Total liabilities	**(953,183)**	**(436,678)**	**(21,864)**	**(89)**	**(81,461)**	**(1,493,275)**
Net assets	**543,208**	**232,774**	**54,652**	**62,908**	**(80,495)**	**813,047**
Other information						
Capital expenditure	**305**	**102#**	**424**	**@**	**-**	**831**
Depreciation of property, plant and equipment	**230**	**381#**	**467**	**@**	**-**	**1,078**
Fair value gain on investment properties	**(3,264)**	**(3,076)**	**-**	**-**	**-**	**(6,340)**
Fair value (gain)/loss on financial instrument	**-**	**(609)**	**-**	**480**	**-**	**(129)**
2013						
Assets						
Segment assets	1,494,489	3	79,778	36	846	1,575,152
Investments in equity accounted investees	-	159,655	-	48,504	-	208,159
Total assets	1,494,489	159,658	79,778	48,540	846	1,783,311
Liabilities						
Segment liabilities	(51,766)	(299)	(26,956)	(35)	(619)	(79,675)
Loans and borrowings	(917,656)	-	-	-	-	(917,656)
Current and deferred tax liabilities	(5,315)	(20,413)	(711)	(32)	(304)	(26,775)
Total liabilities	(974,737)	(20,712)	(27,667)	(67)	(923)	(1,024,106)
Net assets	519,752	138,946	52,111	48,473	(77)	759,205
Other information						
Capital expenditure	152	#	527	@	-	679
Depreciation of property, plant and equipment	280	#	419	@	-	699
Fair value gain on investment properties	(17,381)	(9,010)	-	-	-	(26,391)
Fair value gain on financial instrument	(569)	(62)	-	(202)	-	(833)

#: *Capital expenditure and depreciation reported under "Hotels Investment" relates to GHG's results after acquisition (note 29). Prior to that, the Group equity accounted for its 50% interest in GHG.*

@: *No capital expenditure and depreciation are reported under "Other Investments" as the Group equity accounts for its investment in GulTech and Pan-West.*

Geographical information

Geographically, management reviews the performance of the businesses in Singapore, Australia, China, Malaysia, Indonesia, Europe and other ASEAN countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of external customers. Non-current assets are based on the geographical location of the assets.

	Revenue from customers		Non-current assets	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**255,192**	193,306	**900,881**	867,272
Australia @	**12,023**	@	**638,185**	159,655
China	**21,388**	13,805	**6,665**	6,657
Malaysia	**16,804**	21,358	**2,261**	2,218
Indonesia	**22,529**	24,424	**-**	-
Europe	**13,016**	30,443	**-**	-
Other ASEAN countries^	**12,157**	16,909	**-**	-
Others	**1,656**	2,028	**-**	-
	354,765	302,273	**1,547,992**	1,035,802

@: *Revenue reported under "Hotels Investment" relates to GHG's results after acquisition (note 29). Prior to that, the Group equity accounted for its 50% interest in GHG.*

^: *Other ASEAN countries comprise Myanmar, Vietnam, Cambodia, Brunei and Laos with revenue constituting not more than 10% of total Group revenue for each country.*

Other segment information

The Group does not have any single major customer that contributes 10% or more to the Group's revenues.

5 Cash and bank balances

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and on hand	**40,115**	29,351	**356**	298
Fixed deposits	**79,765**	114,768	**-**	-
Amounts held under the Housing Developers (Project Account) Rules	**132,390**	132,753	**-**	-
	252,270	276,872	**356**	298

Cash and bank balances comprise cash and fixed deposits held by the Group which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Deposits earned interest ranging from 0.5% to 4.9% per annum (2013: 0.5% to 5.3% per annum) and for tenures ranging from 7 to 360 days (2013: 7 to 1,095 days).

Withdrawals of amounts held under the project accounts are restricted to payments for expenditure incurred on development properties and are subject to the provisions in the Housing Developers (Project Account) Rules in Singapore.

Cash and bank balances amounting to $82,556,000 (2013: $64,246,000) for the Group was pledged to banks to secure credit facilities. Information relating to the Group's loans and borrowings are disclosed in note 13 to the financial statements.

The carrying amounts of the cash and bank balances approximate their fair values at the end of the reporting period. Further details regarding the exposure to interest rate risk, contractual and effective interest rates and foreign currency denomination of the cash and bank balances are disclosed under note 33 to the financial statements.

Cash and cash equivalents

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

	Group	
	2014	**2013**
	$'000	**$'000**
Cash and cash equivalents per consolidated statement of cash flows		
Cash and bank balances (as per statement of financial position)	**252,270**	276,872
Less:		
Encumbered fixed deposit and bank balances	**(64,856)**	(64,246)
	187,414	212,626

As at 31 December 2014, the Group had cash and cash equivalents placed with banks in China amounting to $76,115,000 (2013: $86,219,000), of which $63,172,000 (2013: $62,548,000) was pledged to a bank as security for banking facilities in Singapore. The repatriation of these cash into Singapore is subject to the Foreign Exchange Control Regulations in China.

6 Trade and other receivables

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Trade					
Trade debtors		**48,153**	42,494	**-**	**-**
Less: Allowance for doubtful receivables		**(228)**	(2,707)	**-**	**-**
		47,925	39,787	**-**	**-**
Amounts due from related parties	16	**4,001**	1,013	**-**	**-**
		51,926	40,800	**-**	**-**
Non-trade					
Land tender deposits		**11,751**	7,883	**-**	**-**
Deposits		**456**	1,153	**73**	85
Prepayments		**3,354**	444	**111**	37
Interest receivables		**5,890**	3,452	**-**	-
Sundry debtors		**5,678**	169	**-**	-
Tax recoverable		**120**	34	**-**	-
		27,249	13,135	**184**	122
Less: Allowance for doubtful receivables		**(78)**	(78)	**(72)**	(72)
		27,171	13,057	**112**	50
Amount due from related parties	16	**8,323**	8,405	**-**	-
		35,494	21,462	**112**	50
		87,420	62,262	**112**	50

Amounts due from related parties

Included in the carrying amount as at 31 December 2014 were unbilled rental income of $27,000 (2013: $187,000) relating to rent-free periods given to a related party lessee as incentive [note 16].

Tender deposits in respect of acquisition of lands

Included in the carrying amount as at 31 December 2014 were tender deposits amounting to $11,751,000 (2013: $7,883,000) relating to land acquisitions in Jiaozhou, China and Gilstead Court, Singapore. For Jiaozhou, the Group has secured the third plot of land of approximately 60,200 square metre pending the issuance of land title deed. For Gilstead Court collective sale, the completion of land acquisition is subject to, inter alia, the outcome of a ruling by the High Court.

These deposits have been assessed to be placed with counterparties who are creditworthy and accordingly, no allowance for potential non-recovery of these deposits is required.

Details of collateral

As at 31 December 2014, trade and other receivables amounting to $12,772,000 (2013: $Nil) included in the above balances were mortgaged to banks to secure credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in note 13 to the financial statements.

Allowance for doubtful receivables

An analysis of allowance for doubtful receivables is as follows:

	Note	Group		Company	
		2014	**2013**	**2014**	**2013**
		$'000	**$'000**	**$'000**	**$'000**
Allowance for doubtful receivables					
Trade		**(228)**	(2,707)	**-**	-
Non-trade		**(78)**	(78)	**(72)**	(72)
		(306)	(2,785)	**(72)**	(72)
At 1 January		**(2,785)**	(2,676)	**(72)**	(72)
Exchange differences		**(20)**	(89)	**-**	-
Acquisition of subsidiary		**(21)**	-	**-**	-
Amounts written off		**2,519**	99	**-**	-
Allowance written back (made), net		**1**	(119)	**-**	-
At 31 December		**(306)**	(2,785)	**(72)**	(72)

The carrying amount of trade and other receivables approximates their fair values at the end of the reporting year. Further details regarding the exposure to foreign currency denominated trade and other receivables are disclosed in note 33 to the financial statements.

Analysis of trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 120 days (2013: 14 to 120 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group assesses the potential customer's credit quality and determines credit limits to be allowed before accepting any new customer. Credit limits granted to customers are reviewed regularly.

The Group's trade receivables that were impaired at the end of the reporting period and the allowance for doubtful receivables are disclosed below:

	Group	
	2014	**2013**
	$'000	**$'000**
Trade receivables, net		
Not past due and not impaired	**40,603**	35,705
Past due but not impaired [(i)]	**11,323**	5,095
	51,926	40,800
Impaired receivables - collectively assessed [(ii)]	**219**	349
Less: Allowance for doubtful receivables	**(219)**	(349)
	-	-
Impaired receivables - individually assessed		
Past due for more than 36 months or no response to repayment demands [(ii)]	**9**	2,358
Less: Allowance for doubtful receivables	**(9)**	(2,358)
	-	-
	51,926	40,800

Notes:

(i) Aging of trade receivables that were past due but not impaired

< 3 months	**10,598**	4,691
3 months to 6 months	**442**	179
6 months to 12 months	**89**	161
>12 months	**194**	64
	11,323	5,095

(ii) These amounts stated were before deduction for impairment losses

The Group had trade receivables amounting to $11,323,000 (2013: $5,095,000) in value that were past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is disclosed in note (i) above.

Trade and other receivables that are individually assessed to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

Allowances for doubtful trade and other receivables are recognised for the estimated irrecoverable amounts from the sale of goods and services rendered. These allowances for doubtful trade and other receivables are determined by assessing the profile of debtors and after considering recovery prospects. Further details regarding the credit risk for trade and other receivables are disclosed in note 33(c) to the financial statements.

7 Inventories

	Group		
	At cost	At net realisable value	Total
	$'000	$'000	$'000
2014			
Raw materials	**1,127**	**-**	**1,127**
Work-in-progress	**1,246**	**-**	**1,246**
Finished goods	**1,698**	**416**	**2,114**
	4,071	**416**	**4,487**
2013			
Raw materials	1,158	-	1,158
Work-in-progress	1,169	-	1,169
Finished goods	1,200	563	1,763
	3,527	563	4,090

The net realisable values of inventories were stated net of allowance of $150,000 (2013: $88,000).

During the year, $75,000 (2013: $20,000) was recognised as an expense in respect of allowance for inventory obsolescence [note 25].

Details of collateral

As at 31 December 2014, inventories amounting to $786,000 (2013: $Nil) included in the above balances were mortgaged to banks to secure credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in note 13 to the financial statements.

8 Development properties

	Group	
	2014	2013
	$'000	$'000
Properties in the course of development	**409,964**	397,543
Completed properties held for sale	**4,189**	6,742
	414,153	404,285
Represented by:		
Properties in the course of development in Singapore	**383,722**	371,599
Properties in the course of development in China	**26,242**	25,944
Completed properties in China	**4,189**	6,742
	414,153	404,285

Development properties comprise land site secured, properties in the course of development and completed properties held for sale. These projects have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle.

Properties in the course of development

	Group	
	2014	**2013**
	$'000	**$'000**
Land cost	**477,219**	476,980
Development cost incurred to-date	**124,022**	49,141
Interest and others	**23,513**	16,176
	624,754	542,297
Add: Attributable profit	**79,851**	37,659
Less: Progress billings received and receivable	**(294,641)**	(182,413)
	409,964	397,543
Represented by:		
Properties in the course of development in Singapore	**383,722**	371,599
Properties in the course of development in China	**26,242**	25,944
	409,964	397,543

The following table provides information on properties of which revenue is recognised on transfer of significant risks and rewards of ownership at completion and as construction progresses respectively:

	Group	
	2014	**2013**
	$'000	**$'000**
(i) Transfer of significant risks and rewards of ownership at completion:		
Land cost	**24,875**	24,636
Development cost incurred to-date	**802**	794
Interest and others	**565**	514
	26,242	25,944
(ii) Continuous transfer of significant risks and rewards of ownership as construction progresses:		
Cost incurred plus attributable profit	**678,363**	554,012
Less: Progress billings received and receivable	**(294,641)**	(182,413)
	383,722	371,599
	409,964	397,543

Finance costs of $4,948,000 (2013: $4,369,000) was capitalised during the year at effective interest rate ranging from 1.1% to 1.4% per annum (2013: 1.1% to 1.3% per annum) [note 23].

Details of collateral

As at 31 December 2014, development properties amounting to $383,722,000 (2013: $371,599,000) included in the above balances were mortgaged to banks to secure credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in note 13 to the financial statements.

List of development properties

As at 31 December 2014, the development properties held by the Group are as follows:

Name of property/ location	Description/ planned use	Held by	Tenure	Land area (sq. m)	Estimated gross floor area (sq. m)	Year Completed/ estimated completion	Group's effective equity interest
Properties in the course of development							
Seletar Park Residence, Seletar Road Singapore	Condominium of 276 units (267 units booked)	Asplenium Land Pte Ltd	99 years from 2011	17,456	26,862	2015	100%
Cluny Park Residence, Cluny Park Road Singapore	Condominium of 52 units (19 units booked)	Shelford Properties Pte Ltd	Freehold	4,544	6,997	2016	100%
Sennett Residence, Pheng Geck Avenue Singapore	Condominium/ townhouses of 332 units and three shop units (304 units booked)	Clerodendrum Land Pte Ltd	99 years from 2011	8,664	33,354	2015	100%
Land in Jin'an District, Fuzhou, Fujian Province, China	Residential	Fujian Ji'Xing Real Estate Development Co. Ltd	70 years from 1994	163,740	*	*	100%
Land adjacent to Huangjiahe Reservoir, Shandong Province, China	Mainly Residential	Qingdao Shenyang Property Co. Ltd.	70 years (residential)/ 40 years (commercial) from 2011/ 2013	119,244	**	**	100%
Completed properties held for sale							
Lakeside Ville Phase III, Qingpu district Shanghai China	172 units of apartments, townhouses, and 8 units of commercial units (168 units sold)	Habitat Properties (Shanghai) Ltd	70 years from 1997	35,643	41,584	2010	100%

** Pending renewal of expired certificate for construction site planning (Refer to disclosure below)*
*** Master plans are in progress*

Land in Fuzhou Jin'an District, Fuzhou, Fujian Province, China

Included in the development properties was a carrying amount of $15,053,000 (2013: $14,904,000) relating to a land parcel acquired in 2009 in Fuzhou, China with an expired certificate for the construction site planning. The Group has applied to the relevant authorities for its renewal in 2013. At as 31 December 2014, no impairment on the value of the land was deemed necessary as the recoverable amount, based on value-in-use or the forecasted sale price of the development site, is in excess of its cost.

9 Property, plant and equipment

	Note	Building on freehold land	Leasehold land, buildings and improvements	Plant and equipment	Motor vehicles	Total
		$'000	$'000	$'000	$'000	$'000
Group						
Cost or valuation						
At 1 January 2014		**498**	**10,733**	**7,987**	**869**	**20,087**
Exchange differences on consolidation		**(17,945)**	**56**	**(2,658)**	**(4)**	**(20,551)**
Acquisition of subsidiary	29	**383,617**	**-**	**30,423**	**-**	**414,040**
Additions		**-**	**6**	**606**	**219**	**831**
Disposals		**-**	**(5,264)**	**(32)**	**-**	**(5,296)**
Write-offs		**-**	**(245)**	**(809)**	**-**	**(1,054)**
Reclassification in between		**-**	**(333)**	**141**	**192**	**-**
At 31 December 2014		**366,170**	**4,953**	**35,658**	**1,276**	**408,057**
At 1 January 2013		498	12,244	7,972	965	21,679
Exchange differences on consolidation		-	642	(80)	3	565
Additions		-	170	482	27	679
Disposals		-	(1,235)	(338)	(126)	(1,699)
Write-offs		-	(59)	(49)	-	(108)
Revaluation		-	5,630	-	-	5,630
Transfer to investment property	10	-	(6,659)	-	-	(6,659)
At 31 December 2013		498	10,733	7,987	869	20,087
Comprising						
At 31 December 2014						
At cost		**-**	**4,953**	**35,658**	**1,276**	**41,887**
At valuation		**366,170**	**-**	**-**	**-**	**366,170**
		366,170	**4,953**	**35,658**	**1,276**	**408,057**
At 31 December 2013						
At cost		498	10,733	7,984	869	20,084
At valuation		-	-	3	-	3
		498	10,733	7,987	869	20,087

9 Property, plant and equipment (cont'd)

	Note	Building on freehold land	Leasehold land, buildings and improvements	Plant and equipment	Motor vehicles	Total
		$'000	$'000	$'000	$'000	$'000
Accumulated depreciation						
At 1 January 2014		**-**	**1,414**	**6,320**	**570**	**8,304**
Exchange differences on consolidation		**-**	**52**	**(1,290)**	**(4)**	**(1,242)**
Depreciation	25	**298**	**20**	**643**	**117**	**1,078**
Disposals		**-**	**(2)**	**(29)**	**-**	**(31)**
Write-offs		**-**	**(245)**	**(791)**	**-**	**(1,036)**
Reclassification in between		**-**	**(333)**	**123**	**210**	**-**
At 31 December 2014		**298**	**906**	**4,976**	**893**	**7,073**
At 1 January 2013		-	2,387	6,251	603	9,241
Exchange differences on consolidation		-	103	(59)	(6)	38
Depreciation	25	-	101	511	87	699
Disposals		-	(884)	(334)	(114)	(1,332)
Write-offs		-	(57)	(49)	-	(106)
Transfer to investment property	10	-	(236)	-	-	(236)
At 31 December 2013		-	1,414	6,320	570	8,304
Accumulated impairment						
At 1 January 2014		**-**	**8,279**	**-**	**-**	**8,279**
Exchange differences on consolidation		**-**	**81**	**-**	**-**	**81**
Disposals		**-**	**(5,262)**	**-**	**-**	**(5,262)**
At 31 December 2014		**-**	**3,098**	**-**	**-**	**3,098**
At 1 January 2013		-	7,787	-	-	7,787
Exchange differences on consolidation		-	492	-	-	492
At 31 December 2013		-	8,279	-	-	8,279
Carrying amount						
At 31 December 2014		**365,872**	**949**	**30,682**	**383**	**397,886**
At 31 December 2013		498	1,040	1,667	299	3,504

Included in the freehold land, buildings and improvements is freehold land with carrying amount of $197,463,000 which is not subject to depreciation.

The Group reviews the carrying amounts of its property, plant and equipment at the end of each reporting year to determine whether there is any indication that those assets have suffered impairment loss. No impairment loss was recognised in 2014 and 2013 as a result of such assessment.

Transfer to investment property

In 2013, a leasehold building in Shanghai with carrying amount of $793,000 was transferred to investment property due to change in use. The transfer was made at a fair value of $6,423,000 [note 10]. The resultant revaluation increase of $5,630,000 and the related deferred tax liabilities of $1,407,000 were recognised in other comprehensive income [note 28].

Details of collateral

As at 31 December 2014, property, plant and equipment amounting to $394,414,000 (2013: $Nil) included in the above balances were mortgaged to banks as security for borrowings. Information relating to the Group's loans and borrowings is disclosed in note 13 to the financial statements.

Fair value measurement of hotel properties held under GHG (note 29)

The Group's hotel properties held under GHG (including freehold land and buildings) are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulative depreciation and subsequent accumulative impairment loss. The fair value measurement is based on valuation carried out by independent valuers, who have appropriate qualification and recent experience in the fair value measurement of the properties in the relevant locations.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at end of 31 December 2014, the fair value measurement of the Group's hotel properties is classified within Level 3 of the fair value hierarchy.

There were no transfers between different levels during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2014 are as follows:

Name of property	Valuation Methodology	Significant unobservable inputs (Level 3)	Range
Grand Hyatt Melbourne, 121-131 Collins Street Melbourne, Victoria	Direct Comparison Method	Per hotel room(1)	$515,500 - $537,000
	Capitalisation Approach	Capitalisation rate(2)	7.0%
	Discounted Cash Flow Approach	Discount rate(2) Terminal yield(2) rate	9.75% - 10.75% 6.75% - 7.75%
Hyatt Regency Perth 87-123 Adelaide Terrace East Perth Western Australia	Direct Comparison Method	Per hotel room(1)	$268,500 - $295,300
	Capitalisation Approach	Capitalisation rate(2)	8.5%
	Discounted Cash Flow Approach	Discount rate(2) Terminal yield rate(2)	10.50% - 11.50% 7.50% - 8.50%

(1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.
(2) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement

List of hotel properties

The carrying amount of the hotel properties held by GHG as at 31 December 2014 included in Property, plant and equipment are set out below. The non-hotel properties are accounted for under investment properties [note 10].

Name of Property	Description	Tenure	Land area (sq. m)	Group's effective equity interest	2014 $'000
Grand Hyatt Melbourne Australia *	Located at the "Paris end" of Collins Street and its intersection with Russell Street. The Property is of 34 levels featuring one of Melbourne's largest 5-star hotels, complete with retail/commercial space. The carrying value of the retail/commercial space has been disclosed as investment property (note 10).	Freehold	5,776	100%	**289,182**
Hyatt Regency Perth Australia *	By Swan River and within walking distance from the central business district. The Property is an integrated 5-star hotel, office, retail and parking complex. The hotel is built over 9 levels. The carrying value of the office, retail and parking complex has been disclosed as investment property (note 10).	Freehold	25,826	100%	**102,890**
					392,072

* Acquired as a business combination in 2014 (note 29).

10 Investment properties

	Note	Completed investment properties	Investment properties under redevelopment	Total
		$'000	$'000	$'000
<u>**Group**</u>				
At 1 January 2014		**479,773**	**344,352**	**824,125**
Exchange differences on consolidation		**(11,786)**	**-**	**(11,786)**
Acquisition of subsidiary	29	**253,329**	**-**	**253,329**
Development costs		**1,460**	**12,540**	**14,000**
Net gain from fair value adjustments	24	**3,144**	**120**	**3,264**
At 31 December 2014		**725,920**	**357,012**	**1,082,932**
At 1 January 2013		117,410	319,015	436,425
Acquisition of subsidiary	29	350,000	-	350,000
Transfer	9	6,423	-	6,423
Development costs		-	13,896	13,896
Net gain from fair value adjustments	24	5,940	11,441	17,381
At 31 December 2013		479,773	344,352	824,125
<u>**Company**</u>				
At 31 December 2014		**498**	**-**	**498**
At 31 December 2013		498	-	498

	Group	
	2014	2013
	$'000	$'000
Represented by:		
Completed investment properties in Singapore	**477,950**	473,350
Investment properties under development in Singapore	**357,012**	344,352
Completed investment properties in Australia	**241,483**	-
Completed investment properties in China	**6,487**	6,423
	1,082,932	824,125

<u>*Fair value adjustment*</u>

The Group's investment properties are stated at estimated fair value as at 31 December 2014, based on valuation carried out by independent professional valuers, who have the appropriate qualification and experience in the location and category of the properties being valued. Based on these valuations, fair value gain amounted to $3,264,000 (2013: $17,381,000) was recognised in profit or loss in accordance with *FRS 40* [note 24].

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at 31 December 2014, the fair value measurement of the Group's investment properties is classified within Level 3 of the fair value hierarchy.

There were no transfers between different levels during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2014 are as follows:

Name of property	Valuation Methodology	Significant unobservable inputs (Level 3)	Range
Singapore			
Robinson Point 39 Robinson Road Singapore	Direct Comparison Method	Price per square metre of net lettable area(1)	$23,400 – $30,500
	Investment Method	Net income margin*(1) Capitalisation rate(2)	75% – 84% 3.0% –3.75%
The Oxley 9 Oxley Rise #01-00, #02-00, #03-00 Singapore	Direct Comparison Method	Price per square metre of strata floor area(1)	$21,300 – $32,300
Century Warehouse 31 strata units (out of a total of 35 units) of the building 100E Pasir Panjang Road Singapore	Direct Comparison Method	Price per square metre of strata floor area(1)	$6,800 – $10,500
L&Y Building #01-03, #01-04, #05-01 59 Jalan Pemimpin Singapore	Direct Comparison Method	Price per square metre of strata floor area(1)	$6,400 – $6,700 $6,700 – $11,000 (ground floor)
Far East Finance Building #11-01/02 14 Robinson Road Singapore	Direct Comparison Method	Price per square metre of strata floor area(1)	$25,300 – $35,300
Robinson Tower redevelopment site	Residual Land Value Method	Gross development value per square metre(1) Developer profit(2)	Office: $23,400 – $35,300 Retail: $64,700 – $68,900 10%
		Land sale per square metre per plot ratio(1)	$9,600 – $12,000
		Construction cost per square metre of gross floor area(2)	$5,800
		Total development cost (exclude land cost) per square metre of gross floor area(2) #	$8,700
		Remaining construction period(2)	2.5 years
Australia			
Fortescue Centre & Carpark (being part of the Hyatt Regency complex) 23 Plain Street, East Perth Australia	Direct Comparison Method	Price per square metre of net lettable area(1)	$5,500 – $7,700
	Capitalisation Method	Capitalisation rate(2)	8.5% - 9.5%
	Discounted Cash Flow Method	Discount rate(2) Terminal yield rate(2)	9.0% – 9.5% 9.0% – 9.5%
Commercial Centre & Carpark within the Grand Hyatt complex 123 Collins Street, Melbourne Australia	Direct Comparison Method	Price per bay(1)	Carpark: $26,600 – $105,700
	Capitalisation Method	Capitalisation rate(2)	Retail: 5.75% – 6.75%
	Discounted Cash Flow Method	Discount rate(2)	Retail: 8.00% – 8.50% Carpark: 8.25% – 8.75%
		Terminal yield rate(2)	Retail: 6.25% – 6.75% Carpark: 7.25% – 7.75%
China			
No.2950 ChunShen Road Shanghai, China	Direct Comparison Method	Price per square metre of gross floor area(1)	$1,800–$4,700

There were no transfers between different levels in 2013. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2013 were as follows:

Name of property	Valuation Methodology	Significant unobservable inputs (Level 3)	Range
Singapore			
Robinson Point 39 Robinson Road Singapore	Direct Comparison Method	Price per square metre of net lettable area(1)	\$21,800 – \$34,600
	Investment Method	Net income margin*(1)	72% - 84%
		Capitalisation rate(2)	3.0%-3.75%
The Oxley 9 Oxley Rise #01-00, #02-00, #03-00 Singapore	Direct Comparison Method	Price per square metre of strata floor area(1)	\$23,000 – \$30,900
	Investment Method	Net income margin*(1)	86% – 90%
		Capitalisation rate(2)	3% - 3.25%
Century Warehouse 31 strata units (out of a total of 35 units) of the building 100E Pasir Panjang Road Singapore	Direct Comparison Method	Price per square metre of strata floor area(1)	\$7,200 – \$10,100
L&Y Building #01-03, #01-04, #05-01 59 Jalan Pemimpin Singapore	Direct Comparison Method	Price per square metre of strata floor area(1)	\$5,800 – \$6,500 \$12,200 (ground floor)
Far East Finance Building #11-01/02 14 Robinson Road Singapore	Direct Comparison Method	Price per square metre of strata floor area(1)	\$21,900 – \$23,300
Robinson Tower redevelopment site	Residual Land Value Method	Gross development value per square metre(1)	Office: \$23,700 - \$42,500 Retail: \$53,800 - \$66,700
		Developer profit(2)	10%
		Land sale per square metre per plot ratio(1)	\$9,600 - \$12,000
		Construction cost per square metre of gross floor area(2)	\$5,800
		Total development cost (exclude land cost) per square metre of gross floor area(2) #	\$9,000
		Construction period(2)	Approximately 3 years
China			
No.2950 Chun Shen Road, Shanghai China	Direct Comparison Method	Price per square metre of gross floor area(1)	\$1,800-\$4,700

Note;

* Net income margin = net property income/annual gross rental income

\# Total development cost includes construction cost, professional fees, interest cost, land holding cost and other development related cost

(1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement

Generally, a change in the assumption made for the estimated net income margin (per square metre per annum) is accompanied by a similar change in the income growth per annum and capitalisation rate.

Operating lease disclosure

Rental income from the Group's investment properties which were all leased under operating leases amounted to $17,102,000 (2013: $8,817,000) [note 21]. Direct operating expenses (including repairs and maintenance) related to these investment properties amounted to $4,279,000 (2013: $2,106,000). Information on operating lease commitments is disclosed in note 31 to the financial statements.

Details of collateral

As at 31 December 2014, investment properties amounting to $1,076,445,000 (2013: $817,702,000) included in the above balances were mortgaged to banks as security for borrowings. Information relating to the Group’s loans and borrowings is disclosed in note 13 to the financial statements.

List of completed investment properties

The carrying amounts of completed investment properties held by the Group as at 31 December 2014 are as follows:

Name of property	Description	Tenure	Strata floor area (sq. m)	Group’s effective equity interest	2014 $’000	2013 $’000
Singapore						
Robinson Point* 39 Robinson Road Singapore	A 21-storey commercial building with 3-levels of car park	Freehold	15,724^	100%	**351,500**	350,000
The Oxley 9 Oxley Rise #01-00, #02-00, #03-00 Singapore	3 floors of commercial space within a 10-storey building including residential units	Freehold	2,770	100%	**63,300**	63,300
Century Warehouse 100E Pasir Panjang Road Singapore	31 out of a total of 35 strata units of a 8-storey industrial building	Freehold	4,690	100%	**40,400**	38,000
L&Y Building #01-03, #01-04, #05-01 59 Jalan Pemimpin Singapore	3 out of a total of 24 strata units of a 5-storey industrial building	999 years from 1885	2,285	100%	**13,450**	13,450
Far East Finance Building #11-01/02 14 Robinson Road Singapore	1 strata unit (floor) within a 13- storey commercial building and a basement	999 years from 1884	402	100%	**9,300**	8,600
Australia						
Fortescue Centre & Carpark (being part of the Hyatt Regency complex)* 23 Plain Street, East Perth Australia	A 3 level commercial buildings and plaza level shops and suites with 2-levels of basement car park	Freehold	23,415	100%	**125,657**	-

Name of property	Description	Tenure	Strata floor area (sq. m)	Group's effective equity interest	2014 $'000	2013 $'000
Australia						
Commercial Centre & Carpark within the Grand Hyatt complex* 123 Collins Street, Melbourne Australia	4 Collins St retail shops consisting of 2 floors each, a bar & function room. A further 7 retail areas in and around Russell St. With 4-levels of basement car park	Freehold	3,024	100%	**115,826**	-
China						
No.2950 ChunShen Road Shanghai China	A 3-storey commercial building	58 years from 2008	2,170	100%	**6,487**	6,423
					725,920	479,773

* Acquired as business combination [note29]
^ Gross floor area

List of investment property under redevelopment

The carrying amount of investment property under redevelopment as at 31 December 2014 is as follows:

Name of property	Description	Tenure	Planned gross floor area (sq. m)	Group's effective equity interest	2014 $'000	2013 $'000
Singapore						
Robinson Tower redevelopment site	Proposed 28-storey commercial building comprising office tower, retail podium, sky terrace and an underground mechanised carpark	999-years from 1884 &1885 (Lots 167X, 616W, 691X, 99280A, 99287W and 99289P) 99-years from 2013 (Lots 485M, 488P)	24,086	100%	**357,012**	344,352

The Group is redeveloping the previous Robinson Towers, its annex and the immediately adjacent International Factors Building as a single commercial development as indicated above.

Finance costs of $2,932,000 (2013: $2,599,000) was capitalised during the year at effective interest rate of 1.9% per annum (2013: 1.9% per annum) [note 23].

11 Investments in subsidiaries

	Company 2014 $'000	Company 2013 $'000
Quoted shares, at cost	**115,976**	115,976
Unquoted shares, at cost	**548,917**	548,917
Deemed investment arising from financial guarantees provided to banks on behalf of subsidiaries	**46,176**	45,014
	711,069	709,907
Less: Allowance for impairment loss	**(136,767)**	(125,527)
	574,302	584,380
Fair value of investment in a subsidiary for which there were published price quotations	**28,146**	33,775

Details of the Company's significant subsidiaries are disclosed in note 34 to the financial statements.

Financial guarantees

The Company provided guarantees to banks for credit facilities obtained by certain of its subsidiaries and recorded a deemed financial guarantee fee income in accordance with FRS 39 Financial Instruments: Recognition and Measurement. The deemed income is amortised over the period of the guarantees. The unamortised financial guarantee fee of $13,492,000 (2013: $20,538,000) is disclosed under the Company's non-trade payables in note 14 to the financial statements. The guarantee fee was not charged by the Company to the subsidiaries. The full amount of the guarantee fee is deemed to be additional investment in subsidiaries.

Movements in allowance for impairment

	Company 2014 $'000	Company 2013 $'000
Allowance for impairment loss		
At 1 January	**(125,527)**	(121,416)
Allowance for impairment loss	**(16,518)**	(20,147)
Reversal of impairment	**5,278**	9,916
	(11,240)	(10,231)
Liquidation of subsidiaries	**-**	6,120
At 31 December	**(136,767)**	(125,527)

During the year, impairment loss amounting to $16,518,000 (2013: $20,147,000) was made in respect of the Company's investment in certain subsidiaries to reduce the carrying value of investment to the recoverable amounts. This includes an impairment loss of $9,400,000 (2013: $Nil) was made for a subsidiary in respect of management's intention to liquidate the subsidiary within the next twelve months. In addition, there was a reversal of impairment amounting to $5,278,000 (2013: $9,916,000) in relation to certain subsidiaries due to increase in their recoverable amounts. The above assessment is after taking into account the current financial position of the subsidiaries.

Wholly-owned subsidiaries

Information about the composition of wholly-owned subsidiaries of the Group as at 31 December 2014 is as follows:

Principal activity	Country of incorporation and Operation	Number of wholly-owned subsidiaries	
		2014	**2013**
Development of properties for sale, property investment and provision of property management services.	Singapore and China	**27**	27
Investment in hotels in Australia through Grand Hotel Grand ("GHG")	Australia	**4**	2
Investments in GulTech, a printed circuit boards manufacturer with operations in Singapore and China, and Pan-West, a retailer of golf-related products.	Singapore and Malaysia	**5**	5
		36	34

Non-wholly owned subsidiaries

Information about the composition of non-wholly owned subsidiaries of the Group as at 31 December 2014 is as follows:

Principal activity	Country of incorporation and Operation	Number of non-wholly owned subsidiaries	
		2014	**2013**
Trading and marketing of selected industrial commodities, distribution of tyres and retreading of tyres	Singapore	**1**	1
Property development	Singapore	**1**	1
Manufacture and sale of polypropylene woven bags	Malaysia	**1**	1
		3	3

Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group are disclosed below:

Name of subsidiary	Country of incorporation and principal place of business	Effective equity interest & voting power held by non-controlling interests		Profit /(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	**2013**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**
SP Corporation Limited and subsidiaries	Singapore	19.8%	19.8%	**422**	476	**9,425**	8,811
Individually immaterial subsidiaries with non-controlling interests				**(5)**	578	**704**	713
				417	1,054	**10,129**	9,524

The summarised financial information of SP Corporation Limited and subsidiaries on a 100% basis is set out below:

	2014 $'000	**2013 $'000**
Current assets	**68,446**	70,849
Non-current assets	**305**	436
Current liabilities	**(21,127)**	(26,752)
Non-current liabilities	**(26)**	(35)
Equity attributable to owners	**47,598**	44,498
Revenue for the year	**131,913**	152,591
Net profit for the year	**2,131**	2,403

12 Investments in equity accounted investees

	Group 2014 $'000	Group 2013 $'000
Unquoted shares, at cost	**72,240**	178,216
Exchange differences on consolidation	**771**	92
Share of post-acquisition results and reserves, net of distributions received	**(10,030)**	29,851
	62,981	208,159

Equity accounted investees

On 2 December 2014, the Group ceased equity accounting for but fully consolidated the results of Grand Hotel Group ("GHG") following its acquisition of GHG's remaining 50% interest (note 29).

The Group equity accounted for Gul Technologies Singapore Pte Ltd ("GulTech") and Pan-West (Private) Limited. The Group's interest in GulTech increased from 43.3% to 44.5% during the year following GulTech's selective capital reduction as approved by its members and the High Court of Singapore pursuant to Section 78G of the Companies Act (Cap. 50). The Group's interest in Pan-West remained at 49% (2013: 49%). Details of the Group's significant associates as at 31 December 2014 are disclosed in note 35 to the financial statements.

The Group's share of net assets and total comprehensive income of equity accounted investees are set out below:

	Note	Group 2014 $'000	Group 2013 $'000
Share of net assets			
At 1 January		**208,159**	210,298
Exchange differences on consolidation		**3,073**	(17,833)
Change in interest in a joint venture	29	**(167,297)**	-
Share of total comprehensive income (refer to below)		**27,852**	20,421
Adjustment arising from selective capital reduction of an associate		**(136)**	-
Distributions		**(8,670)**	(4,727)
At 31 December		**62,981**	208,159
Share of total comprehensive income			
Share of results before fair value adjustments		**19,985**	14,757
Share of fair value gain on investment properties	24	**3,076**	9,010
Share of fair value gain on financial instruments	24	**129**	264
		3,205	9,274
Share of net profit		**23,190**	24,031
Share of asset revaluation reserve	28	**2,173**	(6,000)
Share of cash flow hedging account	28	**2,489**	2,390
Share of other comprehensive income/(loss)		**4,662**	(3,610)
Share of total comprehensive income for the year		**27,852**	20,421

Details of asset revaluation reserve and cash flow hedging reserve are disclosed in note 19 to the financial statements. Share of capital commitments of equity accounted investees are disclosed in note 31 to the financial statements.

GulTech

The summarised financial information of GulTech on a 100% basis is set out below:

	2014 $'000	2013 $'000
Current assets	**246,227**	228,275
Non-current assets	**218,614**	138,571
Current liabilities	**(160,708)**	(122,921)
Non-current liabilities	**(39,881)**	(6,506)
Non-controlling interests	**(109,497)**	(111,971)
Equity attributable to owners	**154,755**	125,448
Revenue for the year	**347,354**	328,019
Net profit for the year	**26,087**	31,267

Pan-West

In 2013, the Group recognised its share of further losses in Pan-West of $5,853,000 being the Group's share of corporate guarantees given to certain banks in exchange for bank balances drawn by Pan-West and its subsidiary. The unrecognised accumulated losses at the end of the reporting period was $2,687,000 (2013: $679,000).

13 Loans and borrowings

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Short-term borrowings				
Bank loans	**195,347**	150,050	**-**	-
Finance leases	**-**	2	**-**	-
	195,347	150,052	**-**	-
Long-term borrowings				
Bank loans	**1,070,250**	767,604	**-**	-
Notes issued under MTN Programme	**79,275**	-	**79,275**	-
	1,149,525	767,604	**79,275**	-
Total borrowings	**1,344,872**	917,656	**79,275**	-
Represented by:				
Interest-bearing liabilities	**1,348,039**	919,720	**80,000**	-
Capitalised finance costs	**(3,167)**	(2,064)	**(725)**	-
	1,344,872	917,656	**79,275**	-

Security profile

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Secured borrowings				
Current	**195,347**	150,052	**-**	-
Non-current	**1,070,250**	767,604	**-**	-
	1,265,597	917,656	**-**	-
Unsecured borrowings				
Non-current	**79,275**	-	**79,275**	-
				-
Total borrowings	**1,344,872**	917,656	**79,275**	-

Multicurrency Medium Term Note Programme

The Company has in place a S$900 million Multicurrency Medium Term Note Programme ("MTN Programme") under which it can issue notes in series or tranches and may be denominated in Singapore dollars or other currency deemed appropriate at the time.

On 14 October 2014, the Company issued S$80 million of fixed rate notes (the "Notes"). The Notes are unsecured, bear a fixed interest rate of 4.50% per annum payable semi-annually in arrear. The Notes will mature on 14 October 2019.

Details of collateral

Loans and borrowings from banks were secured over the Group's cash and bank balances [note 5], trade and other receivables [note 6], inventories [note 7], development properties [note 8], property, plant and equipment [note 9], investment properties [note 10] and covered by corporate guarantees [note 32].

Interest rate profile

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Loans and borrowings				
Fixed rate - Finance lease	**-**	2	**-**	-
Fixed rate	**79,275**	-	**79,275**	-
Variable rate	**1,265,597**	917,654	**-**	-
Total borrowings	**1,344,872**	917,656	**79,275**	-

The Group's exposure to fair value interest rate risk is disclosed in note 33(b) to the financial statements as at 31 December 2013.

Fair value

The fair value of the current portion of the Group's loans and borrowings approximate their carrying amounts at the end of the reporting period because they are short term in nature. The fair value of the non-current portion of the Group's loans and borrowings approximate their carrying amounts at the end of the reporting period as their interest rates approximate current market interest rates on or near the end of the reporting period. Further details regarding foreign currency denomination and maturity dates, contractual and effective interest rates are disclosed in Note 33(a) and 33(d) respectively to the financial statements.

14 Trade and other payables

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Trade					
Trade payables		**37,776**	38,953	**228**	281
Amounts due to related parties	16	**5,485**	6,902	**-**	-
		43,261	45,855	**228**	281
Non-trade					
Other creditors		**23,003**	4,655	**277**	264
Other provisions		**5,572**	325	**-**	-
Advanced billings		**4,676**	2,743	**-**	-
Accrued operating expenses		**27,777**	25,266	**907**	844
Accrued interest expenses		**2,499**	487	**779**	-
Financial guarantees	11	**-**	-	**13,492**	20,538
Amounts due to related parties	16	**346**	344	**10**	7
		63,873	33,820	**15,465**	21,653
		107,134	79,675	**15,693**	21,934

The Group is granted various credit terms on its purchases from its large number of suppliers who are geographically dispersed. Trade payables are generally on 7 to 120 days (2013: 14 to 90 days) credit term. The Group manages liquidity risk of trade payables primarily by maintaining sufficient cash and credit facilities [note 33].

The carrying amount of trade and other payables approximate their fair values at the end of the reporting periods. Further details regarding the contractual and effective interest rates, maturity dates and foreign currency denomination are disclosed in note 33 to the financial statements.

15 Amounts due from/(to) subsidiaries

	Company 2014 $'000	Company 2013 $'000
Amounts due from subsidiaries:		
- non-trade	**386,963**	300,345
Less: Allowance for impairment	**(20,650)**	(11)
	366,313	300,334
Amounts due to subsidiaries:		
- non-trade	**(322,278)**	(320,734)

Allowance for impairment

An analysis of allowance for impairment is as follows:

	Company 2014 $'000	Company 2013 $'000
Allowance for impairment		
At 1 January	**(11)**	(79,914)
Allowance made	**(20,642)**	-
Write back of allowance	**3**	79,903
	(20,639)	79,903
At 31 December	**(20,650)**	(11)

The non-trade amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand. During the year, allowance for impairment of $20,642,000 (2013: $Nil) and a reversal of allowance for impairment loss of $3,000 (2013: $79,903,000) was made for amount due from subsidiaries. The above assessment is after taking into account the current financial position of the subsidiaries. The allowance for impairment of $20,642,000 was made for a subsidiary due to decrease in net asset value of underlying interest at the reporting date.

16 Amounts due from/(to) related parties

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Amounts due from:					
Associates					
Associates, non-trade		**-**	9	**-**	-
Other related parties					
Other related parties, trade		**4,001**	1,013	**-**	-
Other related parties, non-trade		**384**	821	**-**	-
Refundable deposits with other related parties		**7,939**	7,575	**-**	-
		12,324	9,409	**-**	-
Total		**12,324**	9,418	**-**	-
Presented as:					
Amounts due from related parties, trade	6	**4,001**	1,013	**-**	-
Amounts due from related parties, non-trade	6	**8,323**	8,405	**-**	-
		12,324	9,418	**-**	-
Amounts due to:					
Associates					
Associates, trade		**(3)**	(3)	**-**	-
Associates, non-trade		**(10)**	(7)	**(10)**	(7)
		(13)	(10)	**(10)**	(7)
Other related parties					
Other related parties, trade		**(5,482)**	(6,899)	**-**	-
Other related parties, non-trade		**(336)**	(337)	**-**	-
		(5,818)	(7,236)	**-**	-
Total		**(5,831)**	(7,246)	**(10)**	(7)
Presented as:					
Amounts due to related parties, trade	14	**(5,485)**	(6,902)	**-**	-
Amounts due to related parties, non-trade	14	**(346)**	(344)	**(10)**	(7)
		(5,831)	(7,246)	**(10)**	(7)

The Company's major shareholder is Nuri Holdings (S) Pte Ltd ("Nuri"), incorporated in Singapore. Related companies are the companies in which the shareholders of Nuri and their family members have a controlling interest in. Related parties include subsidiaries, associates, joint ventures, related companies, Nuri and directors of the Company and their associates.

Included in amounts due to other related parties, trade and non-trade, are mainly balances with related companies. Further details regarding transactions with related parties are disclosed in note 30 to the financial statements.

Amounts due from associates

The trade and non-trade amounts due from associates are unsecured, interest-free and repayable within normal trade terms.

Amounts due from/(to) other related parties

Included in the non-trade amounts due from related parties is a refundable deposit of US$6,000,000 or equivalent to $7,939,000 (2013: $7,575,000) placed by SP Corp, a listed subsidiary of the Group to secure coal supply allocation with a coal mine which is a related company as defined above.

The deposit is subject to yearly renewal by mutual agreement between the two parties. It is secured by a corporate guarantee issued by the holding company of the related company and bears an effective interest of 4.58% (2013: 4.67%) per annum. The deposit has been assessed as having been placed with a counterparty that is creditworthy and accordingly no allowance for potential non-recovery of this deposit is required.

The remaining trade and non-trade amounts due from/(to) other related parties were unsecured, interest-free, and repayable within normal trade terms.

17 Deferred tax assets and liabilities

Deferred tax at the end of the reporting period consists of the following:

	Group	
	2014	**2013**
	$'000	**$'000**
Deferred tax assets and liabilities arising from		
Accelerated tax depreciation compared to accounting depreciation	**395**	463
Profit recognised on percentage of completion of development properties for sale	**7,619**	1,613
Fair value changes of property, plant and equipment	**1,421**	1,407
Foreign income not remitted and which will be subject to tax if remitted in the future	**23,430**	22,444
Unutilised tax losses	**(348)**	(2,331)
Others	**(1,680)**	(105)
	30,837	23,491
Represented by:		
Deferred tax assets	**(4,179)**	-
Deferred tax liabilities	**35,016**	23,491
	30,837	23,491

Deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior reporting periods are as following:

	Note	Accelerated tax depreciation	Deferred development costs	Revaluation of property, plant and equipment	Foreign income not remitted	Unutilised tax losses	Others	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 1 January 2014		**463**	**1,613**	**1,407**	**22,444**	**(2,331)**	**(105)**	**23,491**
Exchange differences on consolidation		**(6)**	**-**	**14**	**(1,201)**	**(5)**	**(50)**	**(1,248)**
Acquisition of subsidiary	29	**-**	**-**	**-**	**-**	**-**	**(2,091)#**	**(2,091)**
Charged to profit or loss	26	**(62)**	**6,006**	**-**	**1,595**	**1,988**	**566**	**10,093**
Charged to other comprehensive income	28	**-**	**-**	**-**	**592**	**-**	**-**	**592**
At 31 December 2014		**395**	**7,619**	**1,421**	**23,430**	**(348)**	**(1,680)**	**30,837**
At 1 January 2013		516	-	-	22,634	(4,046)	(105)	18,999
Exchange differences on consolidation		(59)	-	-	(2,905)	577	-	(2,387)
Charged to profit or loss	26	6	1,613	-	3,485	1,138	-	6,242
Charged/(credited) to other comprehensive income	28	-	-	1,407	(770)	-	-	637
At 31 December 2013		463	1,613	1,407	22,444	(2,331)	(105)	23,491

Acquired as a business combination in 2014 (note 29). Amount relates to deferred tax assets arising from employee benefits.

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

Deferred tax liabilities relating to equity interest in GHG

Deferred tax liabilities included an amount of $25,576,000 (2013: $20,113,000) on account of a provision made by the Group to recognise the taxable gains on the excess of the fair value of net assets of GHG over the tax cost base of the securities in GHG.

Deferred tax liabilities not recognised

At the end of the reporting year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was $236,000 (2013: $223,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

Deferred tax benefits not recognised

At the end of the reporting year, the Group had, subject to the agreement by the tax authorities, unutilised tax losses of $47,824,000 (2013: $51,290,000) which were available for carry forward and set-off against future taxable income. A deferred tax asset had been recognised on tax losses of $12,663,000 (2013: $7,770,000), whereas no deferred tax asset had been recognised in respect of the remaining tax losses of $35,161,000 (2013: $43,520,000) due to the unpredictability of the relevant future profit streams.

At the end of the reporting year, the Group had, subject to the agreement by the tax authorities, capital allowances of $2,196,000 (2013: $1,831,000) which were available for carry forward and set-off against future taxable income. Future tax benefits arising from these unutilised capital allowances had not been recognised in the financial statements as there was no reasonable certainty of their recovery in the future years.

18 Share capital

	Group and Company			
	2014	**2013**	**2014**	**2013**
	Number of ordinary shares ('000)		**$'000**	**$'000**
Issued and paid up:				
At 1 January	**1,172,740**	1,161,277	168,190	164,545
Shares issued under Scrip Dividend Scheme	**3,416**	11,463	1,070	3,645
At 31 December	**1,176,156**	1,172,740	169,260	168,190

The Company has a single class of ordinary shares. All issued shares carry one vote per share and are entitled to receive dividend as and when declared by the Company. The ordinary shares are fully paid and have no par value.

Issue of shares

During the year, the Company allotted and issued 3,416,310 (2013: 11,462,447) ordinary shares at an issue price of 31.3 cents (2013: 31.8 cents) per share to eligible shareholders who have validly elected to participate in the Tuan Sing Scrip Dividend Scheme in respect of the first and final ordinary dividend of 0.5 cent per share for the financial year ended 31 December 2013.

19 Reserves

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Asset revaluation reserve	**78,806**	76,909	**-**	-
Foreign currency translation account	**(18,592)**	(11,384)	**-**	-
Other capital reserves:				
- Non-distributable capital reserves	**111,052**	102,271	**101,264**	101,264
- Cash flow hedging account	**(717)**	(2,890)	**-**	-
Non-distributable capital reserves	**110,335**	99,381	**101,264**	101,264
Revenue reserve	**463,109**	416,585	**253,759**	273,221
	633,658	581,491	**355,023**	374,485

Revenue reserve

Revenue reserve is used to record the balance of amounts available for distributions as defined by regulatory requirements. This is distributable to shareholders as dividend.

Foreign currency translation account

Foreign currency translation account comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company; as well as from the translation of monetary items which form part of the Group's net investment in foreign operations at the end of the reporting period.

Asset revaluation reserve

Asset revaluation reserve comprises net cumulative surpluses arising from the revaluation of leasehold land, buildings and improvements held by the Group [note 9]. These properties are held for the purpose of production or supply or goods and services.

Non-distributable capital reserves

Non-distributable capital reserves comprise capital reduction reserve of the Company and share of enterprise expansion fund reserve of an associate, GulTech.

Cash flow hedging account

Cash flow hedging account represents the cumulative net change in fair value of the effective portion of the cash flow hedges.

20 Dividend

	Group and Company	
	2014	**2013**
	$'000	**$'000**
Tax-exempt one-tier first and final dividend paid in respect of the previous year		
Cash	**4,794**	2,161
Share	**1,070**	3,645
	5,864	5,806

The directors proposed a tax exempt one-tier first and final dividend of 0.5 cent per share (2013: 0.5 cent per share) amounting to $5,881,000 (2013: $5,864,000), subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company, to be paid in respect of the financial year ended 31 December 2014. The Tuan Sing Scrip Dividend Scheme will be applicable to this proposed dividend.

21 Revenue

		Group	
	Note	**2014**	**2013**
		$'000	**$'000**
Sale of products		**137,517**	159,126
Sale of development properties		**184,075**	128,613
Rental income of investment properties	10	**17,102**	8,817
Hotel operation and related income		**10,271**	-
Services rendered		**5,287**	5,337
Others		**513**	380
		354,765	302,273

Revenue represents the invoiced value of goods and services supplied. Intra-group revenue is eliminated on consolidation and is excluded from Group revenue. During the year, $177,546,000 (2013: $113,982,000) was recognised as revenue based on the percentage of completion method.

22 Finance income

	Group	
	2014	**2013**
	$'000	**$'000**
Interest income on bank deposits	**4,061**	4,359
Interest income from debtors	**319**	179
Interest income from related parties	**380**	480
	4,760	5,018

23 Finance costs

		Group	
	Note	**2014**	**2013**
		$'000	**$'000**
Interest expense on loans and borrowings		**16,598**	10,773
Amortisation of capitalised finance costs		**468**	275
		17,066	11,048
Less: Amounts capitalised			
- Development properties	8	**(4,948)**	(4,369)
- Investment properties	10	**(2,932)**	(2,599)
		(7,880)	(6,968)
		9,186	4,080

Borrowing costs capitalised as cost of properties under development relate to borrowings taken up to finance each specific project.

24 Fair value adjustments

	Note	Group 2014 $'000	Group 2013 $'000
Subsidiaries		**3,264**	17,950
Share of equity accounted investees	12	**3,205**	9,274
		6,469	27,224
Represented by:			
Fair value gain on investment properties		**6,340**	26,391
Fair value gain on financial instrument		**129**	833
		6,469	27,224

The fair value adjustment is analysed as follows:

	Note	Group Gross $'000	Group Deferred tax $'000	Group Net $'000
2014				
Fair value gain on investment properties				
Subsidiaries	10	**3,264**	**-**	**3,264**
Share of equity accounted investees	12	**3,076**	**(876)**	**2,200**
		6,340	**(876)**	**5,464**
Fair value gain on financial instruments				
Share of equity accounted investees	12	**129**	**(174)**	**(45)**
		6,469	**(1,050)**	**5,419**
2013				
Fair value gain/(loss) on investment properties				
Subsidiaries	10	17,381	-	17,381
Share of equity accounted investees	12	9,010	(2,550)	6,460
		26,391	(2,550)	23,841
Fair value gain/(loss) on financial instruments				
Subsidiaries		569	-	569
Share of equity accounted investees	12	264	(18)	246
		833	(18)	815
		27,224	(2,568)	24,656

25 Profit before tax

Other than disclosed elsewhere in these financial statements, profit before tax for the year has been arrived at after charging/(crediting) the following:

	Note	Group 2014 $'000	Group 2013 $'000
Disposal of assets			
Net loss/(gain) on disposal of property, plant and equipment		**3**	(1,767)
Plant and equipment written off		**18**	2
Foreign exchange (gain)/loss, net		**(372)**	1,957
Cost of inventories recognised as an expense		**132,727**	152,450
Auditors' remuneration			
Audit fees			
- Auditors of the Company		**318**	320
- Other auditors		**207**	74
Non-audit fees			
- Auditors of the Company		**49**	56
- Other auditors		**143**	21
Directors' remuneration			
Of the Company			
- Salaries and wages		**1,459**	1,392
Of the subsidiaries			
- Salaries and wages		**2,189**	2,336
- Defined contribution plans		**55**	79
		3,703	3,807
Employees benefit expenses (excluding directors' remuneration)			
- Salaries and wages		**12,273**	12,471
- Defined contribution plans		**808**	829
- Others		**15**	46
		13,096	13,346

26 Income tax expenses

	Note	Group 2014 $'000	Group 2013 $'000
Current income tax			
- Singapore		**1,285**	1,475
- Foreign		**279**	1,744
- Under provision in prior years		**2,695**	36
		4,259	3,255
Withholding tax expense		**35**	218
Deferred tax	17	**10,093**	6,242
		14,387	9,715

Singapore income tax is calculated at 17% (2013: 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The reconciliation between the tax expense reported and the product of accounting profit multiplied by the applicable tax rate is as follows:

	Group 2014 $'000	Group 2013 $'000
Profit before income tax	**75,973**	62,769
Income tax calculated at 17% (2013: 17%)	**12,915**	10,671
Adjustments:		
Share of results of equity-accounted investees	**(3,942)**	(4,085)
Interest in a joint venture	**-**	(94)
Expenses not deductible for tax purposes	**2,894**	1,626
Tax losses not recognised as deferred tax assets	**39**	284
Tax losses not available for set-off against future income	**13**	114
Different tax rates of subsidiaries operating in other jurisdictions	**8,040**	5,215
Income that is not subject to tax	**(3,030)**	(3,026)
Utilisation of tax losses and capital allowance previously unrecognised	**(4,949)**	(992)
Under provision in prior years	**2,695**	36
Withholding tax expense	**35**	218
Others	**(323)**	(252)
	14,387	9,715

27 Earnings per share

Analysis of the Group's profit from operations and fair value adjustments are as follows:

	Note	Group		
		Before fair value adjustments	Fair value adjustments	After fair value adjustments
		$'000	$'000	$'000
2014				
Profit before tax		**69,504**	**6,469**	**75,973**
Income tax expenses	26	**(13,337)**	**(1,050)**	**(14,387)**
Profit for the year		**56,167**	**5,419**	**61,586**
Less:				
Non-controlling interests		**(417)**	**-**	**(417)**
Profit attributable to owners of the Company		**55,750**	**5,419**	**61,169**
2013				
Profit before tax		35,545	27,224	62,769
Income tax expenses	26	(7,147)	(2,568)	(9,715)
Profit for the year		28,398	24,656	53,054
Less:				
Non-controlling interests		(1,054)	-	(1,054)
Profit attributable to owners of the Company		27,344	24,656	52,000

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	Group	
	2014 $'000	2013 $'000
Profit attributable to owners of the Company		
Before fair value adjustments	**55,750**	27,344
Fair value adjustments	**5,419**	24,656
After fair value adjustments	**61,169**	52,000
Basic and diluted earnings per share (cents)		
Excluding fair value adjustments	**4.7**	2.4
Including fair value adjustments	**5.2**	4.5
Weighted average number of ordinary shares (in '000 shares) for the purpose of computation of basic and diluted earnings per share	**1,174,518**	1,167,401

There is no dilutive ordinary share in 2014 and 2013.

28 Other comprehensive income

	Note	Group Before tax $'000	 Deferred tax $'000	 After tax $'000
<u>**2014**</u>				
Other comprehensive income				
<u>*Items that will not be reclassified subsequently to profit or loss*</u>				
Share of asset revaluation reserve of equity accounted investees	12	**2,173**	**(276)**	**1,897**
<u>*Items that will be reclassified subsequently to profit or loss*</u>				
Exchange differences on translation of foreign operations		**(7,020)**	**-**	**(7,020)**
Share of cash flow hedging reserve of equity accounted investees	12	**2,489**	**(316)**	**2,173**
		(2,358)	**(592)**	**(2,950)**
<u>**2013**</u>				
Other comprehensive income				
<u>*Items that will not be reclassified subsequently to profit or loss*</u>				
Revaluation of property	9	5,630	(1,407)	4,223
Share of asset revaluation reserve of equity accounted investees	12	(6,000)	1,280	(4,720)
		(370)	(127)	(497)
<u>*Items that will be reclassified subsequently to profit or loss*</u>				
Exchange differences on translation of foreign operations		(9,078)	-	(9,078)
Exchange differences realised on disposal		46	-	46
		(9,032)	-	(9,032)
Share of cash flow hedging reserve of equity accounted investees	12	2,390	(510)	1,880
		(6,642)	(510)	(7,152)
		(7,012)	(637)	(7,649)

29 Acquisition of subsidiary

Business Combination in 2014

On 2 December 2014, the Group acquired the remaining 50% interest in Grand Hotel Group ("GHG") through its wholly-owned subsidiary, Tuan Sing Real Estate Pty Limited for a cash consideration of A$125,752,000 (equivalent to S$140,373,000). The Group previously held a 50% interest in GHG and had equity-accounted for the investment. GHG owns two hotel properties in Australia, namely, Grand Hyatt Melbourne and Hyatt Regency Perth. With this acquisition, GHG has since become wholly owned by the Group.

GHG comprises Grand Hotel Trust and its controlled entities (collectively known as "GHT") and Grand Hotel Company Limited and its controlled entities (collectively known as "GHC"). The units in GHT are stapled to the shares in GHC.

An amount of $26,924,000 was recognised as negative goodwill (and included in other operating income in profit or loss), being the excess of the fair value of the net assets acquired over the purchase consideration.

Between 2 December 2014 to 31 December 2014, the acquired business contributed revenue of $12,023,000 and profit of $1,574,000 to the Group's results. Had the business combination taken place at the beginning of the year, the Group's revenue for the year would have increased by $145,436,000 and the Group's profit for the year would have increased by $11,833,000.

Business Combination in 2013

On 1 October 2013, the Group acquired 100% of the issued share capital of Robinson Point Limited which legally and beneficially holds 100% of the issued share capital of 39 Robinson Road Pte Ltd, for a consideration of $171,577,000.

Robinson Point Limited is a private company limited by shares incorporated in Mauritius. 39 Robinson Road Pte Ltd is a private company limited by shares incorporated in Singapore and is the registered, legal and beneficial owner of a building known as Robinson Point located within the Central Business District of Singapore.

An amount of $802,000 was recognised as negative goodwill (and included in other operating income in profit or loss) being the excess of the fair value of the net identifiable assets acquired over the purchase consideration.

Between 1 October and 31 December 2013, the acquired businesses contributed revenue of $3,196,000 and profit of $1,052,000. If the business combination had taken place at the beginning of 2013, the Group's revenue for that year would have increased by $12,785,000 and the Group's profit for that year would have increased by $2,711,000.

Fair value of identifiable assets acquired and liabilities assumed at the date of acquisition

	2014 $'000	2013 $'000
Current assets		
Cash and bank balances	**38,056**	709
Trade and other receivables	**13,941**	1,080
Inventories	**771**	-
Non-current assets		
Property, plant and equipment	**414,040**	-
Investment properties	**253,329**	350,000
Deferred tax assets	**2,206**	-
Current liabilities		
Trade and other payables	**(28,802)**	(3,993)
Income tax payable	**(173)**	-
Non-current liabilities		
Long term borrowings	**(358,259)**	(175,417)
Deferred tax liabilities	**(115)**	-
Other non-current liabilities	**(400)**	-
Total net identified assets at fair value	**334,594**	172,379
Fair value of amount previously equity accounted for as a joint venture	**(167,297)**	-
Consideration paid	**(140,373)**	(171,577)
Negative goodwill	**26,924**	802

Acquisition-related costs

Acquisition-related costs of $17,759,000 (2013: $403,000) had been excluded from the consideration paid and were recognised as “other operating expenses” in profit or loss. Stamp duty formed the bulk of the acquisition-related costs in 2014.

Net cash outflow on acquisition of subsidiary

	2014 $'000	2013 $'000
Consideration paid	**140,373**	171,577
Less: Cash and bank balances acquired	**(38,056)**	(709)
Net cash outflow on acquisition	**102,317**	170,868

30 Significant related party transactions

In addition to the related party transactions disclosed elsewhere in the financial statements, the Group has the following significant related party transactions with the major shareholders, associates and the Directors of the Company and their associates:

	Group 2014 $'000	Group 2013 $'000
Transactions with major shareholders		
Sale of products and services rendered	**9,847**	4,653
Sale of a development property	**783**	-
Rental income	**1,344**	1,310
Interest income	**351**	368
Purchase of products	**(46,058)**	(65,308)
Rental expense	**-**	(455)
Transactions with associates		
Management fee income	**180**	180
Rental income	**344**	301
Interest income	**28**	112
Purchase of products	**(100)**	(10)
Transactions with Directors of the Company and their associates		
Sale of development properties	**1,035**	216
Rental income	**-**	33

The Company's major shareholder is Nuri Holdings (S) Pte Ltd ("Nuri"), incorporated in Singapore. Related party transactions with major shareholder refer to transactions with the companies in which the shareholders of Nuri and their family members have a controlling interest in. The related party transactions are entered into in the normal course of business based on terms agreed between the parties.

At the end of the reporting year, the Group had commitments to lease certain commercial properties to Nuri, and associates of the Group. These non-cancellable operating leases had remaining lease terms of between 1 to 25 months (2013: 1 to 25 months). Future minimum lease receivables under these leases not recognised as receivables at the end of each reporting period were as follows:

Commitment with related parties

	Group 2014 $'000	Group 2013 $'000
Commitment with major shareholders		
Sale of development properties	**3,494**	2,932
Operating leases		
- Within one year	**998**	2,094
- After one year but not more than five years	**1,572**	739
- After five years	**3,212**	-
	5,782	2,833

Remuneration of directors and key management personnel

	Group	
	2014	**2013**
	$'000	**$'000**
Short-term benefits and fees	**3,648**	3,728
Post-employment benefits (defined contribution plan)	**55**	79
	3,703	3,807

31 Commitments

Capital commitments

	Group	
	2014	**2013**
	$'000	**$'000**
Development and investment properties expenditure contracted for but not provided in the financial statements	**165,804**	228,817
Capital expenditure contracted for but not provided in the financial statements	**1,676**	-
Share of commitments of equity-accounted investees		
- Capital expenditure contracted for but not provided in the financial statements	**1,890**	3,132

Operating lease commitments - where the Group is a lessor

The Group entered into commercial property leases on its investment property portfolio, consisting of commercial and industrial buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. As at the end of the reporting period, these non-cancellable leases had remaining lease terms of between one and three years (2013: one and three years).

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of each reporting period but not recognised as receivables were as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Within one year	**13,424**	15,594
After one year but not more than five years	**24,637**	10,593
After five years	**3,212**	437
	41,273	26,624

Operating lease commitments - where the Group is a lessee

The Group leases office premises, warehouse, and workshops under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. They are generally negotiated for a term of 1 to 2 years and rentals are generally fixed for the same periods. Payment recognised as an expense during the year was $503,000 (2013: $608,000).

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities were as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Within one year	**750**	752
After one year but not more than five years	**423**	1,435
	1,173	2,187

Derivative financial instrument

SP Corp, a listed subsidiary of the Group, utilised currency derivatives to hedge significant future transactions and cash flows. At the end of the reporting year, the total notional amount of outstanding forward foreign exchange contracts to which the Group was committed were as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Foreign currency forward contracts	**11,400**	11,400

In 2014 and 2013, the change in the fair value of non-hedging currency derivative was insignificant and hence its amount was not charged to profit or loss.

32 Contingent liabilities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Guarantees given to banks in respect of bank facilities utilised by subsidiaries	**-**	**-**	**837,879**	869,718

In 2013, the Group recognised an amount of cumulative losses of its associate, Pan-West, equivalent to the Group's share of corporate guarantees given to certain banks to secure credit facilities of Pan-West and its subsidiary [note 12]. As the liabilities had been recognised, there were no contingent liabilities as at the reporting date.

33 Financial risk management

Financial risk management policies and objectives

The Group has documented financial risk management policies approved by the Board of Directors. The policies consist of guidelines and rules to identify and manage periodically significant risks that might affect the achievement of business objectives, outputs, projects or operating processes at the Group, subsidiary or business unit level. Guidelines and rules are reviewed annually by the Group to ensure that they remain relevant. The Group's overall risk management program seeks to minimise potentially adverse effects on financial performance of the Group.

The Group's risk management process is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile. The key risks relating to financial management include foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing cash in excess of short-term operational requirement.

Factors behind financial risks

The Group's activities expose it to a variety of financial risks – market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group seeks to minimise potentially adverse effects arising from the unpredictability of the financial markets on the Group's financial performance.

The Group's financial instruments comprise loans and borrowings, cash and liquid resources, trade and other receivables, trade and other payables that arise directly from its operations. The Group manages its exposure to currency and interest rate risks by using a variety of techniques and instruments as described in note 33(a) and 33(b) to the financial statements.

Natural hedging is preferred by matching assets and liabilities of the same currency. Derivative financial instruments are only used where it is necessary to reduce the Group's exposure to fluctuations in foreign exchange and interest rates or to comply with covenants imposed by banks. While these financial instruments are subject to risk of change in market rates subsequent to their acquisition, such changes are generally offset by opposite effects on the items being hedged. The Group does not hold or issue derivative financial instruments for speculative purposes. The Group is not exposed to any equity-price risk.

There has been no major change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analyses indicated in note 33(a) and note 33(b) to the financial statements.

Classification of financial instruments

The table below sets out the financial instruments at the end of the reporting year:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables (including cash and bank balances)	**336,336**	338,690	**366,670**	300,645
Financial liabilities				
Loans and payables - amortised cost	**1,447,754**	994,588	**403,754**	322,130
Financial guarantee contracts	**-**	-	**13,492**	20,538
	1,447,754	994,588	**417,246**	342,668

(a) Currency risk

The Group's subsidiaries operate mainly in Singapore, Australia, China, Malaysia and Indonesia. As for its associates, GulTech operates mainly in China and Singapore; Pan-West operates mainly in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the Singapore dollar ("SGD"), Australian dollar ("AUD"), United States dollar ("USD") and Malaysian Ringgit ("MYR"). Currency risk arises when transactions are denominated in foreign currencies.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations mainly in Australia and China. As far as possible, the Group relies on natural hedges of matching foreign assets and liabilities of the same currency.

SP Corp, a listed subsidiary of the Group, uses forward foreign exchange contracts to protect against the effect of volatility in foreign currency exchange rates on foreign currency denominated assets and liabilities arising in the normal course of business. SP Corp enters into forward exchange contracts with maturities of less than twelve months. Further details on the forward exchange contracts are disclosed in note 31 to the financial statements.

The Group does not enter into currency options and does not use forward foreign exchange contracts for speculative trading purposes.

Currency risk exposure

At the end of the reporting year, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currencies were as follows:

	SGD $'000	USD $'000	AUD $'000	Others $'000
Group				
At 31 December 2014				
Financial assets				
Cash and bank balances	**2,595**	**6,171**	**1,123**	**9**
Trade and other receivables	**72**	**1,562**	**-**	**85**
	2,667	**7,733**	**1,123**	**94**
Financial liabilities				
Trade and other payables	**(18,090)**	**(5,491)**	**-**	**-**
Net financial (liabilities)/assets	**(15,423)**	**2,242**	**1,123**	**94**
Less:				
Forward foreign exchange contracts	**11,400**	**-**	**-**	**-**
Net currency exposure	**(4,023)**	**2,242**	**1,123**	**94**
At 31 December 2013				
Financial assets				
Cash and bank balances	2,662	11,010	11,839	68
Trade and other receivables	28	2,766	380	50
	2,690	13,776	12,219	118
Financial liabilities				
Trade and other payables	(14,574)	(7,108)	-	(2)
Net financial (liabilities)/assets	(11,884)	6,668	12,219	116
Less:				
Forward foreign exchange contracts	11,400	-	-	-
Net currency exposure	(484)	6,668	12,219	116

At the end of the reporting year, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency were as follows:

	2014		2013	
	AUD $'000	MYR $'000	AUD $'000	MYR $'000
Company				
Financial assets				
Amounts due from subsidiaries	**-**	**434**	-	182
Financial liabilities				
Amounts due to subsidiaries	**(228)**	**-**	(230)	-
Net currency exposure	**(228)**	**434**	(230)	182

Sensitivity analysis for currency risk

The following table details the sensitivity to a 10% increase/decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss may increase (decrease) by:

	SGD		**USD**		**AUD**		**Others**	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**
Group								
Profit or loss	**402**	48	**(224)**	(667)	**(112)**	(1,222)	**(9)**	(12)
Company								
Profit or loss	**-**	-	**-**	-	**23**	23	**(43)**	(18)

The strengthening of the relevant foreign currency against the functional currency of each group entity at the end of the reporting year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(b) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument may fluctuate because of changes in interest rates in the market. Fair value interest rate risk is the risk that the fair value of a financial instrument may fluctuate due to such changes.

The Group's exposure to cash flow interest rate risk arises mainly from bank borrowings. The Group aims to optimise net interest cost and to reduce volatility in the finance cost. The Group borrows mainly variable rate debts with varying tenures. A summary of the Group's interest-bearing financial instruments is disclosed in note 33(d) to these financial statements.

Other than those disclosed below, the Group does not use derivative financial instruments to hedge fluctuations in interest rates for its borrowings.

Sensitivity analysis for interest rate risk

The sensitivity analysis below is based on the exposure to interest rates for non-derivative instruments at the end of the reporting year and assumes that the change took place at the beginning of the financial year and was held constant throughout the reporting year. The magnitude represents the Group's assessment of the likely movement in interest rates under normal economic conditions.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit after tax would decrease or increase by $12,438,000 (2013: decrease or increase by $9,086,000).

The Company's profit or loss was not affected by changes in interest rates as the Company did not have any borrowings or inter-company loans that are at variable rates.

(c) 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 has adopted a policy of only dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from such defaults. Credit risk on cash and bank balances and derivative financial instrument is limited as these balances are placed with or transacted with institutions of repute. The Group manages these risks by monitoring credit worthiness and limiting the aggregate use to any individual counterparty. The Group does not expect to incur material credit losses on its financial instruments.

There was no significant concentration of credit risk with respect to trade receivables at the end of the reporting year because of the Group's large number of customers who are in turn geographically dispersed and from a fairly diverse spectrum of industries. The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained and the guarantees given by the Group to banks in respect of bank facilities utilised by an associate.

The Company's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as of the end of the reporting year in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position.

The credit risk for trade receivables after allowance for doubtful receivables was as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
By geographical area		
Singapore	**26,762**	23,460
Australia	**4,827**	-
China	**4,230**	997
Malaysia	**1,943**	3,601
Indonesia	**12,789**	11,646
USA	**152**	-
Other ASEAN countries	**625**	695
Others	**598**	401
	51,926	40,800
By type of customers		
Related parties	**4,001**	1,013
Non-related parties	**47,925**	39,787
	51,926	40,800
By industry sector		
Property	**5,212**	3,693
Hotel	**6,247**	-
Industrial services	**40,467**	37,107
	51,926	40,800

(d) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and borrowings with different tenures. Due to the dynamic nature of the businesses the Group is in, the Group aims at maintaining flexibility in funding and keeping adequate committed credit facilities available.

Analysis for liquidity and interest risk - non-derivative financial liabilities

The following tables detail the effective annual interest rates and the remaining contractual maturity for non-derivative financial liabilities at the end of the reporting year.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents possible future cash flow attributable to the instruments included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Effective interest Rate	On demand or less than 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Group							
31 December 2014							
Non-interest bearing	**-**	**102,458**	**423**	**-**	**-**	**-**	**102,881**
Fixed interest rate instruments	**4.5**	**3,600**	**3,600**	**90,021**	**-**	**(17,946)**	**79,275**
Variable interest rate instruments	**1.1-3.5**	**210,650**	**687,273**	**384,102**	**7,610**	**(24,037)**	**1,265,598**
		316,708	**691,296**	**474,123**	**7,610**	**(41,983)**	**1,447,754**
31 December 2013							
Non-interest bearing	-	76,932	-	-	-	-	76,932
Finance lease liability (fixed rate)	6.4	2	-	-	-	-	2
Variable interest rate instruments	1.1-1.9	164,394	258,792	518,482	9,005	(33,019)	917,654
		241,328	258,792	518,482	9,005	(33,019)	994,588
Company							
31 December 2014							
Non-interest bearing	**-**	**324,479**	**-**	**-**	**-**	**-**	**324,479**
Fixed interest rate instruments	**4.5**	**3,600**	**3,600**	**90,021**	**-**	**(17,946)**	**79,275**
Financial guarantee contracts	**-**	**837,879**	**-**	**-**	**-**	**(824,387)**	**13,492**
		1,165,958	**3,600**	**90,021**	**-**	**(842,333)**	**417,246**
31 December 2013							
Non-interest bearing	-	322,130	-	-	-	-	322,130
Financial guarantee contracts	-	869,718	-	-	-	(849,180)	20,538
		1,191,848	-	-	-	(849,180)	342,668

At the end of the reporting year, the maximum amount that the Company could be forced to settle under the financial guarantee contracts if the full guaranteed amounts were claimed by the counterparty to the various guarantees, was $837,879,000 (2013: $869,718,000). The earliest time that a guarantee could be called is as and when the guarantee is claimed by the counterparty. Based on the expectations at the end of this reporting year, the Company considered that it was more likely than not that no amount would be payable under the arrangement. However, this estimate was subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty suffer credit losses.

As at the end of the reporting year, the Group's total obligation on guarantees in connection with Pan-West's bank facilities amounted to $5,853,000 (2013: $5,853,000). The earliest time that a guarantee could be called is as and when the guarantee is claimed by the counterparty.

Analysis for liquidity and interest risk - non-derivative financial assets

The following tables detail the effective annual interest rates and the expected maturity for non-derivative financial assets at the end of the reporting year. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different year. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statements of financial position.

	Effective interest rate	On demand or less than 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Group							
31 December 2014							
Non-interest bearing	**-**	**85,128**	**2,499**	**-**	**10**	**-**	**87,637**
Variable interest rate instruments	**0.2-1.3**	**27,916**	**-**	**-**	**-**	**(11)**	**27,905**
Fixed interest rate instruments	**0.3-4.7**	**221,156**	**-**	**-**	**-**	**(362)**	**220,794**
		334,200	**2,499**	**-**	**10**	**(373)**	**336,336**
31 December 2013							
Non-interest bearing	-	85,746	2,884	-	-	-	88,630
Variable interest rate instruments	0.1-3.5	9,028	-	-	-	-	9,028
Fixed interest rate Instruments	0.3-5.0	176,642	2,383	62,548	-	(541)	241,032
		271,416	5,267	62,548	-	(541)	338,690
Company							
31 December 2014							
Non-interest bearing	-	**366,670**	-	-	-	-	**366,670**
31 December 2013							
Non-interest bearing	-	300,645	-	-	-	-	300,645

Analysis for liquidity risk - derivative financial instruments

The following table details a liquidity analysis for derivative financial instruments the Group had entered into at the end of the reporting year. The table has been drawn up based on the undiscounted net cash outflows on the derivative instruments that settle on a net basis and the undiscounted gross inflows on those derivatives that require gross settlement.

	On demand or less than 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years	Adjustment	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group						
31 December 2014						
Gross settled:						
Foreign exchange						
forward contracts	**(106)**	**-**	**-**	**-**	**-**	**(106)**
	(106)	**-**	**-**	**-**	**-**	**(106)**
31 December 2013						
Gross settled:						
Foreign exchange						
forward contracts	(80)	-	-	-	-	(80)
	(80)	-	-	-	-	(80)

(e) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, provisions and other liabilities approximated their respective fair values due to their relative short-term maturity.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and

- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the end of each reporting year, the Group and the Company's interest rate swap was measured based on Level 2.

(f) Capital risk

In managing capital, the Group's objectives are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to provide appropriate returns to shareholders and benefits for other stakeholders through pricing its products and services at levels commensurate with the level of risks it is exposed to.

The capital structure of the Group consists of loans and borrowings disclosed in note 13, issued capital, reserves and retained earnings disclosed in notes 18 and 19. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, obtain new borrowings, sell assets to reduce borrowings, pay or adjust the amount of dividend payment or return capital to shareholders. The Group's overall strategy remains unchanged from the prior years.

The Group monitors capital risks through measuring the Group's gross gearing and net gearing. The Group's gross gearing is calculated as total borrowings divided by total equity, whilst net gearing is calculated as net borrowings divided by total equity. Net borrowings are calculated as total borrowings as disclosed in note 13, less cash and bank balances as disclosed in note 5 to the financial statements.

	Group	
	2014	**2013**
	$'000	**$'000**
Total borrowings	**1,344,872**	917,656
Total equity	**813,047**	759,205
Gross gearing (times)	**1.65**	1.21
Net borrowings	**1,092,602**	640,784
Total equity	**813,047**	759,205
Net gearing (times)	**1.34**	0.84

34 Listing of significant subsidiaries

Information relating to the significant subsidiaries in the Group is given below:

Name of company	Note	Principal activities	Country of Incorporation/ establishment	Effective equity interest & voting power held by the Group 2014 %	2013 %
Significant subsidiaries directly held by the Company					
Asiaview Properties Pte Ltd		Property investment	Singapore	**100**	100
Asplenium Land Pte. Ltd.		Property development	Singapore	**100**	100
Clerodendrum Land Pte. Ltd.		Property development	Singapore	**100**	100
Oxley Development Pte Ltd		Property investment	Singapore	**100**	100
SP Corporation Limited		Investment holding	Singapore	**80.2**	80.2
Superluck Properties Pte Ltd		Property investment	Singapore	**100**	100
Significant subsidiaries indirectly held by the Company					
39 Robinson Road Pte. Ltd.		Property investment	Singapore	**100**	100
Globaltraco International Pte Ltd		Distribution of tyres	Singapore	**80.2**	80.2
Grand Hotel Group	(i)	Property investment	Australia	**100**	50
Habitat Properties (Shanghai) Ltd.	(ii)	Property development	China	**100**	100
Shelford Properties Pte Ltd		Property development	Singapore	**100**	100
SP Resources International Pte. Ltd.		Trading of industrial products	Singapore	**80.2**	80.2

Notes

(i) Audited by overseas practices of Deloitte Touche Tohmatsu Limited. As from 2 December 2014, Grand Hotel Group became wholly-owned by the Group following its acquisition of the remaining 50% interest in GHG (note 29).

(ii) Audited by overseas practices of Deloitte Touche Tohmatsu Limited

All subsidiaries in Singapore are audited by Deloitte & Touche LLP, Singapore.

35 Listing of significant associates and joint venture

Associates are those in which the Group has significant influence, but not control in the operating and financial policy decisions. Joint venture is an entity in which the Group has joint control in the strategic financial and operating decisions.

Information relating to the significant associates and joint venture in the Group is given below:

Name of company	Note	Principal activities	Country of incorporation	Effective equity interest & voting power held by the Group	
				2014	2013
				%	%
Grand Hotel Group	(i)	Property investment	Australia	**100**	50
Gul Technologies Singapore Ltd	(ii)	Manufacture of printed circuit boards	Singapore	**44.5**	43.3

Notes

(i) Audited by overseas practices of Deloitte Touche Tohmatsu Limited. As from 2 December 2014, GHG became wholly-owned by the Group (note 29).

(ii) Audited by Deloitte & Touche LLP, Singapore. Listed on the Singapore Stock Exchange up till 18 January 2013.

36 Subsequent event

On 24 October 2014, the Group terminated the services of the main contractor for Seletar Park Residence ("Project") for unsatisfactory performance and called for the performance bond issued by a bank which the High Court has awarded in the Group's favour. The release of the sum by the bank is now pending the outcome of the contractor's appeal against the High Court decision. Subsequent to the year-end, the contractor has filed their adjudication application for their final payment claim. The Group has since submitted their response and will resist the contractor's application vigorously.

The Group is of the view that it has a reasonably strong case in the calling of the performance bond and a reasonable chance of prevailing at arbitration in respect of the termination of the contractor and defeating the contractor's adjudication proceedings. Accordingly, no cost was provided for as at 31 December 2014 in relation to such termination. A new contractor has since been appointed for this project.