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TUAN SING HOLDINGS LIMITED
(Incorporated in Singapore)
(Registration No. 196900130M)
AND ITS SUBSIDIARIES

Directors' Statement and Financial Statements

For The Financial Year Ended
31 December 2015

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

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TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT
for the financial year ended 31 December 2015

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 2015.

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 126 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2015, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the 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.

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:

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT
for the financial year ended 31 December 2015

Names 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 2015	As at 31 December 2015	As at 1 January 2015	As at 31 December 2015
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]
Mr William Nursalim alias William Liem	-	-	-	546,383,829 [1]
SP Corporation Limited (Ordinary Shares)				
Ms Michelle Liem Mei Fung	-	-	281,463,197 [1]	281,463,197 [1]

Note

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 and Mr William Nursalim alias William Liem are 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 2016.

During the financial year ended 31 December 2015, 2,669,072 new ordinary shares, fully-paid were allotted pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme where shares were issued at 36.3 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 2014. Following the allotment, the fully paid-up issued shares of the Company increased to 1,178,824,988 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 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 an 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 and Risk Committee performed 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 are independent. The Audit and Risk Committee met eight times during the financial year ended 31 December 2015 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 interested person transactions as specified under Chapter 9 of the SGX-ST Listing Manual Review and the whistle-blowing investigation;

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

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

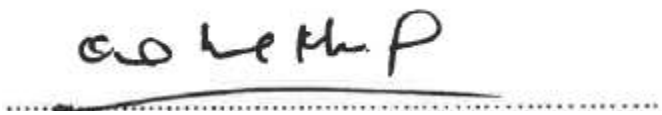
The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors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

7 External auditors

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

On Behalf of the Directors



Mr Ong Beng Kheong
Chairman



Mr William Nursalim alias William Liem
Chief Executive Officer

28 January 2016

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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 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and 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 126.

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 financial statements 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 the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Deloitte & Touche LLP (Unique Entity No. T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

TUAN SING HOLDINGS LIMITED

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, 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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



Public Accountants and
Chartered Accountants
Singapore

28 January 2016

Deloitte & Touche LLP (Unique Entity No. T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2015

	Note	Group		Company	
		2015	**2014**	**2015**	**2014**
		$'000	**$'000**	**$'000**	**$'000**
Assets					
Current assets					
Cash and bank balances	5	**141,717**	252,270	**431**	356
Trade and other receivables	6	**134,390**	87,420	**142**	112
Amounts due from subsidiaries	15	**-**	-	**285,748**	366,313
Inventories	7	**3,641**	4,487	**-**	-
Development properties	8	**336,132**	414,153	**-**	-
Total current assets		**615,880**	758,330	**286,321**	366,781
Non-current assets					
Property, plant and equipment	9	**395,149**	397,886	**-**	-
Investment properties	10	**1,076,909**	1,082,932	**498**	498
Investments in subsidiaries	11	**-**	-	**661,900**	574,302
Investments in equity accounted investees	12	**71,511**	62,981	**-**	-
Deferred tax assets	17	**3,045**	4,179	**-**	-
Other non-current assets		**11**	14	**-**	-
Total non-current assets		**1,546,625**	1,547,992	**662,398**	574,800
Total assets		**2,162,505**	2,306,322	**948,719**	941,581
Liabilities and equity					
Current liabilities					
Loans and borrowings	13	**428,924**	195,347	**-**	-
Trade and other payables	14	**117,214**	107,134	**10,661**	15,693
Amounts due to subsidiaries	15	**-**	-	**292,716**	322,278
Income tax payable		**7,914**	5,830	**17**	52
Total current liabilities		**554,052**	308,311	**303,394**	338,023
Non-current liabilities					
Loans and borrowings	13	**677,410**	1,149,525	**79,404**	79,275
Derivative financial instruments	28	**904**	-	**-**	-
Deferred tax liabilities	17	**42,320**	35,016	**-**	-
Other non-current liabilities	14	**362**	423	**-**	-
Total non-current liabilities		**720,996**	1,184,964	**79,404**	79,275
Capital, reserves and non-controlling interests					
Share capital	18	**170,230**	169,260	**170,230**	169,260
Reserves	19	**706,575**	633,658	**395,691**	355,023
Equity attributable to owners of the Company		**876,805**	802,918	**565,921**	524,283
Non-controlling interests		**10,652**	10,129	**-**	-
Total equity		**887,457**	813,047	**565,961**	524,283
Total liabilities and equity		**2,162,505**	2,306,322	**948,719**	941,581

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

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the financial year ended 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	21	**677,122**	354,765
Cost of sales		**(535,259)**	(286,139)
Gross profit		**141,863**	68,626
Other operating income		**3,420**	29,177
Distribution costs		**(4,355)**	(4,230)
Administrative expenses		**(25,672)**	(16,202)
Other operating expenses		**(10,085)**	(23,426)
Share of results of equity accounted investees	12	**6,803**	19,985
Finance income	22	**4,258**	4,760
Finance costs	23	**(27,529)**	(9,186)
Profit before tax and fair value adjustments		**88,703**	69,504
Fair value adjustments	24	**(8,049)**	6,469
Profit before tax	25	**80,654**	75,973
Income tax expenses	26	**(11,535)**	(14,387)
Profit for the year		**69,119**	61,586
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property	28	**22,447**	2,173
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	28	**(6,719)**	(276)
		15,728	1,897
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	28	**(4,893)**	(7,020)
Cash flow hedges	28	**(904)**	2,489
Income tax relating to components of other comprehensive income that may be reclassified subsequently	28	**271**	(316)
		(5,526)	(4,847)
Other comprehensive income / (loss) for the year, net of tax	28	**10,202**	(2,950)
Total comprehensive income for the year		**79,321**	58,636

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

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the financial year ended 31 December 2015

	Note	Group	
		2015	**2014**
		$'000	**$'000**
Profit attributable to:			
Owners of the Company		**68,833**	61,169
Non-controlling interests		**286**	417
		69,119	61,586
Total comprehensive income attributable to:			
Owners of the Company		**78,798**	58,031
Non-controlling interests		**523**	605
		79,321	58,636
Basic and diluted earnings per share (in cents)			
Excluding fair value adjustments	27	**6.3**	4.7
Including fair value adjustments	27	**5.8**	5.2

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

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000
Operating activities			
Profit before tax		**80,654**	75,973
Adjustments for:			
Fair value loss / (gain)	24	**8,049**	(6,469)
Share of results of equity accounted investees	12	**(6,803)**	(19,985)
Allowance for diminution in value for development properties	8	**8,935**	-
Depreciation of property, plant and equipment	9	**7,701**	1,078
Allowance for inventory obsolescence, net	7	**89**	75
Allowance / (write-back of allowance) for doubtful trade and other receivables, net	6	**197**	(1)
Plant and equipment written off	25	**-**	18
Net (gain) / loss on disposal of property, plant and equipment	25	**(62)**	3
Negative goodwill on acquisition	29	**-**	(26,924)
Adjustment arising from selective capital reduction of an associate	12	**-**	136
Finance income	22	**(4,258)**	(4,760)
Finance costs		**27,529**	9,186
Operating cash flows before movements in working capital		**122,031**	28,330
Development properties less progressive billings receivable		**74,432**	(4,630)
Inventories		**362**	207
Trade and other receivables		**(51,004)**	(7,696)
Trade and other payables		**2,685**	(3,054)
Cash generated from operations		**148,506**	13,157
Interest received		**10,100**	2,701
Income tax paid		**(6,303)**	(2,169)
Net cash from operating activities		**152,303**	13,689
Investing activities			
Purchase of property, plant and equipment	9	**(3,319)**	(831)
Proceeds on disposal of property, plant and equipment		**241**	-
Additions to investment properties		**(10,341)**	(11,068)
Acquisition of subsidiary	29	**-**	(102,317)
Dividends and distribution received from equity accounted investees	12	**8,563**	8,670
Net cash used in investing activities		**(4,856)**	(105,546)
Financing activities			
Repayment of finance lease obligations		**-**	(2)
Proceeds from loans and borrowings		**80,533**	202,498
Repayment of loans and borrowings		**(300,484)**	(115,677)
Interest paid		**(34,172)**	(16,157)
Bank deposits pledged as securities for bank facilities		**30,196**	95
Dividend paid to shareholders		**(4,911)**	(4,794)
Net cash (used in) / from financing activities		**(228,838)**	65,963

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

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2015

	Note	Group	
		2015	**2014**
		$'000	**$'000**
Net decrease in cash and cash equivalents		**(81,391)**	(25,894)
Cash and cash equivalents at the beginning of the year		**187,414**	212,626
Foreign currency translation adjustments		**(348)**	682
Cash and cash equivalents at the end of the year	5	**105,675**	187,414

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

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2015

	Note	Share capital	Foreign currency translation account	Asset revaluation reserve	Other capital reserves #	Revenue reserve	Attributable to owners of the Company	Non-controlling interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
At 1 January 2015		**169,260**	**(18,592)**	**78,806**	**110,335**	**463,109**	**802,918**	**10,129**	**813,047**
Total comprehensive income for the year									
Profit for the year		-	-	-	-	**68,833**	**68,833**	**286**	**69,119**
Exchange differences on translation of foreign operations	28	-	**(5,130)**	-	-	-	**(5,130)**	**237**	**(4,893)**
Revaluation of property	28	-	-	**22,447**	-	-	**22,447**	-	**22,447**
Cash flow hedges	28	-	-	-	**(904)**	-	**(904)**	-	**(904)**
Income tax adjustments relating to other comprehensive income	28	-	-	**(6,719)**	**271**	-	**(6,448)**	-	**(6,448)**
Other comprehensive (loss)/income for the year, net of tax		-	**(5,130)**	**15,728**	**(633)**	-	**9,965**	**237**	**10,202**
Total		-	**(5,130)**	**15,728**	**(633)**	**68,833**	**78,798**	**523**	**79,321**
Transactions with owners, recognised directly in equity									
Transfer from revenue reserve to other capital reserves		-	-	-	**6,640**	**(6,640)**	-	-	-
Issue of shares under the Scrip Dividend Scheme	18	**970**	-	-	-	-	**970**	-	**970**
Dividend paid to shareholders									
- Cash	20	-	-	-	-	**(4,911)**	**(4,911)**	-	**(4,911)**
- Share	20	-	-	-	-	**(970)**	**(970)**	-	**(970)**
Total		**970**	-	-	**6,640**	**(12,521)**	**(4,911)**	-	**(4,911)**
At 31 December 2015		**170,230**	**(23,722)**	**94,534**	**116,342**	**519,421**	**876,805**	**10,652**	**887,457**

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

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

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2015

	Note	Share capital	Foreign currency translation account	Asset revaluation reserve	Other capital reserves #	Revenue reserve	Attributable to owners of the Company	Non-controlling interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2015

Company	Note	Share capital	Other capital reserve[#]	Revenue reserve	Total
		$'000	$'000	$'000	$'000
At 1 January 2015		**169,260**	**101,264**	**253,759**	**524,283**
Profit for the year, representing total comprehensive income for the year		**-**	**-**	**46,549**	**46,549**
Transactions with owners, recognised directly in equity					
Issue of shares under the Scrip Dividend Scheme	18	**970**	**-**	**-**	**970**
Dividend paid to shareholders					
- Cash	20	**-**	**-**	**(4,911)**	**(4,911)**
- Share	20	**-**	**-**	**(970)**	**(970)**
Total		**970**	**-**	**(5,881)**	**(4,911)**
At 31 December 2015		**170,230**	**101,264**	**294,427**	**565,921**
At 1 January 2014		168,190	101,264	273,221	542,675
Loss for the year, representing total comprehensive loss 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

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

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

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 respectively. 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 2015 were authorised for issue by the Board of Directors on 28 January 2016.

2 Summary of significant accounting policies

(a) Basis of accounting

The financial statements are 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 2015, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations.

The adoption of these new or revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

(c) Standards issued but not yet effective

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- *FRS 109 Financial Instruments*[2]
- *FRS 115 Revenue from Contracts with Customers*[2]
- *Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative*[1]
- *Amendments to FRS 27 Separate Financial Statements: Equity Method in Separate Financial Statements*[1]
- *Amendments to FRS 110 Consolidated Financial Statements, FRS 112 Disclosure of Interests in Other Entities, FRS 28 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*[1]
- *Improvements to Financial Reporting Standards (November 2014)* [1]

[1] Applies to annual periods beginning on or after 1 January 2016, with early application permitted.
[2] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

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

Management has considered and is of the view that the adoption of the FRSs, 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, except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 Financial Instruments: Recognition and Measurement and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group anticipates that the application of FRS 109 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, 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 satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) 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.

Management anticipates that the initial application of the new FRS 115 will result in changes to the accounting policies relating to revenue recognition. Additional disclosures will also be made with respect of development properties, completed property held for sale, trade receivables and revenue, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

(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.

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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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 separate 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 remeasured 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 remeasured at subsequent reporting dates at fair value, with changes in fair value 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.

Associates and joint venture (equity accounted investees)

An associate is an entity over which the Group has significant influence. Significant 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.

A joint venture is a 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 or 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.

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Trade and other 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, and is included in the "fair value adjustments" line of the statement of profit or loss and other comprehensive income.

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 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	1-15 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 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 certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.

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.

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.

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 comprise properties in the course of development and completed properties held for sale in the ordinary course of business.

Properties in the course of development are stated at cost plus attributable profits less progress billing if their revenue is recognised based on percentage of completion method. Progress billings received from customers prior to completion are presented as advance billings within "trade and other payables" and progress billings not yet paid by customers are presented within "trade and other receivables".

Completed properties held for sale are stated at the lower of cost and estimated net realisable value. Cost is determined by apportionment of the total land cost, development costs and borrowing costs capitalised attributable to properties. Net realisable value takes into account the estimated selling price, less cost to be incurred in marketing and selling, and the expected costs to completion, where appropriate.

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

When losses are expected, full allowance are recognised as expenses immediately based on best estimates of net realisable value and estimated costs to completion.

Lands held for development and costs attributable to the development activities which are held for future development where no significant development has been undertaken is stated at cost less impairment loss (if any).

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 in the consolidated statement of cash flows 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 properties 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 sale 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 operations

Revenue is recognised when goods and services have been provided to the customer and the costs in relation to the goods and services 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. 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.

Termination of main contractor

In 2014, the Group terminated the services of the previous main contractor for Seletar Park Residence on grounds of unsatisfactory performance. As at 31 December 2015, the ensuing legal and arbitration proceedings were still on-going. After taking due legal advice, the Group is of the view that it has a reasonable chance of prevailing. Accordingly, no provision was made in relation to such termination.

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.

The carrying amount of the Group's development properties are disclosed in note 8 to the financial statements.

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Allowance for diminution in value for development properties

Development properties in the course of development and completed properties are stated at lower of cost and estimated net realisable value, assessed on an individual property basis. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value of each property is subject to management judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each property, taking into account the costs incurred to date, the development status and costs to complete each development property. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

During the year, an allowance for diminution in value of $1,200,000 (2014: $Nil) was made on a Singapore development property, taking into account with reference to past sales, comparable properties, location and market conditions. In addition, an allowance for diminution in value of $7,679,000 (2014 : $Nil) was made on a plot of land in Jin'an District, Fuzhou Fujian Province, China based on management's best estimate on net realisable value of the site, taking into consideration its current status and future plans for the land.

The carrying amount of development properties are disclosed in note 8. Allowance for diminution in value is recognised as "other operating expenses" in profit or loss and disclosed in note 25 to the financial statements.

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"), a wholly-owned subsidiary of the Company, through Tuan Sing (Australia) Trust ("TSAT") and Tuan Sing Real Estate Trust ("TSRET"). GHG comprises of the Grand Hotel Trust ("GHT") and its controlled entities and Grand Hotel Company Pty Ltd ("GHC") and its controlled entities. The units in GHT are 'stapled' to the shares of GHC. GHT is not liable for tax under the Australian tax legislation provided the taxable income (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. In prior years, TAHAUD has not been taxed on income received from the trust as it had unutilised losses brought forward which can be used to offset against future taxable income arising from the distribution of income from GHT subject to satisfying the relevant loss recoupment tests. At the end of the reporting period, TAHAUD had estimated aggregate tax loss of A$Nil (2014: tax losses of A$1,432,000) or equivalent to $Nil (2014: tax losses of $1,538,000).

The estimates of 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 and 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 on the amount of tax losses available, the Group has taken advice from certain tax specialists.

The Group has also in turn estimated deferred tax liability arising from an increase in the carrying amount of its investments in GHG amounting to A$27,469,000 (2014: A$23,816,000) or equivalent to $27,969,000 (2014: $25,576,000) [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 $1,178,000 (2014: $11,240,000) for investments in subsidiaries and a net impairment loss of $1,520,000 (2014: $20,639,000) for amounts due from subsidiaries. The carrying amounts of investments in subsidiaries and amounts due from subsidiaries are disclosed in notes 11 and 15 to the financial statements 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 industrial commodities, distribution of tyres and re-treading 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[1]	Industrial Services	Other Investments[2]	Corporate and Others [3]	Inter-Segment Eliminations	Total Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015							
Revenue:							
External revenue	**403,121**	**145,479**	**128,342**	**-**	**180**	**-**	**677,122**
Inter-segment revenue	**904**	**-**	**-**	**-**	**51,066**	**(51,970)**	**-**
	404,025	**145,479**	**128,342**	**-**	**51,246**	**(51,970)**	**677,122**
Results							
Gross profit	**80,534**	**44,349**	**6,108**	**-**	**43,896**	**(33,024)**	**141,863**
Other operating income	**2,375**	**309**	**722**	**-**	**7,557**	**(7,543)**	**3,420**
Distribution costs	**(1,758)**	**-**	**(2,597)**	**-**	**-**	**-**	**(4,355)**
Administrative expenses	**(6,744)**	**(9,772)**	**(3,690)**	**(3)**	**(2,277)**	**(3,186)**	**(25,672)**
Other operating expenses	**(9,343)**	**(574)**	**(157)**	**-**	**(2,709)**	**2,698**	**(10,085)**
Share of results of equity accounted investees	**-**	**-**	**-**	**6,803**	**-**	**-**	**6,803**
Finance income	**4,851**	**85**	**983**	**-**	**3,974**	**(5,635)**	**4,258**
Finance costs	**(9,556)**	**(19,679)**	**(24)**	**-**	**(3,877)**	**5,607**	**(27,529)**
Profit before tax and fair value adjustments	**60,359**	**14,718**	**1,345**	**6,800**	**46,564**	**(41,083)**	**88,703**
Fair value adjustments	**1,167**	**(9,096)**	**-**	**(120)**	**-**	**-**	**(8,049)**
Profit before tax	**61,526**	**5,622**	**1,345**	**6,680**	**46,564**	**(41,083)**	**80,654**
Income tax expenses	**(11,087)**	**(373)**	**(59)**	**-**	**(16)**	**-**	**(11,535)**
Profit for the year	**50,439**	**5,249**	**1,286**	**6,680**	**46,548**	**(41,083)**	**69,119**
Profit attributable to:							
Owners of the Company	**50,440**	**5,249**	**999**	**6,680**	**46,548**	**(41,083)**	**68,833**
Non-controlling interests	**(1)**	**-**	**287**	**-**	**-**	**-**	**286**
Profit for the year	**50,439**	**5,249**	**1,286**	**6,680**	**46,548**	**(41,083)**	**69,119**

Notes:

1. *Revenue reported under "Hotels Investment" relates to GHG's results after it was acquired on 2 December 2014 [note 29].*
2. *No revenue is reported under "Other Investments" as the Group equity accounts for its investments in GulTech and Pan-West.*
3. *"Corporate and Others" refers to the aggregation of provision of corporate-level services by the Company to the various subsidiaries and charged as such. They are eliminated at group-level upon consolidation.*

Segment revenues and results (cont'd)

	Property	Hotels Investment[1]	Industrial Services	Other Investments[2]	Corporate and Others[3]	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

Notes:

1. *Revenue reported under "Hotels Investment" relates to GHG's results after it was acquired on 2 December 2014 [note 29]*

2. *No revenue is reported under "Other Investments" as the Group equity accounts for its investments in GulTech and Pan-West.*

3. *"Corporate and Others" refers to the aggregation of provision of corporate-level services by the Company to the various subsidiaries and charged as such. They are eliminated at group-level upon consolidation.*

Segment assets, liabilities and other segment information

	Property	Hotels Investment[1]	Industrial Services	Other Investments[2]	Corporate and Others	Total Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
2015						
Assets						
Segment assets	**1,430,010**	**638,507**	**83,549**	**14**	**(61,086)**	**2,090,994**
Investments in equity accounted investees	**-**	**-**	**-**	**71,511**	**-**	**71,511**
Total assets	**1,430,010**	**638,507**	**83,549**	**71,525**	**(61,086)**	**2,162,505**
Liabilities						
Segment liabilities	**(58,176)**	**(23,572)**	**(26,970)**	**(5,909)**	**(3,853)**	**(118,480)**
Loans and borrowings	**(667,137)**	**(359,793)**	**-**	**-**	**(79,404)**	**(1,106,334)**
Income tax payable and deferred tax liabilities	**(20,072)**	**(29,746)**	**(288)**	**(24)**	**(104)**	**(50,234)**
Total liabilities	**(745,385)**	**(413,111)**	**(27,258)**	**(5,933)**	**(83,361)**	**(1,275,048)**
Net assets	**684,625**	**225,396**	**56,291**	**65,592**	**(144,447)**	**887,457**
Other information						
Capital expenditure	**184**	**2,723**	**412**	**-**	**-**	**3,319**
Depreciation of property, plant and equipment	**148**	**7,108**	**445**	**-**	**-**	**7,701**
Allowance for diminution in value for development properties	**8,935**	**-**	**-**	**-**	**-**	**8,935**
Revaluation gain of property	**-**	**(22,447)**	**-**	**-**	**-**	**(22,447)**
Fair value (gain) / loss on investment properties	**(1,167)**	**9,096**	**-**	**-**	**-**	**7,929**
Fair value loss on financial instruments	**-**	**-**	**-**	**120**	**-**	**120**
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)
Income tax payable 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
Share of revaluation gain of property	-	(2,173)	-	-	-	(2,173)
Fair value gain on investment properties	(3,264)	(3,076)	-	-	-	(6,340)
Fair value (gain)/loss on financial instruments	-	(609)	-	480	-	(129)

Notes:

1. *Capital expenditure and depreciation reported under "Hotels Investment" relates to GHG's results after it was acquired on 2 December, 2014[note 29].*

2. *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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**469,237**	255,192	**923,595**	900,881
Australia [(1)]	**145,479**	12,023	**614,430**	638,185
China	**16,586**	21,388	**6,811**	6,665
Malaysia	**16,863**	16,804	**1,789**	2,261
Indonesia	**13,453**	22,529	**-**	-
Europe	**7,452**	13,016	**-**	-
Other ASEAN countries [(2)]	**6,811**	12,157	**-**	-
Others	**1,241**	1,656	**-**	-
	677,122	354,765	**1,546,625**	1,547,992

Notes:

1. *Revenue reported under "Australia" relates to GHG's results after it was acquired on 2 December, 2014 [note 29].*

2. *Other ASEAN countries comprise Vietnam, Cambodia, Brunei and Laos with revenue constituting not more than 1% 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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and on hand	**80,102**	40,115	**431**	356
Fixed deposits	**37,365**	79,765	**-**	-
Amounts held under the Housing Developers (Project Account) Rules	**24,250**	132,390	**-**	-
	141,717	252,270	**431**	356

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 0.1% to 4.3% per annum (2014: 0.5% to 4.9% per annum) and for tenures ranging from 7 to 360 days (2014: 7 to 360 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 $48,547,000 (2014: $82,556,000) 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	
	2015	**2014**
	$'000	**$'000**
Cash and cash equivalents per consolidated statement of cash flows		
Cash and bank balances (as per statements of financial position)	**141,717**	252,270
Encumbered fixed deposit and bank balances	**(36,042)**	(64,856)
	105,675	187,414

As at 31 December 2015, the Group had cash and cash equivalents placed with banks in China amounting to $82,777,000 (2014: $76,115,000), of which $32,550,000 (2014: $63,172,000) 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		Company	
		2015	**2014**	**2015**	**2014**
		$'000	**$'000**	**$'000**	**$'000**
Trade					
Trade debtors		**94,953**	48,153	-	-
Less: Allowance for doubtful receivables		**(272)**	(228)	-	-
		94,681	47,925	-	-
Amounts due from related parties	16	**5,805**	4,001	-	-
		100,486	51,926	-	-
Non-trade					
Deposits		**6,099**	12,207	**73**	73
Prepayments		**3,183**	3,354	**141**	111
Interest receivables		**30**	5,890	**-**	-
Sundry debtors		**6,995**	5,678	**-**	-
Advances to suppliers		**3,936**	-	**-**	-
Tax recoverable		**125**	120	-	-
		20,368	27,249	**214**	184
Less: Allowance for doubtful receivables		**(77)**	(78)	**(72)**	(72)
		20,291	27,171	**142**	112
Amount due from related parties	16	**13,613**	8,323	**-**	-
		33,904	35,494	**142**	112
		134,390	87,420	**142**	112

Trade Debtors

Included in the trade debtors were unbilled receivables of $44,929,000 (2014: $Nil) related to the remaining sales consideration on completed development properties for sale.

Deposits in respect of acquisition of lands

Included in the carrying amount of deposits as at 31 December 2015 were deposits amounting to $5,186,000 (2014: $6,251,000) relating to land acquisition in Jiaozhou, China. This includes a plot of land of approximately 60,200 square metre (2014: 60,200 square metre) which had been secured by the Group pending the issuance of the land title deeds. The deposit has been assessed to be placed with a counterparty that is creditworthy and accordingly, no allowance for potential non-recovery of the deposit is required.

Tender deposits relating to Gilstead Court of $1,000,000 included in 2014 had been refunded during the year.

Amounts due from related parties - trade

Included in the carrying amount as at 31 December 2015 were unbilled revenue of $221,000 (2014: $27,000) relating to rent-free periods given to a related party lessee as incentive [note 16].

Details of collateral

As at 31 December 2015, trade and other receivables amounting to $10,736,000 (2014: $12,772,000) 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.

Analysis of allowance for doubtful receivables:

	Note	Group		Company	
		2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Allowance for doubtful receivables					
Trade		**(272)**	(228)	**-**	-
Non-trade		**(77)**	(78)	**(72)**	(72)
		(349)	(306)	**(72)**	(72)
At 1 January		**(306)**	(2,785)	**(72)**	(72)
Exchange differences on consolidation		**2**	(20)	**-**	-
Acquisition of subsidiary	29	**-**	(21)	**-**	-
Amounts written off		**152**	2,519	**-**	-
Allowance (made)/written back, net	25	**(197)**	1	**-**	-
At 31 December		**(349)**	(306)	**(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 (2014: 7 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	
	2015	**2014**
	$'000	**$'000**
Trade receivables, net		
Not past due and not impaired	**81,455**	40,603
Past due but not impaired [(i)]	**19,031**	11,323
	100,486	51,926
Impaired receivables - collectively assessed [(ii)]	**254**	219
Less: Allowance for doubtful receivables	**(254)**	(219)
	-	-
Impaired receivables - individually assessed		
Past due for more than 36 months or no response to repayment demands [(ii)]	**18**	9
Less: Allowance for doubtful receivables	**(18)**	(9)
	-	-
	100,486	51,926

Notes:

(i) Aging of trade receivables that were past due but not impaired:		
< 3 months	**10,854**	10,598
3 months to 6 months	**4,321**	442
6 months to 12 months	**3,513**	89
> 12 months	**343**	194
	19,031	11,323

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

The Group had trade receivables amounting to $19,031,000 (2014: $11,323,000) 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**
2015			
Raw materials	**906**	**-**	**906**
Work-in-progress	**963**	**-**	**963**
Finished goods	**1,537**	**235**	**1,772**
	3,406	**235**	**3,641**
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

The net realisable values of inventories were stated net of allowance of $196,000 (2014: $150,000).

During the year, an allowance for inventory obsolescence amounting to $89,000 (2014: $75,000) was recognised as “other operating expenses” in profit or loss [note 25].

Details of collateral

As at 31 December 2015, inventories amounting to $831,000 (2014: $786,000) 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.

8 Development properties

	Group	
	2015	**2014**
	$'000	**$'000**
Properties in the course of development	**303,680**	383,722
Land held for future development	**19,235**	26,242
	322,915	409,964
Completed properties held for sale	**13,217**	4,189
	336,132	414,153
Represented by:		
Properties in the course of development in Singapore	**303,680**	383,722
Land held for future development in China	**19,235**	26,242
Completed properties in Singapore	**8,945**	-
Completed properties in China	**4,272**	4,189
	336,132	414,153

Development properties comprise properties in the course of development and land held for future development, and completed properties held for sale. These properties 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 and land held for future development

		Group	
	Note	**2015**	**2014**
		$'000	**$'000**
Land cost		**341,639**	477,219
Development cost incurred to-date		**143,847**	124,022
Interest and others		**21,088**	23,513
		506,574	624,754
Add: Attributable profit		**106,993**	79,851
Less: Progress billings received and receivable		**(281,773)**	(294,641)
Less: Allowance for diminution in value		**(8,879)**	-
		322,915	409,964
Allowance for diminution in value			
At 1 January		**-**	-
Exchange difference on consolidation		**56**	-
Allowance made	25	**(8,935)**	-
At 31 December		**(8,879)**	-

Interest costs capitalised during the year was $4,831,000 (2014: $4,948,000) at effective interest rate ranging from 1.7% to 2.6% per annum (2014: 1.1% to 1.4% per annum) [note 23].

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

	Group	
	2015	**2014**
	$'000	**$'000**
Transfer of significant risks and rewards of ownership at completion:		
Land cost	**25,357**	24,875
Development cost incurred to-date	**818**	802
Interest and others	**739**	565
Less: Allowance for diminution in value	**(7,679)**	-
	19,235	26,242
Continuous transfer of significant risks and rewards of ownership as construction progresses:		
Cost incurred plus attributable profit	**586,653**	678,363
Progress billings received and receivable	**(281,773)**	(294,641)
Less: Allowance for diminution in value	**(1,200)**	-
	303,680	383,722
	322,915	409,964

Allowance for diminution in value

The allowance for diminution in value for development properties held for sale was estimated taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on expected selling prices for the development project after taking into consideration of prevailing market conditions. The estimated total construction costs include contracted amounts plus estimated costs to complete the development project. The allowance will be progressively reversed for those residential units sold above their carrying amounts.

During the year, an allowance for diminution in value for development properties of $8,935,000 (2014: $Nil) is recognised as "other operating expenses" in profit or loss [note 25].

Details of collateral

As at 31 December 2015, development properties amounting to $312,625,000 (2014: $383,722,000) 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.

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

Included in the development properties was a carrying amount of $7,679,000 (2014: $15,053,000) 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 since 2013. An allowance of $7,679,000 (2014: $Nil) was made based on management's best estimate on net realisable value of the development site.

List of development properties

As at 31 December 2015, 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							
Sennett Residence, Pheng Geck Avenue Singapore	Condominium/ townhouses of 332 units and three shop units (309 units booked)	Clerodendrum Land Pte Ltd	99 years from 2011	8,664	33,328	2016	100%
Cluny Park Residence Cluny Park Road Singapore	Condominium of 52 units (24 units booked)	Shelford Properties Pte Ltd	Freehold	4,544	6,997	2016	100%
Land held for future development							
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%
Seletar Park Residence, Seletar Road Singapore	Condominium of 276 units (272 units booked)	Asplenium Land Pte Ltd	99 years from 2011	17,456	26,862	2015	100%

** Pending renewal of expired certificate for construction site planning*
*** Master plans are in progress*

9 Property, plant and equipment

	Note	Building and 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 2015		**366,170**	**4,953**	**35,658**	**1,276**	**408,057**
Exchange differences on consolidation		**(18,966)**	**(120)**	**(3,273)**	**(22)**	**(22,381)**
Additions		**-**	**4**	**3,035**	**280**	**3,319**
Disposals		**-**	**-**	**(568)**	**(158)**	**(726)**
Write-offs		**-**	-	**(3,349)**	-	**(3,349)**
Reclassification in between		**214**	-	**(214)**	-	**-**
Revaluation		**19,788**	-	**-**	-	**19,788**
At 31 December 2015		**367,206**	**4,837**	**31,289**	**1,376**	**404,708**
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
Comprising						
At 31 December 2015:						
At cost		**498**	**4,837**	**31,289**	**1,376**	**38,000**
At valuation		**366,708**	**-**	**-**	**-**	**366,708**
		367,206	**4,837**	**31,289**	**1,376**	**404,708**
At 31 December 2014:						
At cost		498	4,953	35,658	1,276	42,385
At valuation		365,672	-	-	-	365,672
		366,170	4,953	35,658	1,276	408,057

	Note	Building and freehold land	Leasehold land, buildings and improvements	Plant and equipment	Motor vehicles	Total
		$'000	$'000	$'000	$'000	$'000
Accumulated depreciation:						
At 1 January 2015		**298**	**906**	**4,976**	**893**	**7,073**
Exchange differences on consolidation		**(44)**	**(64)**	**(1,687)**	**(23)**	**(1,818)**
Depreciation	25	**2,405**	**74**	**5,085**	**137**	**7,701**
Disposals		**-**	**-**	**(398)**	**(149)**	**(547)**
Write-offs		**-**	**-**	**(3,349)**	**-**	**(3,349)**
Revaluation		**(2,659)**	**-**	**-**	**-**	**(2,659)**
At 31 December 2015		**-**	**916**	**4,627**	**858**	**6,401**
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
Accumulated impairment:						
At 1 January 2015		**-**	**3,098**	**-**	**-**	**3,098**
Exchange differences on consolidation		**-**	**60**	**-**	**-**	**60**
At 31 December 2015		**-**	**3,158**	**-**	**-**	**3,158**
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
Carrying amount:						
At 31 December 2015		**367,206**	**763**	**26,662**	**518**	**395,149**
At 31 December 2014		365,872	949	30,682	383	397,886

Included in building and freehold land is freehold land with a carrying amount of $198,022,000 (2014: $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 made in 2015 and 2014 as a result of such assessment.

Details of collateral

As at 31 December 2015, property, plant and equipment amounting to $391,970,000 (2014: $394,414,000) 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.

Fair value measurement of hotel properties

The Group's hotel properties (including freehold land and buildings) held under GHG 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 an 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 31 December 2015, the fair value measurement of the Group's hotel properties is classified within Level 3 of the fair value hierarchy. There is no change in the fair value hierarchy as compared to prior year.

Based on the valuation, revaluation gain amounting to $22,447,000 (2014: share of revaluation gain of $2,173,000) was recognised in other comprehensive income [note 28].

There were no transfers between different levels in 2015 and 2014 during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2015 and 2014 are as follows:

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
2015			
Grand Hyatt Melbourne	Capitalisation Approach	Capitalisation rate [(2)]	6.75%
121-131 Collins Street	Discounted Cash Flow	Discount rate[(2)]	9.25% - 10.25%
Melbourne, Victoria	Approach	Terminal yield rate[(2)]	6.25% - 7.25%
Hyatt Regency Perth	Capitalisation Approach	Capitalisation rate [(2)]	7.25%
87-123 Adelaide Terrace	Discounted Cash Flow	Discount rate[(2)]	9.50% - 10.50%
East Perth Western Australia	Approach	Terminal yield rate [(2)]	7.00% - 8.00%

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
2014			
Grand Hyatt Melbourne 121-131 Collins Street Melbourne, Victoria	Direct Comparison Method	Per hotel room [1]	$515,000 - $537,000 (A$479,000-A$500,000)
	Capitalisation Approach	Capitalisation rate [2]	7.0%
	Discounted Cash Flow Approach	Discount rate[2]	9.75% - 10.75%
		Terminal yield rate [2]	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]	10.50% - 11.50%
		Terminal yield rate[2]	7.50% - 8.50%

[1] Any significant isolated increase (decrease) in these inputs would result in a significantly higher (lower) fair value measurement.

[2] Any significant isolated increase (decrease) in these inputs would result in a significantly lower (higher) fair value measurement.

List of hotel properties

The carrying amount of the Group's hotel properties as at 31 December 2015 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	2015 A$'000[1]	2014 A$'000[1]	2015 S$'000	2014 S$'000
Australia								
Grand Hyatt Melbourne Australia *	Located at the "Paris end" of Collins Street and its intersection with Russel 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	Freehold	5,776	100%	**300,405**	269,282	**305,872**	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%	**82,430**	95,810	**83,930**	102,890
					382,835	365,092	**389,802**	392,072

* Acquired on 2 December 2014 [note 29]

[1] Figures in A$ are for information.

10 Investment properties

	Note	Completed investment properties	Investment properties under redevelopment	Total
		$'000	**$'000**	**$'000**
Group				
At 1 January 2015		**725,920**	**357,012**	**1,082,932**
Exchange differences on consolidation		**(12,246)**	**-**	**(12,246)**
Development costs		**218**	**13,934**	**14,152**
Net loss from fair value adjustments	24	**(8,648)**	**719**	**(7,929)**
At 31 December 2015		**705,244**	**371,665**	**1,076,909**
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
Company				
At 31 December 2015		**498**	**-**	**498**
At 31 December 2014		498	-	498

	Group	
	2015	**2014**
	$'000	**$'000**
Represented by:		
Completed investment properties in Singapore	**478,450**	477,950
Completed investment properties in Australia	**220,176**	241,483
Completed investment properties in China	**6,618**	6,487
Investment properties under development in Singapore	**371,665**	357,012
	1,076,909	1,082,932

Fair value adjustment

The Group's investment properties are stated at fair value as at 31 December 2015, 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 loss amounting to $7,929,000 (2014: fair value gain of $3,264,000) was recognised in profit or loss [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 2015, 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 in 2015 and 2014.

Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2015 and 31 December 2014 are as follows:

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
2015			
Singapore			
Robinson Point 39 Robinson Road Singapore	Direct Comparison Method	Price per square metre of lettable area[1]	$22,600 - $37,700
	Investment Method	Net income margin*[1] Capitalisation rate[2]	75% - 85% 2.0% - 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]	$26,500 - $29,100
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]	$7,000 - $12,700
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 - $7,900 $6,000 - $8,700 (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]	$26,300 - $35,000

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
(cont'd)			
Robinson Tower redevelopment site	Residual Land Value Method	Gross development value per square metre[(1)]	Office: $25,300 - $39,000 Retail: $64,700-$130,000
		Developer profit[(2)]	10%
	Direct Comparison Method	Land sale per square metre per plot ratio[(1)]	$9,800 - $12,000
		Construction cost per square metre of gross floor area[(2)]	$7,200
		Total development cost (exclude land cost) per square metre of gross floor area[(2)#]	$10,000
		Remaining construction period[(2)]	2.5 years
Australia			
Fortescue Centre & Carpark (being part of the Hyatt Regency complex)	Capitalisation Method	Capitalisation rate[(2)]	8.25%
	Discounted Cash Flow Method	Discount rate[(2)]	8.75% - 9.25%
		Terminal yield rate[(2)]	8.25% - 8.75%
Commercial Centre & Carpark within the Melbourne Grand Hyatt complex	Capitalisation Method	Capitalisation rate[(2)]	Retail: 5.50%
	Discounted Cash Flow Method	Discount rate[(2)]	Retail: 7.25% - 7.75% Carpark: 8.00% - 8.50%
		Terminal yield rate[(2)]	Retail: 5.50% - 6.00% Carpark: 6.50% - 7.00%
China			
No. 2950 ChunShen Road Shanghai, China	Direct Comparison Method	Price per square metre of gross floor area[(1)]	$3,700 - $5,000

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
2014			
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) Land sale per square metre per plot ratio(1) Construction cost per square metre of gross floor area(2) Total development cost (exclude land cost) per square metre of gross floor area(2) # Remaining construction period(2)	Office: $23,400 - $35,300 Retail: $64,700 - $68,900 10% $9,600 - $12,000 $5,800 $8,700 2.5 years

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
(cont'd)			
Australia			
Commercial Centre & Carpark within the Melbourne Grand Hyatt complex	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%
Fortescue Centre & Carpark (being part of the Perth Hyatt Regency complex)	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)	9.0% - 9.5%
		Terminal yield rate(2)	9.0% - 9.5%
China			
No. 2950 ChunShen Road Shanghai, China	Direct Comparison Method	Price per square metre of gross floor area(1)	$1,800 - $4,700

Notes:

* 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 increase (decrease) in these inputs would result in a significantly higher (lower) fair value measurement

(2) Any significant isolated increase (decrease) 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 $33,916,000 (2014: $17,102,000) [note 21]. Direct operating expenses (including repairs and maintenance) related to these investment properties amounted to $7,003,000 (2014: $4,279,000). Information on operating lease commitments is disclosed in note 31 to the financial statements.

Details of collateral

As at 31 December 2015, investment properties amounting to $1,070,291,000 (2014: $1,076,445,000) 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 2015 are as follows:

Name of property	Description	Tenure	Strata floor area (sq. m)	Group's effective equity interest	2015 $'000	2014 $'000
Singapore						
Robinson Point 39 Robinson Road Singapore	A 21-storey commercial building with 3-levels of carpark	Freehold	15,724 ^	100%	**352,000**	351,500
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**	40,400
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**	9,300
					478,450	477,950

Name of property	Description	Tenure	Strata floor area (sq. m)	Group's effective equity interest	2015 A$'000[1]	2014 A$'000[1]	2015 S$'000	2014 S$'000
Australia								
Commercial Centre & Carpark within the Melbourne Grand Hyatt complex	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%	**118,000**	107,855	**120,148**	115,826
Fortescue Centre & Carpark (being part of the Perth Hyatt Regency complex)	A 3-level commercial buildings and plaza level shops and suites with 2-levels of basement car park	Freehold	23,415	100%	**98,240**	117,010	**100,028**	125,657
					216,240	224,865	**220,176**	241,483

China					2015 RMB'000[1]	2014 RMB'000[1]	2015 S$'000	2014 S$'000
No. 2950 ChunShen Road Shanghai, China	A 3-storey commercial building	58 years from 2008	2,170	100%	**30,500**	30,500	**6,619**	6,487

^ Gross floor area
* Acquired on 2 December 2014 [note 29]
[1] Figures in A$ and RMB are for information.

List of investment property under redevelopment

The carrying amount of investment property under redevelopment as at 31 December 2015 is as follows:

Name of property	Description	Tenure	Planned gross floor area (sq. m)	Group's effective equity interest	2015 $'000	2014 $'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%	**371,665**	357,012

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

Interest costs capitalised during the year was $3,811,000 (2014: $2,932,000) at effective interest rate of 2.5% per annum (2014: 1.9% per annum) [note 23].

11 Investments in subsidiaries

	Company	
	2015	**2014**
	$'000	**$'000**
Quoted shares, at cost	**115,976**	115,976
Unquoted shares, at cost	**557,540**	548,917
Loan to a subsidiary	**79,404**	-
Deemed investment arising from financial guarantees	**46,925**	46,176
	799,845	711,069
Less: Allowance for impairment loss	**(137,945)**	(136,767)
	661,900	574,302
Fair value of investment in a subsidiary for which there are published price quotations	**30,961**	28,146

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 $6,722,000 (2014: $13,492,000) 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.

Analysis of allowance for impairment

	Company	
	2015	**2014**
	$'000	**$'000**
Allowance for impairment loss		
At 1 January	**(136,767)**	(125,527)
Allowance for impairment loss	**(1,178)**	(16,518)
Reversal of impairment	**-**	5,278
	(1,178)	(11,240)
At 31 December	**(137,945)**	(136,767)

During the year, impairment loss amounting to $1,178,000 (2014: $16,518,000) was made in respect of the Company's investment in certain subsidiaries to reduce the carrying value of investment to the recoverable amounts after taking into account the current financial position of the subsidiaries. The impairment loss of $9,400,000 in 2014 was made in respect of a subsidiary that was liquidated in 2015. In addition, there was a reversal of impairment amounting to $Nil (2014: $5,278,000) in relation to certain subsidiaries due to increase in their recoverable amounts.

Loan to a subsidiary

Loan to a subsidiary refers to unsecured advances which have no fixed terms of repayment and are not expected to be repaid in the next 12 months. These advances bear interest at rates ranging from 4.5% to 6.5% per annum.

Wholly-owned subsidiaries

Information about the composition of wholly-owned subsidiaries of the Group as at 31 December 2015 is as follows:

Principal activity	Country of incorporation and operation	Number of wholly-owned subsidiaries	
		2015	**2014**
Development of properties for sale, property investment and provision of property management services.	Singapore and China	**26**	27
Investment in hotels in Australia through Grand Hotel Grand ("GHG")	Australia	**4**	4
Investments in GulTech, a printed circuit boards manufacturer with operations in Singapore and China, and Pan-West, a retailer of golf-related products.	Singapore, China and Malaysia	**5**	5
		35	36

Non-wholly owned subsidiaries

Information about the composition of non-wholly owned subsidiaries of the Group as at 31 December 2015 is as follows:

Principal activity	Country of incorporation and operation	Number of non-wholly owned subsidiaries	
		2015	**2014**
Trading and marketing of selected industrial commodities, distribution of tyres and re-treading of tyres	Singapore, Malaysia	**9**	10
Property development	Singapore	**1**	1
Manufacture and sale of polypropylene woven bags	Malaysia	**1**	1
		11	12

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	
		2015	**2014**	**2015**	**2014**	**2015**	**2014**
				$'000	**$'000**	**$'000**	**$'000**
SP Corporation Limited and subsidiaries	Various	19.8%	19.8%	**290**	422	**9,977**	9,425
Individually immaterial subsidiary with non-controlling interests	Malaysia	2.1%	2.1%	**(4)**	(5)	**675**	704
				286	417	**10,652**	10,129

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

	2015 **$'000**	**2014** **$'000**
Current assets	**76,193**	68,446
Non-current assets	**530**	305
Current liabilities	**(26,335)**	(21,127)
Non-current liabilities	**(24)**	(26)
Equity attributable to owners	**50,364**	47,598
Revenue for the year	**119,675**	131,913
Net profit for the year	**1,466**	2,131

12 Investments in equity accounted investees

	Group	
	2015	**2014**
	$'000	**$'000**
Unquoted equity shares, at cost	**72,240**	72,240
Exchange differences on consolidation	**5,212**	771
Share of post-acquisition results and reserves, net of dividends and distributions received	**(5,941)**	(10,030)
	71,511	62,981

Equity accounted investees

The Group equity accounted for Gul Technologies Singapore Pte Ltd ("GulTech") and Pan-West (Private) Limited. Details of the Group's significant associates as at 31 December 2015 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 2015 $'000	Group 2014 $'000
Share of net assets			
At 1 January		**62,981**	208,159
Exchange differences on consolidation		**4,557**	3,073
Change in interest in a joint venture	29	**-**	(167,297)
Share of total comprehensive income (refer to below)		**6,683**	27,852
Adjustment arising from selective capital reduction of an associate	25	**-**	(136)
Reclassification		**5,853**	-
Distributions		**(8,563)**	(8,670)
At 31 December		**71,511**	62,981
Share of total comprehensive income			
Share of results before fair value adjustments		**6,803**	19,985
Share of fair value gain on investment properties	24	**-**	3,076
Share of fair value gain on financial instruments	24	**(120)**	129
		(120)	3,205
Share of net profit		**6,683**	23,190
Share of asset revaluation reserve	28	**-**	2,173
Share of cash flow hedging account	28	**-**	2,489
Share of other comprehensive income		**-**	4,662
Share of total comprehensive income for the year		**6,683**	27,852

Details of asset revaluation reserve and cash flow hedging account 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:

	2015 US$'000[1]	**2014 US$'000[1]**	**2015 S$'000**	**2014 S$'000**
Current assets	**171,874**	186,085	**241,620**	246,277
Non-current assets	**164,957**	165,216	**231,897**	218,614
Current liabilities	**(101,793)**	(121,455)	**(143,101)**	(160,708)
Non-current liabilities	**(59,381)**	(30,140)	**(83,477)**	(39,881)
Non-controlling interests	**(61,295)**	(82,752)	**(86,169)**	(109,497)
Equity attributable to owners	**114,362**	116,954	**160,770**	154,755
Revenue for the year	**242,946**	275,198	**334,294**	347,354
Net profit for the year	**10,918**	20,668	**15,023**	26,087

[1] Figures in US$ are for information.

Pan-West

The Group had recognised its share of losses of $5,853,000 being the corporate guarantees given to certain banks in exchange for bank balances drawn by Pan-West and its subsidiary. Other than the afore-mentioned corporate guarantees, the Group had no other commitments in relation to Pan-West. Accordingly, its share of accumulated losses of Pan-West amounting to $4,078,000 (2014: $2,687,000) as at the end of the year is not recognised.

13 Loans and borrowings

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Short-term borrowings				
Bank loans	**428,924**	195,347	**-**	-
Long-term borrowings				
Bank loans	**598,006**	1,070,250	**-**	-
Notes issued under MTN Programme	**79,404**	79,275	**79,404**	79,275
	677,410	1,149,525	**79,404**	79,275
Total borrowings	**1,106,334**	1,344,872	**79,404**	79,275
Represented by:				
Interest-bearing liabilities	**1,108,370**	1,348,039	**80,000**	80,000
Capitalised interest costs	**(2,036)**	(3,167)	**(596)**	(725)
	1,106,334	1,344,872	**79,404**	79,275

Security profile

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Secured borrowings				
Current	**428,924**	195,347	-	-
Non-current	**598,006**	1,070,250	-	-
	1,026,930	1,265,597	**-**	-
Unsecured borrowings				
Non-current	**79,404**	79,275	**79,404**	79,275
	1,106,334	1,344,872	**79,404**	79,275

The Group had a loan of $198,110,000 due in March 2016. At the end of the reporting period, the Group refinanced the loan with the maturity date extended to November 2018. The required approval for the re-financing was obtained prior to the reporting date. The signed letter of refinancing was obtained on January 5, 2016.

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.

Notes issued under the MTN Programme comprise of fixed rate notes (the "Note") amounting to S$80,000,000 which will mature on 14 October 2019. The Notes are unsecured, bear a fixed interest rate of 4.50% per annum payable semi-annually in arrear. At the end of the reporting period, the fair value of the Note approximates its carrying amount.

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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Loans and borrowings				
Fixed rate	**79,404**	79,275	**79,404**	79,275
Variable rate	**1,026,930**	1,265,597	**-**	-
	1,106,334	1,344,872	**79,404**	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 2015.

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.

Loan maturity profile

The non-current borrowings are generally repayable from 30 November 2018 to 11 September 2026 (2014: 8 February 2016 to 11 September 2026). Information relating to the maturity profile of the Group's loans and borrowings is disclosed in note 33(d) to the financial statements.

14 Trade and other payables

	Note	Group		Company	
		2015	**2014**	**2015**	**2014**
		$'000	**$'000**	**$'000**	**$'000**
Trade					
Trade payables		**46,750**	37,776	**88**	228
Amounts due to related parties	16	**4,113**	5,485	**-**	-
		50,863	43,261	**88**	228
Non-trade					
Other creditors		**16,749**	23,003	**139**	277
Other provisions		**4,990**	5,995	**-**	-
Less: non-current portion		**(362)**	(423)	**-**	-
		4,628	5,572	**-**	-
Advanced billings		**11,673**	4,676	**-**	-
Accrued operating expenses		**29,427**	27,777	**2,921**	907
Accrued interest expenses		**3,312**	2,499	**779**	779
Financial guarantees to subsidiaries	11	**-**	-	**6,722**	13,492
Amounts due to related parties	16	**562**	346	**12**	10
		66,351	63,873	**10,573**	15,465
		117,214	107,134	**10,661**	15,693

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 (2014: 7 to 120 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	
	2015	**2014**
	$'000	**$'000**
Amounts due from subsidiaries - non-trade	**307,918**	386,963
Less: Allowance for impairment	**(22,170)**	(20,650)
	285,748	366,313
Amounts due to subsidiaries - non-trade	**(292,716)**	(322,278)

Analysis of allowance for impairment

	Company	
	2015	**2014**
	$'000	**$'000**
Allowance for impairment		
At 1 January	**(20,650)**	(11)
Allowance made	**(1,520)**	(20,642)
Write back of allowance	**-**	3
	(1,520)	(20,639)
At 31 December	**(22,170)**	(20,650)

Advances from and to subsidiaries are unsecured and are repayable on demand. Interest is charged at rate ranging from 1.08% to 3.0% per annum on interest-bearing advances.

During the year, allowance for impairment of $1,520,000 (2014: $20,642,000) and a reversal of allowance for impairment loss of $Nil (2014: $3,000) was made for amounts due from subsidiaries. The above assessment is after taking into account the current financial position of the subsidiaries. The allowance for impairment of $1,520,000 (2014: 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		Company	
		2015	**2014**	**2015**	**2014**
		$'000	**$'000**	**$'000**	**$'000**
Amounts due from:					
Other related parties					
Other related parties, trade		**5,805**	4,001	**-**	-
Other related parties, non-trade		**5,178**	384	**-**	-
Refundable deposits with other related parties		**8,435**	7,939	**-**	-
		19,418	12,324	**-**	-
Total		**19,418**	12,324	**-**	-
Presented as:					
Amounts due from related parties, trade	6	**5,805**	4,001	**-**	-
Amounts due from related parties, non-trade	6	**13,613**	8,323	**-**	-
		19,418	12,324	**-**	-
Amounts due to:					
Associates					
Associates, trade		**(3)**	(3)	**-**	-
Associates, non-trade		**(10)**	(10)	**(10)**	(10)
		(13)	(13)	**(10)**	(10)
Other related parties					
Other related parties, trade		**(4,110)**	(5,482)	**-**	-
Other related parties, non-trade		**(552)**	(336)	**(2)**	-
		(4,662)	(5,818)	**(2)**	-
Total		**(4,675)**	(5,831)	**(12)**	(10)
Presented as:					
Amounts due to related parties, trade	14	**(4,113)**	(5,485)	-	-
Amounts due to related parties, non-trade	14	**(562)**	(346)	**(12)**	(10)
		(4,675)	(5,831)	**(12)**	(10)

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/(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 $8,435,000 (2014: $7,939,000) 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 4.8% (2014: 4.6%) 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.

Included in the other related parties, non-trade was an amount of $4,897,000 (2014 : $Nil) which is an advance to a related party for coal order placement. 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	
	2015	**2014**
	$'000	**$'000**
Deferred tax assets and liabilities arising from		
Accelerated tax depreciation compared to accounting depreciation	**278**	395
Profit recognised on percentage of completion of development properties for sale	**13,542**	7,619
Revaluation of property	**1,450**	1,421
Foreign income not remitted and which will be subject to tax if remitted in the future	**23,838**	23,430
Unutilised tax losses	**1,826**	(348)
Others	**(1,659)**	(1,680)
	39,275	30,837
Represented by:		
Deferred tax assets	**(3,045)**	(4,179)
Deferred tax liabilities	**42,320**	35,016
	39,275	30,837

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 authorities.

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	Foreign income not remitted	Unutilised tax losses	Others	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 1 January 2015		**395**	**7,619**	**1,421**	**23,430**	**(348)**	**(1,680)**	**30,837**
Exchange differences on consolidation		**(31)**	**-**	**29**	**(1,267)**	**(14)**	**113**	**(1,170)**
Transfer to income tax payable upon completion of development property		**-**	**(2,486)**	**-**	**-**	**-**	**-**	**(2.486)**
Charged to profit or loss	26	**(86)**	**8,409**	**-**	**(4,773)**	**2,188**	**(92)**	**5,646**
Charged to other comprehensive income	28	**-**	**-**	**-**	**6,448**	**-**	**-**	**6,448**
At 31 December 2015		**278**	**13,542**	**1,450**	**23,838**	**1,826**	**(1,659)**	**39,275**

	Note	Accelerated tax depreciation	Deferred development costs	Revaluation of property	Foreign income not remitted	Unutilised tax losses	Others	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
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

Acquired on 2 December 2014 [note 29]. Amount relates to deferred tax assets arising from employee benefits.

Deferred tax liabilities relating to equity interest in GHG

Deferred tax liabilities included an amount of $27,969,000 (2014: $25,576,000) 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 $244,000 (2014: $236,000). 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 $36,926,000 (2014: $47,824,000) which were available for carry forward and set-off against future taxable income. A deferred tax asset had been recognised on tax losses of $11,358,000 (2014: $12,663,000), whereas no deferred tax asset had been recognised in respect of the remaining tax losses of $25,568,000 (2014: $35,161,000) 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 $2,401,000 (2014: $2,196,000) 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			
	2015	**2014**	**2015**	**2014**
	Number of ordinary shares ('000)		**$'000**	**$'000**
Issued and paid up:				
At 1 January	**1,176,156**	1,172,740	169,260	168,190
Shares issued under Scrip Dividend Scheme	**2,669**	3,416	970	1,070
At 31 December	**1,178,825**	1,176,156	170,230	169,260

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 2,669,072 (2014: 3,416,310) ordinary shares at an issue price of 36.3 cents (2014: 31.3 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 2014.

19 Reserves

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Asset revaluation reserve	**94,534**	78,806	**-**	-
Foreign currency translation account	**(23,722)**	(18,592)	**-**	-
Other capital reserves:				
- Non-distributable capital reserves	**117,692**	111,052	**101,264**	101,264
- Cash flow hedging account	**(1,350)**	(717)	**-**	-
	116,342	110,335	**101,264**	101,264
Revenue reserve	**519,421**	463,109	**294,427**	253,759
	706,575	633,658	**395,691**	355,023

Asset revaluation reserve

Asset revaluation reserve comprises net cumulative surpluses arising from the revaluation of property, plant and equipment which are held for the purpose of production or supply or goods and services.

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.

Other 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 represents the cumulative net change in fair value of the effective portion of the cash flow hedges.

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.

20 Dividend

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Tax-exempt one-tier first and final dividend paid in respect of the previous year		
Cash	**4,911**	4,794
Share	**970**	1,070
	5,881	5,864

The directors proposed a tax exempt one-tier first and final dividend of 0.6 cent per share (2014: 0.5 cent per share) amounting to $7,073,000 (2014: $5,881,000), 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 2015. The Tuan Sing Scrip Dividend Scheme will be applicable to this proposed dividend.

21 Revenue

	Note	Group 2015 $'000	Group 2014 $'000
Sale of products		**125,749**	137,517
Sale of development properties		**384,658**	184,075
Rental income of investment properties	10	**33,916**	17,102
Hotel operations and related income		**126,788**	10,271
Services rendered		**5,547**	5,287
Others		**464**	513
		677,122	354,765

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, $384,658,000 (2014: $177,546,000) was recognised as revenue based on the percentage of completion method.

22 Finance income

	Group	
	2015	**2014**
	$'000	**$'000**
Interest income on bank deposits	**3,198**	4,061
Interest income from debtors	**610**	319
Interest income from related parties	**450**	380
	4,258	4,760

23 Finance costs

	Note	Group	
		2015	**2014**
		$'000	**$'000**
Interest expense on loans and borrowings		**35,211**	16,598
Amortisation of capitalised finance costs		**960**	468
		36,171	17,066
Less: Amounts capitalised			
- Development properties	8	**(4,831)**	(4,948)
- Investment properties	10	**(3,811)**	(2,932)
		(8,642)	(7,880)
		27,529	9,186

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

24 Fair value adjustments

	Note	Group 2015 $'000	Group 2014 $'000
Fair value (loss) / gain from:			
Subsidiaries		**(7,929)**	3,264
Share of equity accounted investees	12	**(120)**	3,205
		(8,049)	6,469
Represented by:			
Fair value (loss) / gain in respect of :			
- investment properties		**(7,929)**	6,340
- financial instrument		**(120)**	129
		(8,049)	6,469

The fair value adjustment is analysed as follows:

	Note	Group Gross $'000	Group Deferred tax $'000	Group Net $'000
2015				
Fair value (loss) / gain on investment properties				
Subsidiaries	10	**(7,929)**	**2,723**	**(5,206)**
Fair value loss on financial instruments				
Share of equity accounted investees	12	**(120)**	**-**	**(120)**
		(8,049)	**2,723**	**(5,326)**
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

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:

	Group	
	2015	**2014**
	$'000	**$'000**
Depreciation of property, plant and equipment [included in cost of sales, distribution costs, administrative expenses]	**7,701**	1,078
Net (gain) / loss on disposal of property, plant and equipment [included in other operating income / (expenses)]	**(62)**	3
Plant and equipment written off [included in other operating expenses]	**-**	18
Allowance for diminution in value for development properties [included in other operating expenses]	**8,935**	**-**
Allowance / (write-back of allowance) for doubtful receivables, net [included in other operating income / (expenses)]	**197**	(1)
Allowance for inventory obsolescence, net [included in other operating income / (expenses)]	**89**	75
Adjustment arising from selective capital reduction of an associate [included in other operating expenses]	**-**	136
Negative goodwill on acquisition [included in other operating income]	**-**	(26,924)
Acquisition related expenses [included in other operating expenses]	**-**	17,759
Foreign exchange gain, net [included in other operating income / (expenses)]	**(168)**	(372)

	Group	
	2015	**2014**
	$'000	**$'000**
Cost of inventories recognised as an expense	**122,232**	132,727
Auditors' remuneration		
Audit fees		
- Auditors of the Company	**322**	318
- Other auditors	**185**	207
Non-audit fees		
- Auditors of the Company	**67**	49
- Other auditors	**551**	143
Directors' remuneration		
Of the Company		
- Salaries and wages	**1,511**	1,459
Of the subsidiaries		
- Salaries and wages	**1,946**	2,189
- Defined contribution plans	**52**	55
	3,509	3,703
Employees benefit expenses (excluding directors' remuneration)		
- Salaries and wages	**12,652**	12,273
- Defined contribution plans	**940**	808
- Others	**28**	15
	13,620	13,096

Non-audit fees for 2015 relates mainly to tax compliance and tax consultancy services incurred in China, Indonesia and Australia of which $415,000 was for work performed in 2014. The Audit and Risk Committee had reviewed the non-audit services provided by the auditors, Deloitte & Touche LLP, Singapore and the overseas practices of Deloitte Touche Tohmatsu Limited and was of the opinion that these services would not affect the independence of the auditors.

26 Income tax expenses

	Note	Group 2015 $'000	Group 2014 $'000
Current income tax			
- Singapore		**2,606**	1,285
- Foreign		**3,540**	279
- (Over) / Under provision in prior years		**(819)**	2,695
		5,327	4,259
Withholding tax expense		**562**	35
Deferred tax	17	**5,646**	10,093
		11,535	14,387

Singapore income tax is calculated at 17% (2014 : 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 2015 $'000	Group 2014 $'000
Profit before income tax	**80,654**	75,973
Income tax calculated at 17% (2014 : 17%)	**13,711**	12,915
Adjustments:		
Share of results of equity-accounted investees	**(1,136)**	(3,942)
Expenses not deductible for tax purposes	**2,282**	2,894
Tax losses not recognised as deferred tax assets	**602**	39
Tax losses not available for set-off against future income	**4**	13
Different tax rates of subsidiaries operating in other jurisdictions	**341**	8,040
Income that is not subject to tax	**(2,143)**	(3,030)
Utilisation of tax losses and capital allowance previously unrecognised	**(1,950)**	(4,949)
(Over) / Under provision in prior years	**(819)**	2,695
Withholding tax expense	**562**	35
Others	**81**	(323)
	11,535	14,387

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**
2015				
Profit before tax		**88,703**	**(8,049)**	**80,654**
Income tax expenses	26	**(14,258)**	**2,723**	**(11,535)**
Profit for the year		**74,445**	**(5,326)**	**69,119**
Less:				
Non-controlling interests		**(286)**	**-**	**(286)**
Profit attributable to owners of the Company		**74,159**	**(5,326)**	**68,833**
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

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	
	2015	**2014**
	$'000	**$'000**
Profit attributable to owners of the Company		
Before fair value adjustments	**74,159**	55,750
Fair value adjustments	**(5,326)**	5,419
After fair value adjustments	**68,833**	61,169
Basic and diluted earnings per share (cents)		
Excluding fair value adjustments	**6.3**	4.7
Including fair value adjustments	**5.8**	5.2
Weighted average number of ordinary shares (in '000 shares) for the purpose of computation of basic and diluted earnings per share	**1,177,545**	1,174,518

There is no dilutive ordinary share in 2015 and 2014.

28 Other comprehensive income

	Note	Group Before tax	Deferred tax	After tax
		$'000	**$'000**	**$'000**
2015				
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Revaluation of property	9	**22,447**	**(6,719)**	**15,728**
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		**(4,893)**	**-**	**(4,893)**
Cash flow hedging account		**(904)**	**271**	**(633)**
		16,650	**(6,448)**	**10,202**
2014				
Other comprehensive loss				
Items that will not be reclassified subsequently to profit or loss				
Share of asset revaluation reserve of equity accounted investees	12	2,173	(276)	1,897
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		(7,020)	-	(7,020)
Share of cash flow hedging account of equity accounted investees	12	2,489	(316)	2,173
		(2,358)	(592)	(2,950)

During the year, the Group entered into interest rate swap contracts to hedge its interest rate risk exposures. Derivatives that are designated and effective as hedging instruments are carried at fair value.

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 [note 25].

Between 2 December 2014 and 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.

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

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

Acquisition-related costs

In 2014, acquisition-related costs of $17,759,000 had been excluded from the consideration paid and were recognised as "other operating expenses" in profit or loss [note 25]. Stamp duty formed the bulk of the acquisition-related costs in 2014.

Net cash outflow on acquisition of subsidiary

	2014 $'000
Consideration paid	140,373
Less: Cash and bank balances acquired	(38,056)
Net cash outflow on acquisition	102,317

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	
	2015	**2014**
	$'000	**$'000**
Transactions with major shareholders		
Sale of products and services rendered	**4,763**	9,847
Sale of a development property	**952**	783
Rental income	**1,779**	1,344
Interest income	**450**	352
Purchase of products	**(37,285)**	(46,058)
Transactions with associates		
Management fee income	**180**	180
Rental income	**344**	344
Interest income	**-**	28
Purchase of products	**-**	(100)
Transactions with Directors of the Company and their associates		
Sale of development properties	**1,897**	1,035

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 month and 26 months (2014: 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	
	2015	**2014**
	$'000	**$'000**
Commitment with major shareholders		
Sale of development properties	**645**	3,494
Operating leases		
- Within one year	**2,758**	998
- After one year but not more than five years	**4,282**	1,572
- After five years	**2,822**	3,212
	9,862	5,782

Remuneration of directors and key management personnel

	Group	
	2015	**2014**
	$'000	**$'000**
Short-term benefits and fees	**3,457**	3,648
Post-employment benefits (defined contribution plan)	**52**	55
	3,509	3,703

31 Commitments

Capital commitments

	Group	
	2015	**2014**
	$'000	**$'000**
Development and investment properties expenditure contracted for but not provided in the financial statements	**183,671**	165,804
Capital expenditure contracted for but not provided in the financial statements	**1,375**	1,676
Share of commitments of equity-accounted investees		
- Capital expenditure contracted for but not provided in the financial statements	**227**	1,890
- Acquisition of shares	**18,725**	-

Share of commitment on acquisition of shares

On 31 December 2015, the Company's 44.5%-owned associated company, Gul Technologies Singapore Ltd, has through its wholly-owned subsidiary, Gultech International Pte Ltd, entered into an agreement with a related company, Anhui Prime Cord Fabrics Company Ltd, to acquire the remaining 38.6% of the issued share capital of Gultech (Suzhou) Electronics Co., Ltd for a cash consideration of S$42,098,000 (RMB194,000,000). The Group's share of commitment in the acquisition is S$18,725,000 (RMB86,291,000).

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 twelve years (2014: one and nine 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	
	2015	**2014**
	$'000	**$'000**
Within one year	**32,120**	29,928
After one year but not more than five years	**52,086**	69,503
After five years	**3,249**	7,378
	87,455	106,809

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 $343,000 (2014: $503,000).

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	
	2015	**2014**
	$'000	**$'000**
Within one year	**459**	750
After one year but not more than five years	**-**	423
	459	1,173

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	
	2015	**2014**
	$'000	**$'000**
Foreign currency forward contracts	**18,900**	11,400

In 2015 and 2014, 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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Guarantees given to banks in respect of bank facilities utilised by subsidiaries	-	-	**637,928**	837,879

The Group recognised a financial guarantee of $5,853,000 granted to 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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables (including cash and bank balances)	**272,924**	336,336	**286,180**	366,670
Financial liabilities				
Loans and payables – amortised cost	**1,212,237**	1,447,754	**376,059**	403,754
Financial guarantee contracts	**-**	-	**6,722**	13,492
	1,212,237	1,447,754	**382,781**	417,246
Derivative financial instruments	**904**	-	**-**	-
	1,213,141	1,447,754	**382,781**	417,246

(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 significant 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 2015				
Financial assets				
Cash and bank balances	**176**	**7227**	**1**	**63**
Trade and other receivables	**74**	**620**	**-**	**90**
	250	**7,847**	**1**	**153**
Financial liabilities				
Trade and other payables	**(19,248)**	**(4,222)**	**-**	**-**
Net financial (liabilities)/assets	**(18,998)**	**3,625**	**1**	**153**
Less:				
Forward foreign exchange contracts	**18,900**	**-**	**-**	**-**
Net currency exposure	**(98)**	**3,625**	**1**	**153**
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 the end of the reporting year, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency were as follows:

	2015		2014	
	AUD	**MYR**	**AUD**	**MYR**
	$'000	**$'000**	**$'000**	**$'000**
Company				
Financial assets				
Amounts due from subsidiaries	**-**	**489**	-	434
Financial liabilities				
Amounts due to subsidiaries	**(228)**	**-**	(228)	-
Net currency exposure	**(228)**	**489**	(228)	434

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	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group								
Profit or loss	**37**	402	**(363)**	(224)	**(1)**	(112)	**(15)**	(9)
Company								
Profit or loss	-	-	-	-	**23**	23	**(49)**	(43)

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 $9,610,000 (2014: decrease or increase by $12,438,000).

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

	Group	
	2015	**2014**
	$'000	**$'000**
By geographical area		
Singapore	**76,011**	26,762
Australia	**3,815**	4,827
China	**4,221**	4,230
Malaysia	**2,847**	1,943
Indonesia	**12,970**	12,789
USA	**238**	152
Other ASEAN countries	**53**	625
Others	**331**	598
	100,486	51,926
By type of customers		
Related parties	**5,805**	4,001
Non-related parties	**94,681**	47,925
	100,486	51,926
By industry sector		
Property	**49,586**	5,212
Hotel	**4,472**	6,247
Industrial services	**46,428**	40,467
	100,486	51,926

(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 liabilities 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 2015							
Non-interest bearing	-	**105,541**	**362**	-	-	-	**105,903**
Fixed interest rate instruments	**4.5**	**3,600**	**3,600**	**86,420**	-	**(14,216)**	**79,404**
Variable interest rate instruments	**1.7-3.4**	**443,871**	**7,812**	**598,688**	**6,532**	**(29,973)**	**1,026,930**
		553,012	**11,774**	**685,108**	**6,532**	**(44,189)**	**1,212,237**
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

	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
Company							
31 December 2015							
Non-interest bearing		**296,655**	**-**	**-**	**-**	**-**	**296,655**
Fixed interest rate instruments	**4.5**	**3,600**	**3,600**	**86,420**	**-**	**(14,216)**	**79,404**
Financial guarantee contracts		**637,928**	**-**	**-**	**-**	**(631,206)**	**6,722**
		938,183	**3,600**	**86,420**	**-**	**(645,422)**	**382,781**
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

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 $637,928,000 (2014: $837,879,000). The earliest time that a guarantee could be called is as and when the guarantee is claimed by the counterparty.

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 (2014: $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 2015							
Non-interest bearing		**134,875**	**736**	**-**	**10**	**-**	**135,621**
Variable interest rate instruments	**0.1-0.3**	**65,946**				**(9)**	**65,937**
Fixed interest rate instruments	**0.3-4.8**	**39,064**	**-**	**32,550**	**-**	**(248)**	**71,366**
		239,885	**736**	**32,550**	**10**	**(257)**	**272,924**
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
Company							
31 December 2015							
Non-interest bearing		**286,180**	**-**	**-**	**-**	**-**	**286,180**
31 December 2014							
Non-interest bearing	-	366,670	-	-	-	-	366,670

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 2015						
Gross settled:						
Foreign exchange forward contracts	**271**	-	-	-	-	**271**
31 December 2014						
Gross settled:						
Foreign exchange forward contracts	(106)	-	-	-	-	(106)

(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 to the financial statements. 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	
	2015	**2014**
	$'000	**$'000**
Total borrowings	**1,106,334**	1,344,872
Total equity	**887,457**	813,047
Gross gearing (times)	**1.25**	1.65
Net borrowings	**964,617**	1,092,602
Total equity	**887,457**	813,047
Net gearing (times)	**1.09**	1.34

34 Listing of significant subsidiaries

Information relating to the significant subsidiaries is disclosed as below:

Name of company	Note	Principal activities	Country of incorporation/ establishment	Effective equity interest & voting power held by the Group	
				2015 %	2014 %
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**	100
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

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

Notes

(i) Audited by overseas practices of Deloitte Touche Tohmatsu Limited. On 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.

35 Listing of significant associates

Associates are those in which the Group has significant influence, but not control in the operating and financial policy decisions.

Information relating to the significant associates is disclosed as below:

Name of company	Note	Principal activities	Country of incorporation	Effective equity interest & voting power held by the Group	
				2015 %	2014 %
Gul Technologies Singapore Ltd	(i)	Manufacture of printed circuit boards	Singapore	**44.5**	44.5

Note

(i) Audited by Deloitte & Touche LLP, Singapore.