KOH BROTHERS
ECO ENGINEERING LIMITED

Our Sustainable Future

ANNUAL REPORT **2014**

WE AIM TO PROTECT THE ENVIRONMENT
FOR THE BENEFIT OF OUR SHARED FUTURE

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CORPORATE PROFILE

Listed on the Singapore Exchange in 2006, Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited) ("Koh Eco") is a sustainable engineering solutions Group that provides engineering, procurement and construction ("EPC") services for water & wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects.

Incorporated in Singapore in 1975, Koh Eco started out by providing EPC services for water & wastewater treatment projects, as well as hydro-engineering projects. Today, its principal market is in Asia with projects from both the public and private sectors.

Its Bio-Refinery and Bio-Energy division under Oiltek Sdn. Bhd. specialises in a full range of conventional edible oil processing plants as well as biodiesel, pre-treatment and winter fuel plants. Through a joint venture company, Oiltek Nova Bioenergy Sdn. Bhd., it also designs, builds and supplies biogas recovery systems to palm oil mill effluent plants in Malaysia and Indonesia.

Koh Eco was awarded the ISO 9001:2000 certification since 2001 which serves as a testimony of its ability to deliver quality services and products and has also attained ME11 L6 grading by the Singapore Building and Construction Authority to tender for contracts of unlimited value in this category.

OUR BUSINESSES

WATER & WASTEWATER TREATMENT

With more than 35 years of track record in the water solutions business, Koh Eco has undertaken many water & wastewater treatment projects in countries such as Singapore, Indonesia, Malaysia, Thailand, the Philippines and India for both the public and private sectors. These include water & wastewater treatment plant projects for local water municipals as well as industrial effluent treatment system projects for various industries.

Koh Eco provides a complete solution, which includes process and selection of treatment mode, basic and detailed engineering, manufacturing, procurement, supply, installation, commissioning, performance trials, training, spares and operation and maintenance services. We also supply water & wastewater treatment equipment such as filters, thickeners and clarifiers. Koh Eco is also able to carry out pilot plant membrane systems for ultra-filtration and reverse-osmosis with our facilities, including:

- Designing pretreatment-physical and/or chemical treatment, dissolved air floatation systems, anaerobic and/or aerobic treatment, tertiary treatment, such as multimedia filtration, activated carbon filtration, resin treatment, membrane filtration and recovery, sludge handling and dewatering
- Creating specialised designs for aerobic systems such as conventional plants, extended aeration and aerobic reactors with anoxic zones
- Providing specialised-type aerobic reactors for colour and biological pollutants removal, followed by media polishing
- Handling textile process house waste treatment projects which ranges in capacities from 300m³/day to 7,200m³/day

HYDRO-ENGINEERING

Koh Eco designs and supplies equipment for the control of the flow of fluid which utilises mainly electrical drives and related control systems. We design pump systems, gates (such as sluice, weir, roller and barrage gates), valves (such as butterfly and gate valves) and related operating equipment. Koh Eco also acts as a system integrator for the entire mechanical and electrical power, as well as the instrumentation and control systems. Such equipment may also be used in water & wastewater treatment plants.

We have provided EPC services for hydro-engineering projects mainly to the public sector in Singapore, Indonesia and Malaysia. We also supply such hydro-engineering equipment and systems as part of our water & wastewater treatment projects to the private sector.

A notable project is the supply and installation of seven main drainage pump-sets systems and related equipment as well as other hydro-engineering equipment for Singapore's Marina Barrage Pumping Station. One of the largest pumping stations in the world, the Marina Barrage Pumping Station has a total capacity of 1 million cubic metres per hour.

Whether it is flow control or flood control, we have the capability to design, build and install hydro-engineering equipment and systems to meet our client's specific requirements.

Koh Eco is also the agent for KASCO brand which supply a range of floating aerators and aeration fountains.

BIO-REFINERY ENGINEERING

Our subsidiary, Oiltek Sdn. Bhd. ("Oiltek") has over 35 years of experience in providing total solutions to the edible oil and non-edible oil sectors. To date, Oiltek markets to more than 26 countries across Asia, Africa, Central America and Latin America. It is also the award winner of Asia Pacific Super Excellent Brand 2009, Asia Success Award and Super Outstanding Brand in 2012 and 2013. It is also the process licensee of Malaysia Palm Oil Board for biodiesel, winter fuel, multi-feedstock biodiesel, phytonutrient extraction and some other downstream processes.

Oiltek engineers, procures and constructs facilities to refine palm oil. Specifically, it provides a full range of customised solutions, which include complete edible oil and non-edible oil refining plants, renewable energy and biofuel plants as well as improvements to the production system for existing refining operations. It also distributes machinery and components.

Oiltek's customised solutions and processing systems are supplied to the following areas:

- Physical and Chemical Refining Plant
- Multiple Feedstock Biodiesel and Winter Fuel Plant
- Dry Fractionation Plant
- Continuous and Semi-continuous Physical Refining Plant
- Neutralisation and Acidulation Plant
- Winterisation, Dewaxing and Polishing Plant
- Pasteurisation and Texturisation Plant
- Chemical and Enzymatic Interesterification Plant
- Margarine and Shortening Plant
- Solvent Recovery and Rectification Plant
- Biogas Capturing and Utilisation
- Palm Kernel Oil Fractionation Plant
- Packaging System

BIO-ENERGY ENGINEERING

We are one of the pioneering engineering companies in Malaysia to have successfully designed, built and delivered biodiesel since 2000. One of our track records is the successful completion of integrated and multi-feedstock biodiesel plants in Malaysia and Thailand.

Our joint venture company, Oiltek Nova Bioenergy Sdn. Bhd. ("Oiltek Nova") provides consultancy, design, engineering, procurement and construction services for palm oil mills seeking to recover and utilise methane as a source of renewable energy for power generation.

Oiltek Nova is a leading provider of palm oil mill effluent ("POME") biogas and methane recovery systems. Our technology to recover biogas such as methane from palm oil mills which is used in the two leading palm oil producing countries, namely Malaysia and Indonesia, optimises capital expenditure with low operational and maintenance costs and high efficiency in terms of amount of biogas recovered. Furthermore, it is without fire risk and has a proven track record of long-term operation with zero shutdown.

The biogas recovered can be used for industrial and commercial purposes such as a direct displacement for boiler fuel, namely fuel oil, diesel and even biomass. Biogas can also be used in thermal and electricity generation, as well as in a hydrogen plant.

Oiltek Nova also assists in designing, reviewing, submitting and supporting POME biogas recovery projects to achieve Certified Emission Reduction ("CER") registration, commonly known as carbon credits. Oiltek Nova has to date demonstrated its significant capabilities with its track record of successful biogas capturing and utilisation projects in Malaysia and Indonesia.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("the Board"), I am pleased to present you with the annual report of Koh Brothers Eco Engineering Limited ("Koh Eco") for the financial year ended 31 December 2014 ("FY2014").

As you are aware, the Company's name was changed from "Metax Engineering Corporation Limited" to "Koh Brothers Eco Engineering Limited" in April 2014. The name change has allowed the group to better align itself with Koh Brothers Group Limited ("KBGL"), in order to leverage on economies of scale while sharpening its focus on sustainability engineering. Following the name change, an internal reorganisation and restructuring was carried out and I am happy to report that Koh Eco has been fully integrated with KBGL. This integration has brought about greater productivity and cost efficiency for Koh Eco through the sharing of internal resources.

Financial Results

The Group's results for FY2014 was for a 12-month period whereas the previous reporting period was for 18 months. This difference arose because of the change in financial year end from 30 June to 31 December in 2013 ("FY2013").

The Group's revenue amounted to S$44.4 million in FY2014. This represents a decrease of approximately 5.8% when compared with an annualised year-on-year basis with the previous reporting period.

Gross profit however increased to S$5.6 million in FY2014. This was mainly due to an increase in profit margins from the Bio-Refining and Bio-Energy division. There was also a general reduction in operating expenses. The Group also reported a profit before income tax of S$1.5 million for FY2014 as compared to a loss before income tax of S$10.3 million in FY2013.

As at 31 December 2014, the Group had cash and cash equivalents of S$10 million and a net asset value of 3.74 cents per ordinary share as compared to 3.67 cents per ordinary share as at 31 December 2013.

Year in Review

The Group's integration with KBGL has put it in a more favourable position for tenders and also enhanced the Group's ability to undertake bigger projects. Moving forward, we will continue to explore opportunities in Singapore and overseas, especially for our Water & Wastewater Treatment and Hydro-Engineering businesses.

During the year in review, the Group won several tenders for new projects in Singapore. One such tender is for the maintenance of Sludge Drying Systems at the Changi Water Reclamation Plant which was awarded by the Public Utilities Board. This tender is important for us as it marks our first foray into the Technical Maintenance ("TM") business.

The TM business is highly specialised and requires strong technical and technological capabilities. The Group intends to invest and grow its TM business as more clients are starting to look for vendors that add value to projects by providing TM services. The Group thus plans to offer TM services for its various engineering projects and make it a source of recurrent income for the Group in the future.

The Group will also focus on securing more engineering, procurement and construction ("EPC") contracts as we expect that the Singapore government to continue to upgrade and build new infrastructure facilities. Koh Eco is also exploring to enter into strategic alliances with partners in the region to set up or operate water and wastewater treatment plants.

2014 was also an interesting year for the Group's Bio-Refinery Engineering and Bio-Energy Engineering division. The Group's palm oil process engineering subsidiary in Malaysia is Oiltek Sdn. Bhd. ("Oiltek"), a leading global supplier in the industry since 1980. During the year, Oiltek has successfully penetrated into the South African market with the supply and installation of a complete physical refinery and fractionation plant. Oiltek has supplied to some 26 countries across Asia, Africa, Central America and Latin America.

Another noteworthy development for the Bio-Refinery Engineering and Bio-Energy Engineering division was the commissioning of a flagship multi-feedstock biodiesel plant that was supplied in East Malaysia. Today, we are producing biodiesel end products that are compliant with international biodiesel standards.

"Moving forward, the Group will continue to build its market base centred in South East Asia for its core areas of business and actively pursue opportunities to expand to other markets in Asia and beyond."

Towards a Sustainable Future

The Group believes that this will be a decade of growth for the Asian economies and it will continue to build on its current customer base while tendering for new projects locally and regionally, especially in markets such as Indonesia, Thailand, the Philippines and Malaysia.

Water & Wastewater Treatment and Hydro-Engineering
The environment and water industry is a key growth industry for Singapore. The Singapore government is undertaking major projects such as the co-location of the new Integrated Waste Management Facility with the Tuas Water Reclamation Plant. The co-location aims to optimise land use and realise process synergies in the water-energy-waste nexus. The Building & Construction Authority has also announced that given the sustained pipeline of public sector projects, the value of construction contracts in 2015 is expected to reach between S$29 billion to S$36 billion. Public sector projects are estimated to account for a substantial portion of the total construction demand.

We are confident that our expertise and track record will place us at an advantage for future tenders. The Group will also consider joint ventures with established companies to undertake more complex projects which will facilitate technology and know-how transfers for mutual benefit.

Bio-Refinery Engineering and Bio-Energy Engineering
Malaysia's biodiesel industry has expanded tremendously since last year with the implementation of the B7 programme in November 2014. The B7 programme advocates the use of a blend of 7% palm biodiesel and 93% petroleum diesel so as to reduce greenhouse gas emissions. The Group believes that with this programme, domestic consumption of palm biodiesel will increase and lead to an indirect demand for engineering solutions to refine crude palm oil into biodiesel.

The industry faces many challenges such as the decrease in crude fossil oil and crude palm oil prices as well as the strengthening of the US dollar. However, as an integrated supplier for edible oil, renewable and bio-energy sectors, Oiltek is well-positioned to mitigate these challenges. Its core capabilities in designing, manufacturing and installing plants for the bio-refinery and bio-energy industry place it in a good position to benefit from opportunities in the sector, especially with the current regional emphasis on environmental issues.

Our Appreciation

I would like to take this opportunity to thank our business associates, management and staff for their progressive thinking, dedicated work and their continued support while we look forward to a better year ahead.

We pledge to stay prudent and commit ourselves towards continuous development as well as equipping ourselves with the latest technical skills, technologies and knowledge to grow our business further.

Koh Keng Siang (Francis)
Non-Executive Chairman

23 March 2015

BOARD OF DIRECTORS

KOH KENG SIANG (FRANCIS)
Non-Executive Chairman

Mr Koh Keng Siang is the Non-Executive Chairman of Koh Brothers Eco Engineering Limited and was appointed on 28 February 2013. He is also the Chairman of the Nominating Committee and a member of the Remuneration Committee and the Audit and Risk Committee.

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

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

TAN LIANG SENG
Non-Executive Director

Mr Tan Liang Seng is a Non-Executive Director of Koh Brothers Eco Engineering Limited and was appointed on 31 October 2014.

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

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

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

TAN HWA PENG
Independent Director

Mr Tan Hwa Peng is an Independent Director of Koh Brothers Eco Engineering Limited and was appointed on 21 February 2012. He is also the Chairman of the Remuneration Committee and a member of the Nominating Committee and the Audit and Risk Committee.

Mr Tan has more than 35 years of experience in the building and civil engineering construction industry in Singapore. He was an Executive Director of Koh Brothers Group Limited ("KBGL") since their public listing in 1995 till his retirement in 2005. During this period with KBGL, he was specifically in charge of their construction division. Prior to the listing of KBGL, he was instrumental in helping the construction division grow from a drainage contractor to one of the largest building and civil engineering company in Singapore.

Mr Tan graduated from the University of Malaya in 1968 with a Bachelor of Civil Engineering degree. During 1969 to 1972, when he was in full time national service, Mr Tan was commissioned as an army officer and served in the Ministry of Defence. He worked in the Civil Service from 1972 till his resignation in 1979. Serving in various ministries, he was promoted from Pupil Engineer in the Ministry of National Development to Higher Executive Engineer in the Ministry of Environment.

KOH CHOON LENG (JEFFREY)
Independent Director

Mr Koh Choon Leng is an Independent Director of Koh Brothers Eco Engineering Limited and was appointed on 28 February 2013. He is also the Chairman of the Audit and Risk Committee and a member of the Nominating Committee and the Remuneration Committee.

Mr Koh has over 30 years of professional experience in mechanical engineering, building service design, implementation, documentation and project administration. He was appointed as the Managing Director of HPS Engineering (S) Pte. Ltd. in 1987. The company provides mechanical and electrical engineering consultancy services to institution, industrial and commercial building projects. Since 2006, he has been the Managing Director of E+HPS Pte. Ltd., an international total turnkey design and build facilities engineering company, currently present in Singapore, Malaysia, India and China.

Mr Koh graduated from Singapore Polytechnic in 1981 with a Diploma in Mechanical Engineering.

KEY MANAGEMENT

FONG KIM SENG
Chief Executive Officer

Mr Fong Kim Seng is the Chief Executive Officer of Koh Brothers Eco Engineering Limited and was appointed on 1 March 2013.

Prior to him joining our Company, he was the Managing Director of Tactic Engineering Pte Ltd and was responsible for the overall management, strategic planning and business development of its entire construction business. During 1995 to 2004, Mr Fong was also a Director of Batulim Construction Co Pte Ltd.

Mr Fong graduated from Curtin University of Technology, Australia with a Bachelor of Applied Science degree in Construction Management and Economics. He also holds a Graduate Diploma in Business Administration from the Singapore Institute of Management.

YONG KHAI WENG
Managing Director of Oiltek Sdn. Bhd.

Mr Yong Khai Weng is the Managing Director of Oiltek Sdn. Bhd., a subsidiary of Koh Brothers Eco Engineering Limited. He oversees the group expansion in the bio-refinery engineering and bio-energy engineering sectors.

Mr Yong graduated from the University of Malaya in 1997 with a Bachelor's degree in Chemical Engineering with First Class Honours. He has over 18 years' experience in the palm oil industry, especially in the areas of palm oil refining, biofuels and downstream integration. His areas of expertise include project management, process design, research and process development, production and operation, as well as sales and marketing.

JOHNSON CHUA
Financial Controller

Mr Johnson Chua oversees the financial management function for the Koh Brothers Eco group of companies. He was appointed Financial Controller in 2013. He has more than 25 years of audit, finance and operation experience in the public accounting, construction and hospitality sectors.

Mr Chua holds a Master of Business Administration degree from Southern Cross University and a Master of Accounting degree from Curtin University of Technology, Australia. He is also an associate member of CPA Australia.

GROUP STRUCTURE

Singapore

Koh Brothers Eco Engineering Limited
(formerly known as Metax Engineering Corporation Limited)

Koh Brothers Eco (China) Pte. Ltd.
(formerly known as Koh Eco Engineering (Malaysia) Pte. Ltd. and also formerly known as Bioearth Pte. Ltd.)

Koh Eco Engineering Pte. Ltd.
Metax Eco Solutions Pte. Ltd.
WS Bioengineering Pte. Ltd.
WSB Pte. Ltd.
WS Bioengineering China Pte. Ltd.

Malaysia

Oiltek Sdn. Bhd.
Oiltek Nova Bioenergy Sdn. Bhd.
MetEco Solutions Sdn. Bhd.
WS Bioengineering Sdn. Bhd.

India

Metax Engineering (India) Pvt. Ltd.

CORPORATE INFORMATION

Registered Office

11 Lorong Pendek
Koh Brothers Building
Singapore 348639
Tel: (65) 6845 7204
Fax: (65) 6443 2487
Website: www.kohbrotherseco.com

Board of Directors

Koh Keng Siang (Non-Executive Chairman)
Tan Liang Seng (Non-Executive Director)
Tan Hwa Peng (Independent Director)
Koh Choon Leng (Independent Director)

Audit and Risk Committee

Koh Choon Leng (Chairman)
Koh Keng Siang
Tan Hwa Peng

Nominating Committee

Koh Keng Siang (Chairman)
Koh Choon Leng
Tan Hwa Peng

Remuneration Committee

Tan Hwa Peng (Chairman)
Koh Choon Leng
Koh Keng Siang

Company Secretary

Therese Ng

Auditors

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge: Soh Kok Leong
(appointed since the financial period ended 31 December 2013)

Share Registrar

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Investor Relations

Cogent Communications Pte Ltd
100 Beach Road
#32-02/03 Shaw Tower
Singapore 189702
Contact Person: Gerald Woon
Tel: (65) 6704 9288

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

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

This report discloses the corporate governance framework and practices that the Group has adopted, with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code").

1. BOARD MATTERS

Guideline ("GL")

The Board's Conduct of Affairs

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

The Board comprises the following four Directors, of whom two are Non-Executive Directors and two are Independent Directors: GL 1.1

Koh Keng Siang (Non-Executive Chairman);
Tan Liang Seng (Non-Executive Director);
Tan Hwa Peng (Independent Director); and
Koh Choon Leng (Independent Director).

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

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

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

The Board has established the following committees to assist in discharging its responsibilities and duties: GL 1.3

(a) Audit and Risk Committee ("ARC");
(b) Nominating Committee ("NC"); and
(c) Remuneration Committee ("RC").

The key terms of reference of the ARC, NC and RC are listed in the Appendix to this report.

The Board delegates the formulation of business policies and day-to-day management to the Chief Executive Officer ("CEO").

The Board meets at least two (2) times a year and convenes additional meetings when warranted by circumstances. GL 1.4

The number of Board and Board committee meetings held in FY2014, as well as the attendance of each Director at these meetings are set out below:

	BOARD	ARC	NC	RC
No. of meetings held in the financial year	2	2	1	1
Director	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Koh Keng Siang	2/2	2/2	1/1	1/1
Koh Siew Kiang	[1]1/1	*1/1	*1/1	*1/1
Tan Liang Seng	[2]1/1	*1/1	-	-
Tan Hwa Peng	2/2	2/2	1/1	1/1
Koh Choon Leng	1/2	1/2	0/1	0/1

* *By invitation*
[1] *Koh Siew Kiang resigned as a Non-Executive Director on 31 October 2014.*
[2] *Tan Liang Seng was appointed as a Non-Executive Director on 31 October 2014.*

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

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

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

(a) corporate or financial restructuring;
(b) material acquisitions and disposals of assets which are outside the ordinary course of business of the Group;
(c) dividend payments, if any;
(d) financial results announcements; and
(e) bank borrowings and provision of corporate guarantees.

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

The Delegation of Authority (Group Limits of Authority) matrix, which forms part of the internal guidelines referred to above provides clear directions to Management on matters requiring the Board's specific approval which include, but are not limited to:

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

Newly appointed Directors are provided with a briefing on their duties and obligations and are also given an orientation on the Group's businesses, which includes meetings with Management, to facilitate a better understanding of the Group's operations. This is to ensure that they are familiar with the Group's corporate governance practices, and structure and operations. Where appropriate, the Company will also provide first-time Directors with training in areas such as accounting, legal and industry-specific knowledge. GLs 1.6 and 1.7

The Board is updated on any relevant key changes to legislation and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") for companies listed on the Catalist platform, as well as changing commercial risks.

Directors are also encouraged to attend seminars, which are useful and relevant to them in discharging their duties as Directors of the Company.

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

Board Composition and Guidance

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

The current Board comprises four Directors, of whom two are Non-Executive Directors and two are Independent Directors. The NC ensures that at least one-third of the Board is made up of Independent Directors. GLs 2.1 and 2.2

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

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

The NC, having considered the relevant factors, has determined that Messrs Tan Hwa Peng and Koh Choon Leng have no relationship with the Company, its related corporations, its officers, its 10% shareholders and are also independent of the executive functions of the Company.

There are no Independent Directors that have served on the Board for more than nine years. GL 2.4

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

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

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

Throughout the period being reported on, the Non-Executive Directors constructively challenged and helped develop proposals on strategy, reviewed the performance of Management in meeting agreed goals and objectives, monitored the reporting of performance and where necessary, met without the presence of Management. GL 2.7

Non-Executive Directors are encouraged to meet regularly without the presence of Management, when needed. GL 2.8

Chairman and Chief Executive Officer

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

Mr Koh Keng Siang is the Non-Executive Chairman of the Board and Mr Fong Kim Seng is the CEO of the Group. The Company believes in a clear division of responsibilities between the Chairman and the CEO to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman also ensures that Board meetings are held when necessary, sets the Board agenda and ensures that all Board members are provided with complete, adequate and timely information whereas the CEO bears the overall operational responsibility for the Group's business, including the development of new products, expansion of our business, securing of contracts and overseeing the business and development strategies. The CEO, assisted by Management, oversees the daily running of the Group's operations and execution of strategies and policies adopted by the Board. GL 3.1

The Chairman, together with the rest of the Directors, is responsible for the Board's proceedings. He leads the Board to ensure its effectiveness on all aspects of its role, promotes a culture of openness and debate at the Board meetings, facilitates effective communication with shareholders, encourages constructive communication and effective contribution within the Board and between the Board and Management at Board meetings. GL 3.2

Notwithstanding that the Chairman is not an Independent Director, we have not appointed a Lead Independent Director as the current Board size is small and the Board is of the view that there is no necessity for a Lead Independent Director at this juncture. Both our Independent Directors are available to shareholders when they have concerns and for which through the normal channels of the Chairman, the CEO and Management have failed to resolve or are inappropriate. GL 3.3

The Independent Directors will confer among themselves, when necessary, and the Independent Directors will provide feedback to the Chairman after Board meetings as appropriate. GL 3.4

Board Membership

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

The NC comprises the following members, all of whom are non-executive or independent: GL 4.1

Koh Keng Siang (Chairman);
Koh Choon Leng ; and
Tan Hwa Peng.

Notwithstanding the fact that Mr Koh Keng Siang is not an Independent Director, taking into account his position as a member of the NC of the Board of Directors of Koh Brothers Group Limited, the Board is of the view that appointing Mr Koh as the Chairman of the NC would result in a more effective governance structure.

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

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

- the review of Board succession plans for Directors;
- the development of a process for evaluation of the performance of the Board, its Board Committees and Directors;
- the review of training and professional development programmes for the Board; and
- the appointment and re-appointment of a Director.

Pursuant to Article 107 of the Company's Articles of Association, one-third of the Directors shall retire from office at every annual general meeting ("AGM"), provided always that each Director is required to retire from office at least once in every three years. A retiring Director is eligible to offer himself for re-election.

Article 117 provides that a newly appointed Director is required to retire and submit himself for re-election at the AGM following his appointment. Thereafter, he is subject to re-election at least once every three years.

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

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

The NC assesses annually and as and when circumstances require, whether or not a Director is independent based on the guidelines set out in the Code. The NC has determined that Messrs Tan Hwa Peng and Koh Choon Leng are Independent Directors. GL 4.3

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

There is no alternate Director on the Board. GL 4.5

The process for the selection and appointment of Directors to the Board is as follows: the NC will tap on the networking resources of existing Directors and seek recommendations from them on potential candidates. The NC may also engage recruitment consultants to undertake research on, or assess, candidates for new positions on the Board, or to engage also such other independent experts as the NC considers necessary to carry out its duties and responsibilities.

It is also the Company's policy for the purpose of self-renewal to promote suitable key Management staff to the Board in recognition of their achievements and past contributions to the Company. Upon identifying such candidates, Board members are welcome to make a proposal to the NC for its members' consideration. GL 4.6

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

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

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

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

- Koh Choon Leng;
- Tan Hwa Peng; and
- Tan Liang Seng.

Each of them have offered themselves for re-election / re-appointment at the forthcoming AGM.

Key information on the Directors is set out under the "Board of Directors" section of the Annual Report. GL 4.7

Board Performance

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

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

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

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

The Company holds the belief that the Group's performance and that of the Board are directly related. GL 5.2

The criteria for the objective performance assessment include:

- attendance at Board meetings and committee meetings;
- maintenance of independence (for Independent Directors);
- disclosure of related party transactions; and
- areas of value added to the Group

and are criteria used by the Board every financial year.

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

For the evaluation of an individual Director's performance for the financial year ended 31 December 2014, the NC took note of each Director's attendance at Board and Board committee meetings, participation in discussion at such meetings, knowledge of the Group's businesses and operations, the individual Director's expertise, contributions and his commitments to the Company. GL 5.3

Access to Information

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

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

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

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

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

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

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

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC comprises the following Directors, all of whom are non-executive or independent: GL 7.1

Tan Hwa Peng (Chairman);
Koh Choon Leng; and
Koh Keng Siang.

The principal responsibilities of the RC are: GL 7.2

- to recommend to the Board for endorsement a framework of remuneration for the Board and the remuneration package for key members of Management;
- to review and recommend to the Board for endorsement of the terms of the service contracts of key members of Management; and
- to ensure that there is an adequate disclosure on the remuneration of Directors and key members of Management.

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

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

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

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

Level and Mix of Remuneration

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

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

The remuneration package of a key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and each of their individual performance. This is to ensure that there is a link between the corporate performance of the Group and individual performance.

The Company has an employee share option scheme but no share options were issued under the year in review. GL 8.2

The Board (with the RC's concurrence and proposal) has approved the Non-Executive Directors' fees for the financial year ended 31 December 2014. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive taking into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors. The Company does not have any scheme for Non-Executive Directors to hold shares in the Company. GL 8.3

The fees for Non-Executive Directors are subject to shareholders' approval being obtained at the forthcoming AGM on 29 April 2015.

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

Disclosure on Remuneration

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

Having taken note of the competitive pressures in the market, the Board has on review, decided not to disclose the specific or total remuneration of the Company's Directors and key management personnel. In view of this, a breakdown of the remuneration of each Director of the Company by percentage for the financial year ended 31 December 2014 is set out below: GLs 9.1, 9.2 and 9.3

Remuneration band	Director	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)	Total (%)
Below S$250,000/-	Koh Keng Siang	100	_	_	_	100
	Koh Siew Kiang[1]	100	_	_	_	100
	Tan Hwa Peng	100	_	_	_	100
	Koh Choon Leng	100	_	_	_	100
	Tan Liang Seng[2]	100	_	_	_	100

[1] Koh Siew Kiang resigned as a Non-Executive Director on 31 October 2014.
[2] Tan Liang Seng was appointed as a Non-Executive Director on 31 October 2014.

The Group has two top executives (who are not Directors of the Company) and a breakdown of each of their remuneration by percentage for the financial year ended 31 December 2014 is set out below:

Remuneration band	Top executives	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)	Total (%)
Between S$250,000/- to S$499,999/-	First Executive	_	83.9	14.5	1.6	100
Below S$250,000/-	Second Executive	_	92.3	7.7	_	100

There was no immediate family member of a Director or the CEO whose remuneration exceeded S$50,000 during the financial year ended 31 December 2014. GL 9.4

The Company has an employee share option scheme but no share options were issued during the year under review. GL 9.5

The annual review of the key management personnels' compensation is carried out by the RC for recommendation to the Board to ensure that the remuneration of the key management personnels commensurate with their performance and that of the Group's, taking into view the current financial and commercial health, and business needs of the Group. GL 9.6

The remuneration package of the Directors and the key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and each of their individual performance. This is to ensure that their remuneration links to corporate and individual performance.

3. ACCOUNTABILITY AND AUDIT

Accountability

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

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

The Board reviews legislative and regulatory compliance reports from Management to ensure that the Group complies with the relevant requirements under the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Catalist Rules"). GL 10.2

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

Risk Management and Internal Controls

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

The Board will determine the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems in its half-yearly ARC meetings. GL 11.1

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

Our internal auditors, KPMG Services Pte. Ltd. (the "IA"), on an annual basis, prepares the internal audit plan taking into consideration the risks identified, which is approved by the ARC. The audits are conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal controls system which have been put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapse in internal controls, together with recommendations for improvement are reported to the ARC. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. GL 11.2

Based on the framework of risk management controls and internal controls established and maintained, the work performed by the IA and the review undertaken by the external auditors as part of their statutory audit, the Board is of the view that the Group's risk management and internal control systems, including its financial, operational, compliance and information technology controls, are adequate and effective. The Board has received assurance from Management that: GL 11.3

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
(b) the Company's risk management and internal control systems are effective in addressing the material risks faced by the Group in its current business environment.

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

Audit Committee

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

The AC has changed its name to the Audit and Risk Committee during the last financial period reported on. The ARC comprises the following Directors, all of whom are non-executive or independent: GL 12.1

Koh Choon Leng (Chairman);
Koh Keng Siang; and
Tan Hwa Peng.

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

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

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

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

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

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

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

Audit services:	Auditors of the Company	-	S$155,700
	Other auditors	-	S$1,402
Non-audit services:	Auditors of the Company	-	S$ Nil
	Other auditors	-	S$20,000

Rules 712, 715 and 716 and in particular, Rule 716 (1) of the Catalist Rules, in relation to auditing firms has been complied with. GL 12.7

The Company has put in place a whistle-blowing arrangement whereby the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. There are arrangements in place for the independent investigation of such matters for appropriate follow-up action to be taken.

The ARC held two (2) meetings during the financial year ended 31 December 2014 and performed its functions and responsibilities as set out in its terms of reference. GL 12.8

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

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

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

Internal Audit

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

The Company has outsourced its internal audit function to a certified public accounting firm, KPMG Services Pte. Ltd. The IA reports to the Chairman of the ARC and has full access to the documents, records, properties and staff of the Group, including access to the ARC. GL 13.1

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

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

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

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

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

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

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

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

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

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

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

Communication With Shareholders

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

In line with the continuous disclosure obligations under the Catalist Rules and the Companies Act, the Board informs shareholders promptly of all major developments that may have material impact on the Group. GL 15.1

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

All material information on the performance and development of the Group and of the Company is disclosed in an accurate and comprehensive manner through SGXNET and press releases. The Company does not practice selective disclosure of material information. All materials on the half-yearly and full year financial results are available on SGX's website. GL 15.2

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

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

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

The Company does not have a dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board deems appropriate. GL 15.5

Conduct Of Shareholder Meetings

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

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

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

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

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

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

A copy of the minutes of each of the general meetings is available to shareholders upon request. GL 16.4

The Company will consider to put all resolutions to vote by poll and to make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages and also to employ electronic polling. GL 16.5

5. INTERESTED PERSON TRANSACTIONS

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

For the financial year ended 31 December 2014, the Company entered into several interested person transactions ("IPT") with Koh Brothers Group of companies pursuant to an IPT mandate granted by the shareholders at the extraordinary general meeting held by the Company on 29 April 2014. These IPT transactions relate mainly to general transactions and the provision of management and support services.

With the exclusion of transactions entered into pursuant to the IPT mandate (as disclosed above), there were no IPT entered into for the financial year ended 31 December 2014.

6. MATERIAL CONTRACTS

No material contracts were entered into between the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year except for the related party transactions and Directors' remunerations disclosed in the financial statements.

7. RISK MANAGEMENT

Information relating to risk management policies and processes are set out in the Notes to the Financial Statements in the Annual Report.

8. DEALINGS IN SECURITIES

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

The Company has issued share trading guidelines to all Directors, employees of executive level and above, and personal assistants pursuant to which they are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's half and full year financial statements, and ending on the date of the announcement of the relevant results.

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

9. During the financial year, there were no non-sponsor fees paid to the sponsor.

APPENDIX – KEY TERMS OF REFERENCES

Nominating Committee

(1) To make recommendations to the Board on all board appointments and re-appointments having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour).

(2) To ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years.

(3) To determine annually whether a Director is independent, bearing in mind the following:

Paragraph 2.1 of the Code of Corporate Governance defines an 'Independent" Director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company. Relationships, which would deem a Director not to be independent would include:-

(a) a Director being employed by the Company or any of its related companies for the current or any of the past three financial years;

(b) a Director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related companies as a senior executive officer whose remuneration is determined by the RC;

(c) Director, or an immediate family member, accepting any significant compensation from the Company or any of its subsidiaries other than compensation for board service for the current or immediate past financial year; or

(d) a Director, or an immediate family member, being a substantial shareholder of or a partner in (with 5% or more stake), or an executive officer of, or a Director of any for-profit business organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments in the current or immediate past financial year. Payments aggregated over the financial year in excess of S$200,000 should generally be deemed significant.

(4) An independent member shall notify the Board immediately, if, as a result of a change in circumstances, he no longer meets criteria for independence. The NC shall review the change in circumstances and make its recommendation to the Board.

(5) To decide whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular, where the Director concerned has multiple board representations. Where possible, the NC shall formulate internal guidelines that can address the competing time commitments that are faced when Directors serve on multiple boards.

(6) To assess the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. In this respect, the NC shall propose an objective performance criteria which shall be approved by the Board.

Such performance criteria should:

(a) allow comparison with industry peers;

(b) address how the Board has enhanced long term shareholders' value; and

(c) consider the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers.

Other performance criteria that may be used include return on assets, return on equity, return on investment, economic value added and profitability on capital employed. These performance criteria should not be changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify such changes.

Audit and Risk Committee

(1) Review annually and, if necessary, propose for formal adoption and amendments to the ARC's terms of reference.

(2) Review and approve interested and related person transactions as defined in Chapter 9 of the Catalist Rules, any sale of property to interested persons, Directors' relatives and employees, and any specific undertakings given by the Company.

(3) Review with the auditors and report to the Board, findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operation results and/or financial position.

(4) Query Management and the external auditors about significant risks or exposure and evaluate steps to be taken to minimise such risks to the Company.

(5) Review the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account of the Group and submit them to the Board.

(6) Review the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the Company's Annual Report.

(7) Review the effectiveness of the Company's material internal controls, including financial, operational and compliance control, and risk management carried out by internal/external auditors.

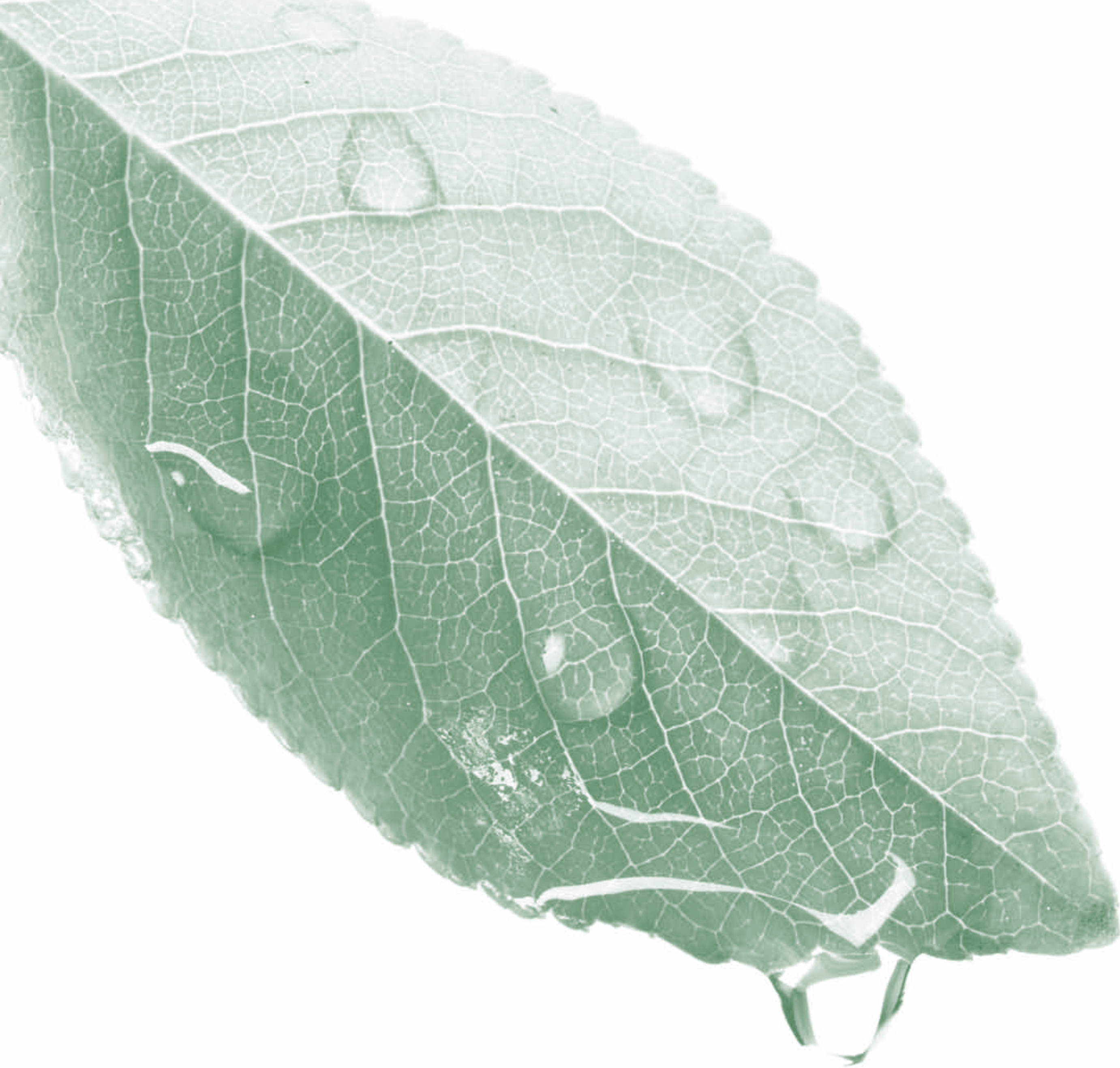
(8) Review with the external auditors their audit plan and audit report.

(9) Review the scope and results of the audit and its costs effectiveness and the independence and objectivity of the external auditors and its volume of non-audit services to the Group.

Remuneration Committee

(1) To recommend to the Board a framework of remuneration for key executives.

(2) To consider the various disclosure requirements for Directors' and key executives' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.



FINANCIAL STATEMENTS

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

1. DIRECTORS

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

Mr Koh Keng Siang
Mr Tan Hwa Peng
Mr Koh Choon Leng
Mr Tan Liang Seng (appointed on 31 October 2014)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed in paragraph 3 of this report.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of Director or nominee			Holdings in which Director is deemed to have an interest		
	At 21.1.2015	**At 31.12.2014**	At 1.1.2014 or date of appointment if later	**At 21.1.2015**	**At 31.12.2014**	At 1.1.2014 or date of appointment if later
Immediate and ultimate holding corporation						
- Koh Brothers Group Limited (No. of ordinary shares)						
Mr Koh Keng Siang	**62,422,535**	**62,422,535**	62,422,535	**27,420,000**	**27,420,000**	27,420,000

4. DIRECTORS' CONTRACTUAL BENEFITS

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

5. SHARE OPTIONS

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

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

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

5. SHARE OPTIONS (CONTINUED)

Warrants

As at the end of the financial year, the unissued ordinary shares in the Company under warrants were as follows:

Date of issue	Number of warrants at date of issue	Number of warrants at 31 December 2014	Subscription price	Expiry date
28 February 2013	40,000,000*	40,000,000	S$0.048	27 February 2016
28 February 2013	165,000,000*	165,000,000	S$0.053	27 February 2016

* The Company issued 40,000,000 and 165,000,000 non-listed and non-transferable warrants during the previous financial period. Each warrant carries the right to subscribe for one ordinary share in the capital of the Company at an exercise price of S$0.048 and S$0.053 for each ordinary share respectively. Each warrant may be exercised at any time during the period of three years commencing on and including the date of issue of the warrants and expiring on the third anniversary of the date of issue of the warrants. No warrant has been exercised as at 31 December 2014.

6. AUDIT AND RISK COMMITTEE

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

Mr Koh Choon Leng (Chairman)
Mr Tan Hwa Peng
Mr Koh Keng Siang

All members of the Audit and Risk Committee are Non-Executive Directors. Mr Koh Choon Leng and Mr Tan Hwa Peng are independent Directors.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Companies Act (Cap. 50) of Singapore. In performing those functions, the Committee reviewed:

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

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

7. INDEPENDENT AUDITOR

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

On behalf of the Directors

KOH KENG SIANG
Director

TAN HWA PENG
Director

23 March 2015

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2014

In the opinion of the Directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 27 to 70 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the Directors

KOH KENG SIANG	TAN HWA PENG
Director	Director

23 March 2015

INDEPENDENT AUDITOR'S REPORT

To The Members Of Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited) (the "Company") and its subsidiaries (the "Group"), set out on pages 27 to 70, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 23 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	**For the financial year ended 31 December 2014**	For the financial period from 1 July 2012 to 31 December 2013
		S$'000	S$'000
Revenue	4	**44,384**	70,722
Cost of sales	7	**(38,771)**	(65,415)
Gross profit		**5,613**	5,307
Other income	5	**256**	408
Other losses - net	6	**(162)**	(3,779)
Selling and distribution expenses	7	**14**	(3,571)
Administrative expenses	7	**(4,021)**	(8,186)
Finance expenses	9	**(175)**	(417)
Share of loss of an associated company	16	**(51)**	(68)
Profit/(loss) before income tax		**1,474**	(10,306)
Income tax expense	10	**(365)**	(761)
Profit/(loss) after income tax		**1,109**	(11,067)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(215)**	(677)
Other comprehensive loss, net of tax		**(215)**	(677)
Total comprehensive income/(loss)		**894**	(11,744)
Profit/(loss) attributable to:		**424**	(11,114)
Equity holders of the Company		**685**	47
Non-controlling interests		**1,109**	(11,067)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**282**	(11,714)
Non-controlling interests		**612**	(30)
		894	(11,744)
Earnings/(loss) per share attributable to the equity holders of the Company (cents per share)			
- Basic earnings/(loss) per share	11	**0.11**	(3.58)
- Diluted earnings/(loss) per share	11	**0.10**	(3.58)

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

BALANCE SHEETS

As at 31 December 2014

	Note	Group 2014 S$'000	Group 2013 S$'000	Company 2014 S$'000	Company 2013 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**10,011**	13,883	**2,104**	3,602
Trade and other receivables	13	**20,335**	12,429	**2,912**	1,527
Inventories	14	**329**	127	**-**	-
Due from customers on construction contracts	15	**234**	584	**82**	260
		30,909	27,023	**5,098**	5,389
Non-current assets					
Investment in an associated company	16	**1,489**	1,540	**640**	640
Investments in subsidiaries	17	**-**	-	**16,810**	16,810
Property, plant and equipment	18	**3,211**	3,324	**1,841**	1,923
Deferred tax assets	22	**463**	-	**-**	-
Goodwill	19	**6,857**	6,857	**-**	-
		12,020	11,721	**19,291**	19,373
Total assets		**42,929**	38,744	**24,389**	24,762
LIABILITIES					
Current liabilities					
Trade and other payables	20	**22,571**	18,746	**4,801**	3,642
Current income tax liabilities	10	**520**	-	**-**	-
Due to customers on construction contracts	15	**1,133**	740	**-**	-
Borrowings	21	**1,800**	2,052	**-**	-
		26,024	21,538	**4,801**	3,642
Non-current liabilities					
Deferred income tax liabilities	22	**-**	58	**-**	-
Other payables	20	**-**	1,137	**-**	996
		-	1,195	**-**	996
Total liabilities		**26,024**	22,733	**4,801**	4,638
NET ASSETS		**16,905**	16,011	**19,588**	20,124
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	**30,003**	30,003	**30,003**	30,003
Warrants reserve	24	**3,112**	3,112	**3,112**	3,112
Currency translation reserve	25	**(881)**	(739)	**-**	-
Accumulated losses		**(18,077)**	(18,501)	**(13,527)**	(12,991)
		14,157	13,875	**19,588**	20,124
Non-controlling interests		**2,748**	2,136	**-**	-
Total equity		**16,905**	16,011	**19,588**	20,124

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Note	Share capital S$'000	Warrants reserve S$'000	Currency translation reserve S$'000	Accu-mulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
		← Attributable to equity holders of the Company →						
Balance at 1 January 2014		30,003	3,112	(739)	(18,501)	13,875	2,136	16,011
Profit for the financial year		-	-	-	424	424	685	1,109
Other comprehensive loss for the financial year		-	-	(142)	-	(142)	(73)	(215)
Balance at 31 December 2014		**30,003**	**3,112**	**(881)**	**(18,077)**	**14,157**	**2,748**	**16,905**
Balance at 1 July 2012		24,980	200	(139)	(7,587)	17,454	2,491	19,945
(Loss)/profit for the financial period		-	-	-	(11,114)	(11,114)	47	(11,067)
Other comprehensive loss for the financial period		-	-	(600)	-	(600)	(77)	(677)
Issue of new shares	23	5,023	-	-	-	5,023	-	5,023
Warrants expired	24	-	(200)	-	200	-	-	-
Issue of new warrants	24	-	3,112	-	-	3,112	-	3,112
Dividends paid [Note(a)]		-	-	-	-	-	(325)	(325)
Balance at 31 December 2013		**30,003**	**3,112**	**(739)**	**(18,501)**	**13,875**	**2,136**	**16,011**

(a) During the previous financial period, an interim dividend of S$0.65 per share amounting to a total of S$1,625,000 was declared by a subsidiary of the Company. Accordingly, an amount of S$325,000 was recognised as a dividend paid to non-controlling interests of the subsidiary.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	Group	
		For the financial year ended 31 December 2014	For the financial period from 1 July 2012 to 31 December 2013
		S$'000	S$'000
Cash flows from operating activities			
Profit/(loss) after income tax		**1,109**	(11,067)
Adjustments for:			
- Income tax expense		**365**	761
- Gain on disposal of a subsidiary		**(3)**	-
- Gain on disposal of property, plant and equipment		**-**	(27)
- Goodwill impairment charge		**-**	4,416
- Depreciation of property, plant and equipment		**157**	268
- Property, plant and equipment written off		**-**	15
- Interest income		**(54)**	(71)
- Interest expense		**175**	417
- Share of loss of an associated company		**51**	68
- Unrealised translation gains		**(323)**	(467)
		1,477	(5,687)
Change in working capital			
- Due from/(to) customers on construction contracts		**743**	(538)
- Inventories		**(202)**	625
- Trade and other receivables		**(7,978)**	3,922
- Trade and other payables		**4,753**	4,688
Cash (used in)/generated from operations		**(1,207)**	3,010
Income tax refund		**235**	16
Income tax paid		**(526)**	(1,017)
Net cash (used in)/provided by operating activities		**(1,498)**	2,009
Cash flows from investing activities			
Disposal of a subsidiary		**#**	-
Interest received		**54**	71
Purchase of property, plant and equipment		**(78)**	(162)
Proceeds from disposal of property, plant and equipment		**-**	48
Net cash used in investing activities		**(24)**	(43)
Cash flows from financing activities			
Advances received		**-**	434
Interest paid		**(184)**	(366)
Dividends paid to non-controlling interests		**-**	(325)
Proceeds from issuance of ordinary shares and warrants		**-**	8,415
Costs attributable to issuance of ordinary shares and warrants		**-**	(280)
Repayment of finance leases		**-**	(30)
Proceeds from bank borrowings		**-**	2,052
Repayment of bank borrowings		**(252)**	(1,226)
Repayment of amounts owing to shareholders		**(2,056)**	(1,027)
Deposit pledged		**(183)**	(2,705)
Net cash (used in)/provided by financing activities		**(2,675)**	4,942
Net (decrease)/increase in cash and cash equivalents		**(4,197)**	6,908
Cash and cash equivalents at beginning of financial year/period		**10,372**	3,632
Effect of currency translation on cash and cash equivalents		**142**	(168)
Cash and cash equivalents at end of financial year/period	**12**	**6,317**	10,372

Amount less than S$1,000

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

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

1. GENERAL INFORMATION

Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited) (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 11 Lorong Pendek, Koh Brothers Building, Singapore 348639.

The principal activities of the Company are those of construction, project management and investment holding. The principal activities of its subsidiaries and associated company are disclosed in Note 31 of the financial statements.

During the previous financial period, the Company changed its financial year end from 30 June to 31 December to coincide with that of its immediate and ultimate holding corporation. Accordingly, the previous financial period under review covers a period of eighteen months from 1 July 2012 to 31 December 2013. The current year figures which cover a period of twelve months from 1 January 2014 to 31 December 2014 for the statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes are therefore not entirely comparable with those of the previous financial period.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2014

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

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

FRS 112 *Disclosure of Interests in Other Entities*

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

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

2.2 Revenue recognition

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

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

(a) Contracts revenue

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(b) Sale of goods

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

(c) Rendering of services

Revenue from services is recognised on an accrual basis when services are rendered.

(d) Rental income

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

(e) Interest income

Interest income is recognised using the effective interest rate method.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the Note 2.5 "Goodwill" for the subsequent accounting policy on goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

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

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

Please refer to Note 2.8 "Investments in subsidiaries and associated company" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

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

(c) Associated company

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

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

(i) Acquisitions

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

(ii) Equity method of accounting

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

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

(iii) Disposals

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

Please refer to the Note 2.8 "Investments in subsidiaries and associated company" for the accounting policy on investments in associated company in the separate financial statements of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land and buildings	45 - 75 years
Machinery and equipment	5 - 10 years
Renovation	5 years
Motor vehicles	5 years
Office equipment and computers	3 - 10 years
Furniture and fittings	2 - 10 years

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

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

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

2.5 Goodwill

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Borrowing costs

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

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction expenditures that are financed by general borrowings.

2.7 Construction contracts

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

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

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

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

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

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

2.8 Investments in subsidiaries and associated company

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

2.9 Impairment of non-financial assets

(a) Goodwill

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (continued)

(a) Goodwill (continued)

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

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

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

*(b) Property, plant and equipment
Investments in subsidiaries and associated company*

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

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets into loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

(b) Recognition and derecognition

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(b) Recognition and derecognition (continued)

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

(c) Initial measurement

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

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

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

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

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

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

2.11 Offsetting of financial instruments

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

2.12 Borrowings

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

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

2.13 Trade and other payables

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

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

2.14 Leases

(a) When the Group is the lessee:

The Group leases land from a non-related party under operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (continued)

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

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

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

(b) When the Group is the lessor:

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

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

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

2.15 Inventories

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

2.16 Income taxes

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

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

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

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

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

2.17 Provisions

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee compensation

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

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

2.19 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

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

(c) Translation of Group entities' financial statements

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Segment reporting

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

2.21 Cash and cash equivalents

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

2.22 Share capital and warrants

Ordinary shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and warrants are deducted against the share capital and warrant reserve accounts.

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

Upon expiry of unexercised warrants, the balance previously recognised in the warrants reserve is transferred to retained profits directly.

2.23 Dividends to Company's shareholders

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

3.1 Critical accounting estimates and assumptions

(a) Construction contracts

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

Significant assumptions are required to estimate the total contract costs which affect the contract cost recognised to-date based on the percentage-of-completion. Total contract revenue also includes estimation of the variation works that are recoverable from customers. In making these estimates, management has relied on past experience and the work of specialists. If the remaining estimated contract costs increase/decrease by 5% (2013: 5%) from management's estimates, the Group's profit before income tax will decrease/increase by approximately S$927,000 and S$955,000 (2013: decrease/increase by approximately S$353,000 and S$799,000).

(b) Impairment of goodwill

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

The recoverable amount of the "Bio-Refinery and Bio-Energy" cash-generating unit ("CGU") has been determined based on value-in-use calculations. These calculations require the use of estimates (Note 19). Management is of the view that no impairment of the CGU was required as at 31 December 2014.

If the management's estimated pre-tax discount rate applied to the discounted cash flows for the "Bio-Refinery and Bio-Energy" CGU at 31 December 2014 had been higher by 1% from 13% to 14%, the recoverable amount will decrease by S$942,000. This will result in the recoverable amount in excess of goodwill to decrease from S$1,000,000 to S$208,000.

4. REVENUE

	Group	
	For the financial year ended 31 December 2014 S$'000	For the financial period from 1 July 2012 to 31 December 2013 S$'000
Contract revenue	**39,584**	67,073
Sales of goods	**4,787**	3,621
Rendering of services	**13**	28
	44,384	70,722

5. OTHER INCOME

Rental income	**166**	215
Interest income	**54**	71
Other income	**36**	122
	256	408

6. OTHER LOSSES - NET

Gain on disposal of a subsidiary (Note 17)	**3**	-
Gain on disposal of property, plant and equipment	**-**	27
Goodwill impairment charge (Note 19)	**-**	(4,416)
Net foreign exchange (losses)/gains	**(165)**	610
	(162)	(3,779)

7. EXPENSES BY NATURE

Allowance made for slow moving inventories	-	404
(Write-back of)/allowance for impairment of trade receivables (Note 13)	**(542)**	2,616
Allowance made for foreseeable losses on contract work-in-progress (Note 15)	**-**	574
Changes in inventories of finished goods	**(202)**	(625)
Commission expenses	**799**	1,557
Depreciation of property, plant and equipment (Note 18)	**157**	268
Employee compensation (Note 8)	**3,725**	6,128
Freight, transport and shipping expenses	**1,235**	3,672
Inventories written off	**-**	222
Legal and professional fee	**1,773**	2,770
Property, plant and equipment written off	**-**	15
Purchases of materials and consumables	**33,032**	54,759
Other expenses	**2,801**	4,812
Total cost of sales, selling and distribution and administrative expenses	**42,778**	77,172

8. EMPLOYEE COMPENSATION

	Group	
	For the financial year ended 31 December 2014 S$'000	For the financial period from 1 July 2012 to 31 December 2013 S$'000
Salaries and bonuses	**3,225**	5,160
Employer's contribution to defined contribution plan	**431**	556
Other related staff costs	**69**	412
	3,725	6,128

Compensation to key management personnel, including Directors' remuneration is separately disclosed in Note 27(b).

9. FINANCE EXPENSES

Bank charges	**67**	157
Interest expense:		
- Banking facilities	**75**	138
- Hire purchase creditors	**-**	1
- Loan from shareholders	**33**	121
	175	417

10. INCOME TAX

(a) Income tax expense

Tax expense attributable to profit is made up of:		
- Current income tax [Note 10(b)]	**994**	796
- Deferred income tax	**(23)**	(1)
	971	795
Over provision in prior financial year/period		
- Current income tax [Note 10(b)]	**(107)**	(32)
- Deferred income tax	**(499)**	(2)
	365	761

10. INCOME TAX (CONTINUED)

(a) *Income tax expense (continued)*

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

	Group	
	For the financial year ended 31 December 2014	For the financial period from 1 July 2012 to 31 December 2013
	S$'000	S$'000
Profit/(loss) before income tax	**1,474**	(10,306)
Share of loss of an associated company, net of tax	**51**	68
Profit/(loss) before income tax and share of loss of an associated company	**1,525**	(10,238)
Tax calculated at tax rate of 17% (2013: 17%)	**259**	(1,740)
Effects of:		
- Expenses not deductible for tax purposes	**170**	1,637
- Income not subject to tax	**(181)**	(61)
- Different tax rates of overseas operations	**295**	35
- Tax incentive	**-**	(1)
- Unrecognised deferred tax benefits	**458**	928
- Utilisation of previously unrecognised tax losses	**(30)**	(2)
- Others	**-**	(1)
Tax charge	**971**	795

(b) *Movement in current income tax liabilities:*

	Group	
	2014	2013
	S$'000	S$'000
Beginning of financial year/period	**(75)**	160
Currency translation differences	**(1)**	2
Income tax paid	**(526)**	(1,017)
Income tax refund	**235**	16
Tax expense [Note 10(a)]	**994**	796
Over provision in prior financial period [Note 10(a)]	**(107)**	(32)
End of financial year/period	**520**	(75)

(c) *Unutilised tax losses and capital allowances*

As at 31 December 2014, the Group has unutilised tax losses of approximately S$19,251,000 (2013: S$16,730,000) and unabsorbed capital allowances of approximately S$149,000 (2013: S$149,000) which can, subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation, be carried forward and unutilised against future taxable profits. The deferred tax benefits on the unutilised tax losses and capital allowances of subsidiaries have not been recognised in the financial statements because of the uncertainty of future utilisation. The unutilised tax losses and capital allowances have no expiry date.

11. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

	Group	
	For the financial year ended 31 December 2014	For the financial period from 1 July 2012 to 31 December 2013
Net profit/(loss) attributable to equity holders of the Company (S$'000)	**424**	(11,114)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share ('000)	**378,409**	310,084
Basic earnings/(loss) per share (in cents)	**0.11**	(3.58)

(b) Diluted earnings per share

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

	For the financial year ended 31 December 2014
Net profit attributable to equity holders of the Company (S$'000)	**424**
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**378,409**
Adjustments for warrants ('000)	**27,497**
	405,906
Diluted earnings per share (in cent)	**0.10**

No diluted loss per share for the previous financial period from 1 July 2012 to 31 December 2013 has been computed as the conversion of the outstanding warrants into shares will be anti-dilutive.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Cash and bank balances	**6,270**	7,562	**99**	102
Fixed deposits	**3,741**	6,321	**2,005**	3,500
	10,011	13,883	**2,104**	3,602

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

Included in the cash and bank balances and fixed deposits of the Group is an amount of S$3,694,000 (2013: S$3,511,000) pledged to banks for credit facilities granted.

12. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	Group	
	2014	2013
	S$'000	S$'000
Cash and bank balances (as above)	**10,011**	13,883
Less: Restricted cash	**(3,694)**	(3,511)
Cash and cash equivalents per consolidated statement of cash flows	**6,317**	10,372

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables				
- Non-related parties	**9,092**	7,355	**1,314**	94
- Related corporation	**-**	26	**-**	26
Less: Allowance for impairment of receivables	**(1,902)**	(2,621)	**(19)**	(19)
Trade receivables - net	**7,190**	4,760	**1,295**	101
Retentions on construction contracts (Note 15)	**666**	678	**21**	21
Accrued billings on construction contracts	**11,519**	6,200	**-**	-
Other receivables				
- Deposits	**99**	132	**10**	4
- Prepayments	**776**	444	**11**	32
- Tax recoverable [Note 10(b)]	**-**	75	**-**	-
- Other receivables	**85**	140	**-**	-
- Subsidiaries	**-**	-	**1,575**	1,369
	20,335	12,429	**2,912**	1,527

Write-back of impairment of trade receivables of S$542,000 (2013: allowance for impairment of trade receivables of S$2,616,000) is recognised as an expense and included in "selling and distribution expenses".

The non-trade amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

14. INVENTORIES

	Group	
	2014	2013
	S$'000	S$'000
Finished goods	**329**	127

The cost of inventories recognised as an expense and included in "cost of sales" amounts to S$128,000 (2013: S$2,298,000).

15. DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION CONTRACTS

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**161,460**	146,535	**35,828**	33,387
Less: Progress billings	**(162,359)**	(146,691)	**(35,746)**	(33,127)
	(899)	(156)	**82**	260
Presented as:				
Current assets				
- Due from customers on construction contracts	**234**	584	**82**	260
Current liabilities				
- Due to customers on construction contracts	**(1,133)**	(740)	**-**	-
Retentions on construction contracts (Note 13)	**666**	678	**21**	21
Advances received on construction contracts (Note 20)	**524**	777	**41**	-

Allowance for foreseeable losses amounted to S$nil (2013: S$574,000) is recognised as an expense in profit or loss and included in "cost of sales".

16. INVESTMENT IN AN ASSOCIATED COMPANY

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Unquoted equity shares, at cost			**640**	640
Beginning of financial year/period	**1,540**	1,608		
Add: Share of loss	**(51)**	(68)		
End of financial year/period	**1,489**	1,540		

Details of the associated company are set out in Note 31. The associated company has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also its principal place of business.

There are no contingent liabilities relating to the Group's interest in the associated company.

16. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

Summarised financial information for associated company

Set out below is the summarised financial information for Tricaftan Environmental Technology Pte. Ltd..

Summarised balance sheet

	Tricaftan Environmental Technology Pte. Ltd. As at 31 December	
	2014	2013
	S$'000	S$'000
Current assets	**4,233**	4,267
Includes:		
- Cash and cash equivalents	**1,634**	1,557
Current liabilities	**(1,447)**	(1,322)
Non-current assets	**942**	964
Non-current liabilities	**(6)**	(59)
Net assets	**3,722**	3,850

Summarised statement of comprehensive income

	For the year/period ended 31 December	
	2014	2013
	S$'000	S$'000
Revenue	**4,859**	5,827
Expenses		
Includes:		
- Depreciation	**(34)**	(63)
- Interest expense	**(1)**	(10)
Loss before income tax	**(170)**	(167)
Income tax credit/(expense)	**42**	(2)
Loss after tax and total comprehensive loss	**(128)**	(169)

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

16. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated company, is as follows:

	Tricaftan Environmental Technology Pte. Ltd.	
	As at 31 December	
	2014	2013
	S$'000	S$'000
Net assets		
At beginning of financial year/period	**3,850**	4,019
Loss for the year/period	**(128)**	(169)
At end of financial year/period	**3,722**	3,850
Interest in associated company		
Carrying value	**1,489**	1,540

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	S$'000	S$'000
Unquoted equity shares, at cost		
Beginning of financial year/period	**16,810**	15,547
Increase in share capital of a subsidiary	**-**	1,520
Allowance for impairment loss	**-**	(257)
End of financial year/period	**16,810**	16,810

Details of the subsidiaries are set out in Note 31.

Carrying value of non-controlling interests

Oiltek Sdn. Bhd. and its subsidiary	**2,748**	2,139
Other subsidiary with immaterial non-controlling interest	-	(3)
	2,748	2,136

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiary with material non-controlling interests

Set out below are the summarised financial information for Oiltek Sdn. Bhd. and its subsidiary, which has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

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

Summarised balance sheet

	Oiltek Sdn. Bhd. and its subsidiary	
	As at 31 December	
	2014	2013
	S$'000	S$'000
Current		
Assets	**25,529**	18,861
Liabilities	**(15,797)**	(11,849)
Total current net assets	**9,732**	7,012
Non-current		
Assets	**1,803**	1,394
Liabilities	**-**	(9)
Total non-current net assets	**1,803**	1,385
Net assets	**11,535**	8,397

Summarised statement of comprehensive income

	For the year/period ended 31 December	
	2014	2013
	S$'000	S$'000
Revenue	**38,196**	53,578
Profit/(loss) before income tax	**3,894**	(773)
Income tax expense	**(458)**	(659)
Profit/(loss) after tax and total comprehensive income/(loss)	**3,436**	(1,432)
Total comprehensive loss allocated to non-controlling interests	**(43)**	(53)
Dividends paid to non-controlling interests	**-**	325

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised cash flows

	Oiltek Sdn. Bhd. and its subsidiary for the year/period ended 31 December	
	2014	**2013**
	S$'000	**S$'000**
Cash flows from operating activities		
Cash used in operations	**(135)**	5,634
Interest received	**42**	58
Income tax paid	**(359)**	(992)
Income tax refund	**72**	-
Net cash used in operating activities	**(380)**	4,700
Net cash used in investing activities	**(49)**	(123)
Net cash used in financing activities	**(221)**	(2,456)
Net (decrease)/increase in cash and cash equivalents	**(650)**	2,121
Cash and cash equivalents at beginning of year	**6,690**	4,647
Effect of currency translation on cash and cash equivalents	**(134)**	(91)
Cash and cash equivalents at end of year	**5,906**	6,677

Disposal of a subsidiary

On 31 December 2014, the Company disposed of its entire 60% interest in P.T. Bali Environmental Persada for a cash consideration of S$1. The effects of the disposal on the cash flows of the Group were as follows:

	2014
	S$'000
Carrying amounts of assets and liabilities disposed of	
Trade and other payables	**(5)**
Net liabilities derecognised	**(5)**
Less: Non-controlling interests	**(2)**
Net liabilities disposed of	**(3)**
The aggregate cash inflows arising from the disposal of P.T. Bali Environmental Persada were:	
Net liabilities disposed of (as above)	**(3)**
Gain on disposal	**3**
Cash proceeds from disposal and net cash inflow on disposal	**#**

Amount less than S$1,000

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings S$'000	Machinery and equipment S$'000	Renovation S$'000	Motor vehicles S$'000	Office equipment and computers S$'000	Furniture and fittings S$'000	Total S$'000
Group							
2014							
Cost							
At 1 January 2014	4,492	102	347	293	485	233	5,952
Additions	-	-	-	-	67	11	78
Disposal	-	(10)	-	-	(174)	(65)	(249)
Currency translation differences	(34)	(1)	(2)	(5)	(5)	(2)	(49)
At 31 December 2014	4,458	91	345	288	373	177	5,732
Accumulated depreciation							
At 1 January 2014	1,393	101	271	270	400	193	2,628
Depreciation charge	88	1	13	5	34	16	157
Disposal	-	(10)	-	-	(174)	(65)	(249)
Currency translation differences	(5)	(1)	-	(4)	(3)	(2)	(15)
At 31 December 2014	1,476	91	284	271	257	142	2,521
Net book value at 31 December 2014	**2,982**	**-**	**61**	**17**	**116**	**35**	**3,211**
2013							
Cost							
At 1 July 2012	4,534	236	262	412	468	223	6,135
Additions	1	-	85	28	32	16	162
Disposal	-	-	-	(119)	-	-	(119)
Written off	-	(121)	-	(18)	(4)	(1)	(144)
Currency translation differences	(43)	(13)	-	(10)	(11)	(5)	(82)
At 31 December 2013	4,492	102	347	293	485	233	5,952
Accumulated depreciation							
At 1 July 2012	1,261	210	259	354	368	175	2,627
Depreciation charge	138	23	12	27	45	23	268
Disposal	-	-	-	(102)	-	-	(102)
Written off	-	(121)	-	(4)	(3)	(1)	(129)
Currency translation differences	(6)	(11)	-	(5)	(10)	(4)	(36)
At 31 December 2013	1,393	101	271	270	400	193	2,628
Net book value at 31 December 2013	**3,099**	**1**	**76**	**23**	**85**	**40**	**3,324**

As at 31 December 2014, a leasehold land and building with carrying amount of S$1,165,000 (2013: S$1,214,000) is pledged to a financial institution to secure banking facilities of the Group. The other leasehold land and building amounting to S$1,817,000 (2013: S$1,885,000) pledged to a financial institution to secure banking facilities of the Group in the previous financial period was discharged on 2 July 2014.

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land and buildings S$'000	Machinery S$'000	Renovation S$'000	Motor vehicles S$'000	Office equipment and computers S$'000	Furniture and fittings S$'000	Total S$'000
Company							
2014							
Cost							
At 1 January 2014 and 31 December 2014	3,085	66	262	115	83	56	3,667
Accumulated depreciation							
At 1 January 2014	1,200	64	261	92	75	52	1,744
Depreciation charge	68	2	1	6	4	1	82
At 31 December 2014	1,268	66	262	98	79	53	1,826
Net book value at 31 December 2014	**1,817**	**-**	**-**	**17**	**4**	**3**	**1,841**
2013							
Cost							
At 1 July 2012	3,085	66	262	87	75	56	3,631
Additions	-	-	-	28	8	-	36
At 31 December 2013	3,085	66	262	115	83	56	3,667
Accumulated depreciation							
At 1 July 2012	1,097	59	259	87	69	50	1,621
Depreciation charge	103	5	2	5	6	2	123
At 31 December 2013	1,200	64	261	92	75	52	1,744
Net book value at 31 December 2013	**1,885**	**2**	**1**	**23**	**8**	**4**	**1,923**

In the previous financial period, a leasehold land and building with carrying amount of S$1,885,000 was pledged to a financial institution to secure banking facilities of the Company. The pledge was discharged on 2 July 2014.

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

	Name and location	Description	Land area (Sq ft)	Built-up area (Sq ft)	Tenure
(a)	28 Third Lok Yang Road Singapore 628016	Factory-cum-office building	27,024	22,025	48 years 8 months from 20 October 1983
(b)	Lot 6 Jalan Pasaran 23/5, Kawasan Miel, Phase 10, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia	Factory-cum-office building	42,637	28,614	99 years from 15 August 1997

19. GOODWILL

	Group	
	2014	2013
	S$'000	S$'000
Cost		
Beginning of financial year/period	**11,273**	11,273
Accumulated impairment		
Beginning of financial year/period	**4,416**	-
Impairment charge (Note 6)	**-**	4,416
End of the financial year/period	**4,416**	4,416
Net book value	**6,857**	6,857

Impairment tests for goodwill

Goodwill arising from acquisition of a subsidiary has been allocated to the cash-generating unit ("CGU") identified as the "Bio-Refinery and Bio-Energy" segment.

The Group tests CGU annually for impairment or more frequent if there are indications that goodwill might be impaired.

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

Key assumptions used for value-in-use calculations:

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

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

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

In the previous financial period, an impairment charge of S$4,416,000 was included within "Other losses - net" in the statement of comprehensive income.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Current				
Trade payables				
- Non-related parties	**8,304**	4,186	**90**	80
- Related corporations	**368**	-	**79**	-
	8,672	4,186	**169**	80
Advances received on construction contracts (Note 15)	**524**	777	**41**	-
Advance billings on construction contracts	**7,076**	6,713	**-**	-
Other payables				
- Accrued expenses	**4,125**	4,590	**1,419**	391
- Other payables	**1,017**	589	**4**	52
- Subsidiaries	**-**	-	**2,233**	1,561
- Related corporations	**248**	11	**162**	5
- Due to a shareholder	**-**	52	**-**	-
- Loan from a shareholder	**909**	1,828	**773**	1,553
	22,571	18,746	**4,801**	3,642
Non-current				
Loan from a shareholder	**-**	1,137	**-**	996

(a) The non-trade amounts due to subsidiaries and to a shareholder are unsecured, interest-free and are repayable on demand.

(b) The loans from shareholders are unsecured and interest-bearing at a rate of 2% (2013: 2%) per annum and is expected to be repaid within 12 months from the balance sheet date, except for an amount of S$nil (2013: S$232,000) which is unsecured, interest-free and is not expected to be repaid within 12 months from the balance sheet date.

(c) In the previous financial period, the fair values of the non-current loan from shareholders are based on cash flows discounted using a rate based on the borrowings rate of 5%. The discount rate equals to SIBOR plus appropriate credit rating. The fair values are within Level 2 of the fair value hierarchy. The fair value of the loan approximates its carrying amount.

Level 2 refers to inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

21. BORROWINGS

	Group	
	2014	2013
	S$'000	S$'000
Bills payable (unsecured)	**-**	252
Short-term bank loan (unsecured)	**1,800**	1,800
	1,800	2,052

21. BORROWINGS (CONTINUED)

(a) Effective interest rates

Weighted average effective interest rate per annum of short-term bank loan at the balance sheet date is 4.12% (2013: 3.99%) per annum.

In the previous financial period, the bills payable of the Group was interest-bearing at a rate of 3.5% per annum.

(b) The carrying amount of the Group's borrowings approximates their fair values.

22. DEFERRED INCOME TAX ASSETS

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2014	2013
	S$'000	S$'000
Deferred income tax assets		
- To be recovered within one year	**(480)**	(17)
Deferred income tax liabilities		
- To be settled within one year	**17**	75

Movement in deferred income tax account is as follows:

	2014	2013
Beginning of financial year/period	**58**	64
Currency translation differences	**1**	(3)
Credited to profit or loss	**(522)**	(3)
End of financial year/period	**(463)**	58

Movements in deferred income tax assets and liabilities (prior to offsetting of the balances within the same tax jurisdiction) are as follows:

Deferred income tax liabilities

	Group Accelerated tax depreciation S$'000
2014	
Beginning of financial year	**75**
Credited to profit or loss	**(58)**
End of financial year	**17**
2013	
Beginning of financial period	81
Currency translation differences	(3)
Credited to profit or loss	(3)
End of financial period	75

22. DEFERRED INCOME TAX ASSETS (CONTINUED)

Deferred income tax assets

	Provisions S$'000
2014	
Beginning of financial year	**(17)**
Currency translation differences	**1**
Credited to profit or loss	**(464)**
End of financial year	**(480)**
2013	
Beginning and end of financial period	(17)

23. SHARE CAPITAL

	No. of ordinary shares		Amount	
	2014	2013	**2014**	2013
	'000	'000	**S$'000**	S$'000
Group and Company				
Beginning of financial year/period	**378,409**	223,409	**30,003**	24,980
Issue of new shares	**-**	155,000	**-**	5,023
End of financial year/period	**378,409**	378,409	**30,003**	30,003

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

On 28 February 2013, the Company issued 155,000,000 new ordinary shares at S$0.053 per new share and 165,000,000 free detachable, non-transferable and non-listed warrants (Note 24) to its immediate and ultimate holding corporation. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S$0.053 for each new share. Each warrant may be exercised at any time during the period of three years commencing on and including the date of issue of the warrants and expiring on the third anniversary of the date of issue of the warrants. No warrant has been exercised as at 31 December 2014. The net consideration for the issuance was proportionately allocated to the share capital and warrants reserve of the Company based on their relative fair values.

On 28 February 2013, the Company issued 40,000,000 non-listed and non-transferable warrants of the Company for a consideration of S$0.005 each (Note 24). Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company, at an exercise price of S$0.048. Each warrant may be exercised at any time during the period of three years commencing on and including the date of issue of the warrants and expiring on the third anniversary of the date of issue of the warrants. No warrant has been exercised as at 31 December 2014.

24. WARRANTS RESERVE

	No. of warrants		Amount	
	2014	2013	**2014**	2013
	'000	'000	**S$'000**	S$'000
Group and Company				
Beginning of financial year/period	**205,000**	40,000	**3,112**	200
Warrants expired	**-**	(40,000)	**-**	(200)
Issue of new warrants (Note 23)	**-**	205,000	**-**	3,112
End of financial year/period	**205,000**	205,000	**3,112**	3,112

On 10 January 2010, the Company issued 40,000,000 warrants which expired on 10 January 2013. No warrant was exercised at the expiry of the exercise period.

25. CURRENCY TRANSLATION RESERVE

	Group	
	2014	2013
	S$'000	S$'000
Beginning of financial year/period	**(739)**	(139)
Net currency translation differences of financial statements of foreign subsidiaries	**(215)**	(677)
Add: Non-controlling interests	**73**	77
End of financial year/period	**(881)**	(739)

26. OPERATING LEASE COMMITMENTS

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

The Group and Company leases land from a non-related party under a non-cancellable operating lease agreement. The lease has varying terms, escalation clauses and renewal rights.

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

	Group and Company	
	2014	2013
	S$'000	S$'000
Not later than one year	**35**	40
Between two and five years	**140**	140
Later than five years	**438**	996
Total	**613**	1,176

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

The Group and the Company have entered into tenancy agreement for subletting of office premise as a lessor under non-cancellable operating leases. The lease has term of 3 years with an option to renew the lease after that date at the prevailing market rental rate.

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

Not later than one year	**162**	137
Between two and five years	**311**	-
Total	**473**	137

27. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	Group	
	For the financial year ended 31 December 2014 S$'000	For the financial period from 1 July 2012 to 31 December 2013 S$'000
(i) Related Corporations		
- Purchases	**378**	-
- Management and support services	**144**	-
(ii) Interest on loan from shareholders	**33**	121

(b) Key management personnel compensation

Salaries and other short-term employee benefits	**701**	1,567
Employer's contribution to defined contribution plans	**42**	86
	743	1,653

Included in the above was total compensation to Directors of the Company amounting to S$78,000 (2013: S$508,000).

28. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer ("CEO") that are used to make strategic decisions.

The CEO considers the business from a business segment perspective. Management manages and monitors the business in two main business segments which are "Water and Wastewater Treatment and Hydro-Engineering" and "Bio-Refinery and Bio-Energy". The CEO assesses the performance of these business segments based on sales, segment results, segment assets and segment liabilities.

(a) Analysis by Reportable Segment

Segment revenue and expense: Segment revenue and expense are the operating revenue and expenses reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories, plant and equipment and net of allowances and impairment that can be specifically attributable to a specific segment. Capital expenditure includes the total cost incurred to acquire plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

The Group's income tax expense and income tax payable are not allocated to any specific segment.

The reportable segment profit and loss has been determined using the same accounting policy of the Group.

28. SEGMENT INFORMATION (CONTINUED)

Group (S$'000)	Water and Wastewater Treatment and Hydro-engineering	Bio-Refinery and Bio-Energy	Total
For the financial year ended 31 December 2014			
Revenue:			
External sales	6,198	38,186	44,384
Results:			
Segment results	(2,588)	4,234	1,646
Share of loss of an associated company	(51)	-	(51)
Interest income	11	43	54
Finance expense	(105)	(70)	(175)
Income tax expense			(365)
Profit after income tax			1,109
Assets:			
Segment assets	7,509	26,611	34,120
Investment in an associated company	1,489	-	1,489
Goodwill	-	6,857	6,857
Unallocated assets			463
Total assets			42,929
Liabilities:			
Segment liabilities	10,638	14,866	25,504
Unallocated liabilities			520
Total liabilities			26,024
Other information:			
Depreciation of property, plant and equipment	69	88	157
Capital expenditure	48	30	78

28. SEGMENT INFORMATION (CONTINUED)

(a) Analysis by Reportable Segment (continued)

	Water and Wastewater Treatment and Hydro-engineering	Bio-Refinery and Bio-Energy	Total
Group (S$'000)			
For the financial period from 1 July 2012 to 31 December 2013			
Revenue:			
External sales	17,141	53,581	70,722
Inter-segment	-	34	34
	17,141	53,615	70,756
Elimination			(34)
			70,722
Results:			
Segment results	(5,739)	(284)	(6,023)
Share of loss of an associated company	(68)	-	(68)
Goodwill impairment charge	-	(4,416)	(4,416)
Interest income	13	58	71
Finance expense	(235)	(182)	(417)
Unallocated corporate expenses			(427)
Unallocated other operating income			974
Income tax expense			(761)
Loss after income tax			(11,067)
Assets:			
Segment assets	11,377	20,598	31,975
Elimination			(1,703)
			30,272
Investment in an associated company	1,540	-	1,540
Goodwill	-	6,857	6,857
Unallocated assets			75
Total assets			38,744
Liabilities:			
Segment liabilities	10,313	13,637	23,950
Elimination			(1,703)
			22,247
Unallocated liabilities			486
Total liabilities			22,733
Other information:			
Depreciation of property, plant and equipment	152	116	268
Capital expenditure	42	120	162

28. SEGMENT INFORMATION (CONTINUED)

(b) Geographical Information

Revenue segmentation is based on the location of services rendered or goods delivered. Non-current assets and total capital expenditure are based on the location of those assets.

	For the financial year ended 31 December 2014 S$'000	For the financial period from 1 July 2012 to 31 December 2013 S$'000
Revenue		
Malaysia	**27,278**	20,727
Singapore	**3,479**	2,164
Indonesia	**3,405**	29,450
Rest of Asia	**4,750**	11,065
South America	**29**	6,641
Africa	**3,775**	352
Others	**1,668**	323
	44,384	70,722

Non-current assets	**2014 S$'000**	2013 S$'000
Malaysia	**1,342**	1,396
Singapore	**10,675**	10,320
Others	**3**	5
	12,020	11,721
Total capital expenditure		
Malaysia	**48**	120
Singapore	**30**	37
Others	**-**	5
	78	162

29. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes 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 analysis indicated below.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Currency risk

The Group transacts business in various foreign currencies, including Malaysian Ringgit ("MYR"), Euro ("EUR"), India Rupee ("INR"), United States Dollar ("USD"), and Indonesia Rupiah ("IND") and hence is exposed to foreign currency risks. The Group monitors the foreign currency exchange rate movements closely to ensure that its exposure is minimised.

The Group's currency exposure is as follows:

	SGD	MYR	EUR	INR	USD	IND	Others	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 31 December 2014								
Financial assets								
Cash and cash equivalents	2,717	5,347	158	5	1,784	-	-	10,011
Trade and other receivables	1,616	11,371	587	45	574	3,272	2,094	19,559
Due from customers on construction contracts	103	-	-	75	56	-	-	234
	4,436	16,718	745	125	2,414	3,272	2,094	29,804
Financial liabilities								
Trade and other payables	(6,706)	(5,343)	(2,272)	(202)	(448)	-	-	(14,971)
Borrowings	(1,800)	-	-	-	-	-	-	(1,800)
	(8,506)	(5,343)	(2,272)	(202)	(448)	-	-	(16,771)
Net financial (liabilities)/assets	(4,070)	11,375	(1,527)	(77)	1,966	3,272	2,094	13,033
Less: Net liabilities/(assets) denominated in the respective entities' functional currency	4,070	(10,985)	-	64	-	-	-	(6,851)
Net currency exposure	**-**	**390**	**(1,527)**	**(13)**	**1,966**	**3,272**	**2,094**	**6,182**
At 31 December 2013								
Financial assets								
Cash and cash equivalents	5,337	3,484	59	132	4,855	-	16	13,883
Trade and other receivables	432	6,100	20	398	421	4,462	77	11,910
Due from customers on construction contracts	131	83	-	262	108	-	-	584
	5,900	9,667	79	792	5,384	4,462	93	26,377
Financial liabilities								
Trade and other payables	(5,427)	(2,593)	(660)	(350)	(3,353)	-	(10)	(12,393)
Borrowings	(2,052)	-	-	-	-	-	-	(2,052)
	(7,479)	(2,593)	(660)	(350)	(3,353)	-	(10)	(14,445)
Net financial (liabilities)/assets	(1,579)	7,074	(581)	442	2,031	4,462	83	11,932
Less: Net liabilities/(assets) denominated in the respective entities' functional currency	1,579	(6,760)	-	(136)	-	-	-	(5,317)
Net currency exposure	**-**	**314**	**(581)**	**306**	**2,031**	**4,462**	**83**	**6,615**

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure is as follows:

	SGD S$'000	MYR S$'000	EUR S$'000	INR S$'000	USD S$'000	Others S$'000	Total S$'000
At 31 December 2014							
Financial assets							
Cash and cash equivalents	2,103	-	-	1	-	-	2,104
Trade and other receivables	2,783	-	-	-	118	-	2,901
Due from customers on construction contracts	82	-	-	-	-	-	82
	4,968	-	-	1	118	-	5,087
Financial liabilities							
Trade and other payables	(4,168)	(566)	(2)	(13)	(11)	-	(4,760)
	(4,168)	(566)	(2)	(13)	(11)	-	(4,760)
Net financial assets/(liabilities)	800	(566)	(2)	(12)	107	-	327
Less: Net assets denominated in the respective entities' functional currency	(800)	-	-	-	-	-	(800)
Net currency exposure	**-**	**(566)**	**(2)**	**(12)**	**107**	**-**	**(473)**
At 31 December 2013							
Financial assets							
Cash and cash equivalents	3,558	-	-	5	39	-	3,602
Trade and other receivables	1,495	-	-	-	-	-	1,495
Due from customers on construction contracts	13	-	-	247	-	-	260
	5,066	-	-	252	39	-	5,357
Financial liabilities							
Trade and other payables	(4,603)	-	(13)	-	(10)	(12)	(4,638)
	(4,603)	-	(13)	-	(10)	(12)	(4,638)
Net financial assets/(liabilities)	463	-	(13)	252	29	(12)	719
Less: Net assets denominated in the respective entities' functional currency	(463)	-	-	-	-	-	(463)
Net currency exposure	**-**	**-**	**(13)**	**252**	**29**	**(12)**	**256**

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the MYR and USD change against the SGD by 3% (2013: 3%) and the EUR, INR and IND change against the SGD by 5% (2013: 5%) with all variables held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease)			
	For the financial year ended 31 December 2014		For the financial period from 1 July 2012 to 31 December 2013	
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
	S$'000	**S$'000**	S$'000	S$'000
Group				
MYR against SGD				
- Strengthened	**10**	**182**	8	191
- Weakened	**(10)**	**(182)**	(8)	(191)
EUR against SGD				
- Strengthened	**(63)**	**-**	(24)	-
- Weakened	**63**	**-**	24	-
INR against SGD				
- Strengthened	**(1)**	**8**	13	4
- Weakened	**1**	**(8)**	(13)	(4)
USD against SGD				
- Strengthened	**49**	**-**	51	-
- Weakened	**(49)**	**-**	(51)	-
IND against SGD				
- Strengthened	**136**	**-**	185	-
- Weakened	**(136)**	**-**	(185)	-
Company				
MYR against SGD				
- Strengthened	**(15)**	**-**	-	-
- Weakened	**15**	**-**	-	-
EUR against SGD				
- Strengthened	**#**	**-**	(1)	-
- Weakened	**#**	**-**	1	-

29. FINANCIAL RISK MANAGEMENT(CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

	Increase/(decrease)			
	For the financial year ended 31 December 2014		For the financial period from 1 July 2012 to 31 December 2013	
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
	S$'000	**S$'000**	S$'000	S$'000
Company (continued)				
INR against SGD				
- Strengthened	**#**	**-**	10	-
- Weakened	**#**	**-**	(10)	-
USD against SGD				
- Strengthened	**3**	**-**	1	-
- Weakened	**(3)**	**-**	(1)	-

Amount less than S$1,000

(ii) Interest rate risks

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

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rate increase/decrease by 1% (2013: 1%) per annum with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$15,000 (2013: S$17,000) as a result of higher/lower interest expenses on these borrowings.

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. Cash term, advance payments, bankers' guarantees and performance bonds are required for customers of lower credit standing. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. In addition, at 31 December 2014, the Company furnished banks and financial institutions guarantees for facilities extended to a subsidiary amounting to S$6,050,000 (2013: S$6,201,000) of which the amount utilised at 31 December 2014 was S$1,486,000 (2013: S$1,746,000).

The trade receivables of the Group comprise four debtors (2013: four debtors) accounted for approximately 63% (2013: 61%).

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Malaysia	**4,437**	2,737	**-**	-
Singapore	**1,398**	318	**1,127**	101
The rest of Asia and others	**1,355**	1,705	**168**	-
	7,190	4,760	**1,295**	101
By industry sectors				
Water and Wastewater Treatment and Hydro-Engineering	**1,575**	1,204	**1,295**	101
Bio-Refinery and Bio-Energy	**5,615**	3,556	**-**	-
	7,190	4,760	**1,295**	101

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

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

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

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

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

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Past due 0 to 3 months	**2,535**	3,163	**-**	36
Past due 3 to 6 months	**597**	310	**-**	65
Past due more than 6 months	**1,890**	407	**168**	-
	5,022	3,880	**168**	101

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

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Past due more than 6 months	**1,902**	2,621	**19**	19
Less: Allowance for impairment	**(1,902)**	(2,621)	**(19)**	(19)
	-	-	**-**	-

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Credit risk (continued)*

Movements in the allowance for doubtful trade receivables are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year/period	**2,621**	19	**19**	19
(Write-back of)/ allowances made to profit or loss	**(542)**	2,616	**-**	-
Currency translation difference	**(177)**	(14)	**-**	-
End of financial year/period	**1,902**	2,621	**19**	19

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

(c) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

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

	Group			Company		
	Less than 1 year S$'000	**2 - 5 years S$'000**	**Total S$'000**	**Less than 1 year S$'000**	**2 - 5 years S$'000**	**Total S$'000**
At 31 December 2014						
Trade and other payables	**14,971**	**-**	**14,971**	**4,760**	**-**	**4,760**
Bank loans	**1,819**	**-**	**1,819**	**-**	**-**	**-**
Financial guarantee contracts	**-**	**-**	**-**	**1,486**	**-**	**1,486**
At 31 December 2013						
Trade and other payables	11,256	1,385	12,641	3,642	1,240	4,882
Bank loans	1,820	-	1,820	-	-	-
Bills payable	261	-	261	-	-	-
Financial guarantee contracts	-	-	-	1,746	-	1,746

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

(d) *Capital risk*

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

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk (continued)

The gearing ratio is calculated as total borrowings divided by shareholders funds.

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Total borrowings (excluding loan from a shareholder)	**1,800**	2,052	**-**	-
Shareholders' funds	**14,157**	13,875	**19,588**	20,124
Gearing ratio	**13%**	15%	**#**	#

The Company is in a net cash position as at 31 December 2014 and 31 December 2013.

The Group and Company are in compliance with all externally imposed requirements for the financial year/period ended 31 December 2014 and 31 December 2013 respectively.

(e) Fair value measurements

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements. The Group does not hold financial assets or liabilities carried at fair value or at valuation.

(f) Financial instruments by category

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

	Group	
	2014	2013
	S$'000	S$'000
Loan and receivables	**29,804**	26,377
Financial liabilities at amortised cost	**16,771**	14,445

30. IMMEDIATE AND ULTIMATE HOLDING CORPORATION

The Company's immediate and ultimate holding corporation is Koh Brothers Group Limited, incorporated in Singapore.

31. GROUP COMPANIES

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

Name	Country of incorporation	Principal activities	Effective equity interest held by the Group	
SUBSIDIARIES			**2014**	2013
Held by the Company				
Metax Eco Solutions Pte. Ltd. [(1)]	Singapore	Environmental engineering services	**100%**	100%
Koh Eco Engineering Pte. Ltd. [(1)]	Singapore	Industrial and mechanical engineering works and building construction	**100%**	100%
WS Bioengineering Pte. Ltd. [(1)]	Singapore	Construction and project management	**100%**	100%
Metax Engineering (India) Private Limited [(3)]	India	Construction and project management	**100%**	100%
P.T. Bali Environmental Persada [(3)]	Indonesia	Dormant	**-**	60%
Held by subsidiaries				
MetEco Solutions Sdn. Bhd. [(2)]	Malaysia	Construction and project management	**100%**	100%
WS Bioengineering China Pte. Ltd. [(1)]	Singapore	Provision of engineering, construction and management services	**100%**	100%
WSB Pte. Ltd. [(1)]	Singapore	Provision of engineering and construction services	**100%**	100%
Koh Brothers Eco (China) Pte. Ltd. (formerly known as Bioearth Pte. Ltd.) [(1)]	Singapore	Provision of engineering and construction services	**100%**	100%
WS Bioengineering Sdn. Bhd. [(2)]	Malaysia	Managing and equipment procurement services	**100%**	100%
Oiltek Sdn. Bhd. [(2)]	Malaysia	Specialist engineers and commission agent	**80.04%**	80.04%
Oiltek-Nova Bioenergy Sdn. Bhd. [(2)]	Malaysia	Specialist engineers and commission agent	**52.03%**	52.03%
ASSOCIATED COMPANY				
Held by the Company				
Tricaftan Environmental Technology Pte. Ltd. [(4)]	Singapore	Construction and project management	**40%**	40%

(1) Audited by PricewaterhouseCoopers LLP, Singapore.
(2) Audited by PricewaterhouseCoopers, Malaysia.
(3) Unaudited management account has been reviewed for the purpose of preparing the consolidated financial statements of the Group.
(4) Audited by Adept Public Accounting Corporation, Singapore.
(5) In accordance to Rule 716(1) of the Catalist Rules, the Board of Directors and the Audit Committee of the Company confirmed that they are satisfied that the appointment of the different auditors for its subsidiaries and associated company would not compromise the standard and effectiveness of the audit of the Group.

32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

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

- FRS 108 *Operating Segments* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

  The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2017)

  FRS 115 was issued in November 2014 and supersedes FRS 18 *Revenue*, FRS 11 *Construction contracts* and other revenue related interpretations. It applies to all contracts with customers, except for leases, financial instruments and insurance contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements.

  The Group is assessing the impact of the adoption of FRS 115.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

  FRS 109 was issued in December 2014 and includes guidance on the classification and measurement of financial assets and financial liabilities and de-recognition of financial instruments.

  The Group is assessing the impact of the adoption of FRS 109.

33. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited) on 23 March 2015.

SHARE CAPITAL AND VOTING RIGHTS

Issued and paid-up capital	:	S$33,215,914.18
Number of issued and paid-up shares	:	378,408,576
Class of shares	:	Ordinary shares
Voting rights	:	(a) On a show of hands, every member present in person and each proxy shall have one vote. (b) On a poll, every member present in person or by proxy shall have one vote for every share he/she holds or represents.
Treasury shares	:	Nil (There were no treasury shares)

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 - 99	1	0.19	30	0.00
100 - 1000	22	4.24	21,000	0.01
1,001 - 10,000	137	26.40	790,500	0.21
10,001 - 1,000,000	334	64.35	40,680,500	10.75
1,000,001 and above	25	4.82	336,916,546	89.03
Total	**519**	**100.00**	**378,408,576**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of shares held	%
1	Koh Brothers Group Limited	155,000,000	40.96
2	DBS Nominees Pte Ltd	54,414,857	14.38
3	CIMB Sec (S'pore) Pte Ltd	38,819,000	10.26
4	DBSN Services Pte Ltd	15,000,000	3.96
5	DBS Vickers Secs (S) Pte Ltd	13,565,000	3.58
6	Tan Jin Beng Winston	11,000,000	2.91
7	Lie Tjeng Lien @ Rosalina Ali	5,305,000	1.40
8	Raffles Nominees (Pte) Ltd	4,793,939	1.27
9	Tan Sian Gwan	4,750,000	1.26
10	OCBC Securities Private Ltd	3,371,000	0.89
11	Ng Guat Hua	3,233,000	0.85
12	Tan Hun Tee	2,917,000	0.77
13	Chew Lee Choo	2,911,000	0.77
14	Lim Tian Lye	2,730,500	0.72
15	Ng Poh Wah	2,683,000	0.71
16	Welly Widjaja Chandra @ Chang Pao Wei	2,516,250	0.67
17	United Overseas Bank Nominees	2,249,000	0.59
18	Yim Yeuk King Claire	2,014,000	0.53
19	Tan Tock Han	1,930,000	0.51
20	Kng Chin Kait	1,695,000	0.45
	Total	**330,897,546**	**87.44**

STATISTICS OF SHAREHOLDINGS

As at 20 March 2015

SUBSTANTIAL SHAREHOLDERS

Name	Direct interest		Deemed interest	
	Number of shares	% of total issued shares	Number of shares	% of total issued shares
Koh Brothers Group Limited	155,000,000	40.96	-	-
Tan Tze Wen	53,866,857	14.24	-	-
Sunny Ong Keng Hua	24,800,000	6.55	-	-

WARRANT HOLDERS

(As recorded in the Register of Warrant Holders as at 20 March 2015)

(a) Koh Brothers Group Limited (165,000,000 warrants)

(b) Lee Thiam Seng (40,000,000 warrants)

RULE 723 OF THE CATALIST RULES

Based on the information available to the Company as at 20 March 2015, approximately 38.3% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Catalist Rules is complied with.

CATALIST SPONSOR FEES

The continuing sponsor ("Sponsor") of the Company is Stamford Corporate Services Pte Ltd. There were no non-sponsor fees paid to the Sponsor by the Company for the year under review.

NOTICE OF ANNUAL GENERAL MEETING

KOH BROTHERS ECO ENGINEERING LIMITED
(Formerly known as "Metax Engineering Corporation Limited")
(Unique Entity Number: 197500111H)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Koh Brothers Eco Engineering Limited (the "Company") will be held at Oxford Hotel, 218 Queen Street, Singapore 188549 on Wednesday, 29 April 2015 at 10.30 a.m. for the following purposes:-

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2014 together with the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Koh Choon Leng, who is retiring by rotation pursuant to Article 107 of the Company's Articles of Association. **(Resolution 2)**

3. To re-elect Mr Tan Liang Seng, who is retiring pursuant to Article 117 of the Company's Articles of Association. **(Resolution 3)**

4. To re-appoint Mr Tan Hwa Peng, who is retiring under Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 4)**

5. To approve the sum of S$78,000/- as Directors' fees for the year ended 31 December 2014. (FY2013: S$105,167/-) **(Resolution 5)**

6. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modification, the following resolution as an Ordinary Resolution:-

7. That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the Listing Manual Section B: Rules of Catalist (the "Rules of Catalist") of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors of the Company to:- **(Resolution 7)**

   (a) (i) issue shares in the capital of the Company whether by way of rights, bonuses or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:-

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 100 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

   (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:-

   (i) new shares arising from the conversion or exercise of any convertible securities;
   (ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and
   (iii) any subsequent bonus issue, consolidation or subdivision of shares;

   (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

   (4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

ANY OTHER BUSINESS

8. To transact any other business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Therese Ng
Company Secretary
7 April 2015

EXPLANATORY NOTES:

Resolution 2: Mr Koh Choon Leng will, upon re-election as a Director of the Company, remain as the Chairman of the Audit and Risk Committee and a member of the Nominating Committee and the Remuneration Committee. He is considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

Resolution 4: Mr Tan Hwa Peng will, upon re-appointment as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and the Nominating Committee. He is considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

Resolution 7: This Resolution is to empower the Directors to issue shares in the capital of the Company and to make or grant the instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 100 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 50 per cent for issued other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjustment for (i) new shares arising from the conversion or exercise of any convertible securities at the time this Resolution is passed; (ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and (iii) any subsequent bonus issue, consolidation or subdivision of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:

1. A member of the Company entitled to attend and vote at this meeting may appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a Shareholder of the Company.
2. Where a member appoints more than one (1) proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
4. The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
6. If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the Meeting will act as your proxy.
7. The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary), not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.
8. For depositors holding their shares through The Central Depository (Pte) Limited in Singapore, the Directors have determined that it is more practicable for the depositor proxy form to be delivered to, collected, collated, reviewed and checked at the Company's registered office at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary) and as such will be counted as valid in regards to this meeting pursuant to the Company's Articles of Association. The depositor proxy form, duly completed, must be deposited by the depositor(s) at the Company's registered office in Singapore not less than 48 hours before the commencement of this meeting.

Personal Data Privacy:

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

KOH BROTHERS ECO ENGINEERING LIMITED

(formerly known as "Metax Engineering Corporation Limited")
(Unique Entity Number: 197500111H)
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of **KOH BROTHERS ECO ENGINEERING LIMITED**, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 April 2015.

PROXY FORM

I / We, ____ (Name)

of ____ (Address)

being a member/members of Koh Brothers Eco Engineering Limited (the "Company") hereby appoint(s):-

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

as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting (the "Meeting") of the Company to be held on Wednesday, 29 April 2015 at Oxford Hotel, 218 Queen Street, Singapore 188549 at 10.30 a.m. and at any adjournment thereof.

I/We direct my proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting.

NO.	ORDINARY RESOLUTIONS	FOR*	AGAINST*
1	To receive and adopt the Directors' Report, the Auditors' Report and the Audited Financial Statements		
2	To re-elect Mr Koh Choon Leng as Director		
3	To re-elect Mr Tan Liang Seng as Director		
4	To re-appoint Mr Tan Hwa Peng as Director		
5	To approve the sum of S$78,000/- as Directors' fees		
6	To re-appoint PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration		
7	To authorise Directors to issue shares and to make or grant instruments pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		

* Please indicate your vote "For" or "Against" with a "√" within the box provided.

Dated this ________________ day of ______________________ 2015.

Total number of shares held	
CDP Register	
Register of Members	

____
Signature(s)/Common Seal of Member(s)
(Please read notes overleaf before completing this Form.)

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy will be deemed to relate to all the shares held by the member.

3. Where a member of the Company appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be signed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy or proxies, failing which the instrument may be treated as invalid.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary), not less than 48 hours before the time appointed for holding the Meeting.

7. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such body corporate.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

11 Lorong Pendek
Koh Brothers Building
Singapore 348639
Tel: (65) 6845 7204
Fax: (65) 6443 2487
Website: www.kohbrotherseco.com
Unique Entity Number: 197500111H