STAYING RESILIENT

Tiong Woon Corporation Holding Ltd
Annual Report 2015

STAYING RESILIENT

Tiong Woon firmly believes that it takes strength of purpose and tenacity to remain ahead in the market. Our unwavering dedication is exemplified through our fortitude to stay resilient despite the challenging business environment and with determination, we will endeavour to overcome obstacles in our business operations.

CONTENTS

VISION

To be a world–class organisation in providing high quality and safe services to our clients anywhere in the world.

MISSION

To maximise shareholders’ value and exceed customers’ expectations as an integrated services specialist and provider of infrastructure businesses in heavy lift and haulage, marine transportation and engineering services through our focus on high safety standards and reliable services.

13TH

largest crane owning company worldwide.

OVER 35 YEARS

of proven track record.

CORPORATE PROFILE

Listed in 1999, Tiong Woon Corporation Holding Ltd ("Tiong Woon" or the "Group") is a leading one stop integrated services specialist and provider, supporting mainly the oil & gas, petrochemical, infrastructure and construction sectors.

The Group manages turnkey projects for engineering, procurement and construction ("EPC") contractors and project owners from planning and design of heavy lifting and haulage requirements to the execution stage in which the heavy equipment are transported, lifted and installed at customers' facilities. Tiong Woon also possesses its own heavy lift and haulage equipment, tugboats and barges which enable the Group to widen its integrated services offering to its clients.

Headquartered in Singapore, Tiong Woon has establishments in Malaysia, Indonesia, Thailand, Philippines, Vietnam, China, Myanmar, Sri Lanka, India and Saudi Arabia. It is ranked as the 13th largest crane owning company worldwide by International Cranes and Specialized Transport, a reputable trade magazine, in its IC50 2015 survey.

Tiong Woon has been appointed as the authorised dealer for IHI crawler cranes in ASEAN countries (except Indonesia), authorised dealer for Jaso tower cranes in Singapore and Malaysia, authorised dealer for all XCMG products in Southeast Asia and exclusive distributor for both Zoomlion tower cranes in Singapore and Heifei Smarter Telescopic Crawler Crane in Singapore, Thailand and Malaysia. These companies will use Singapore as the regional hub in the Asia Pacific region.

Under the strong leadership and far sighted vision of the Group's management team, Tiong Woon is committed to providing high quality and safe services, on time and on budget to its clients anywhere in the world.

Tiong Woon is committed to providing high quality and safe services, on time and on budget to its clients anywhere in the world.

TIONG WOON GROUP OF COMPANIES

SINGAPORE
- Tiong Woon Corporation Holding Ltd
- Tiong Woon Crane & Transport (Pte) Ltd
- Tiong Woon Crane Pte Ltd
- Tiong Woon Project & Contracting Pte. Ltd.
- Tiong Woon Enterprise Pte Ltd
- Tiong Woon International Pte. Ltd.
- Tiong Woon Tower Crane Pte. Ltd.
- Tiong Woon Marine Pte Ltd
- Tiong Woon Offshore Pte. Ltd.
- TW (Sabah) Pte Ltd
- Tiong Woon Logistics Pte. Ltd.
- Tiong Woon China Consortium Pte. Ltd.
- Tiong Woon Oasis Pte Ltd
- Tiong Woon Oasis Marine & Engineering Pte. Ltd.
- Tower Cranes Services Pte. Ltd.
- Tiong Woon Crane & Equipment Pte. Ltd.

MALAYSIA
- Tiong Woon Crane & Transport (M) Sdn Bhd
- Tiong Woon Crane Sdn Bhd
- Tiong Woon Offshore Sdn Bhd
- Tiong Woon Oasis Sdn Bhd

INDIA
- Tiong Woon Project & Contracting (India) Private Limited

INDONESIA
- P.T. TWC Indonesia
- P.T. Tiong Woon Oasis
- P.T. Tiong Woon Indonesia

PHILIPPINES
- Tiong Woon Philippines, Inc

CHINA
- Tiong Woon (Huizhou) Industrial Services Co., Ltd

THAILAND
- Tiong Woon Thai Co. Ltd
- Thai Contracting & Enterprises Co., Ltd

VIETNAM
- Tiong Woon Vietnam Company Limited

SAUDI ARABIA
- TWC Arabia Ltd

MYANMAR
- Tiong Woon Myanmar Company Limited

SRI LANKA
- Tiong Woon Crane & Transport Lanka (Pvt) Ltd

CHAIRMAN'S MESSAGE

We persevered in our efforts to actively manage our costs, and supported by our strong track record, Tiong Woon was able to record a profit for the year.

CHAIRMAN'S MESSAGE

Dear Shareholders,

The financial year ended 30 June 2015 ("FY2015") has been a challenging year for Tiong Woon Corporation Holding Ltd ("Tiong Woon" or the "Group"), amid lower oil prices and economic uncertainty in the region. Business activities were reduced. We persevered in our efforts to actively manage our costs, and supported by our strong track record, Tiong Woon was able to record a profit for the year.

On the global front, Tiong Woon continues to be recognized for its expertise. We are happy to note that Tiong Woon is ranked as the 13th largest crane owning company worldwide by International Cranes and Specialized Transport, a reputable trade magazine, in its IC50 2015 survey.

We remain committed to focusing on our core businesses to deliver high quality and reliable services, and we continue to be on the lookout for strategic collaboration opportunities to grow our businesses.

In appreciation to our shareholders for your relentless support to the Group, the Board of Directors has recommended a one-tier tax-exempt final dividend of 0.4 Singapore cent per share.

PERFORMANCE REVIEW

In FY2014, we took steps to restructure ourselves into a leaner and more nimble organization in anticipation of a tougher operating environment ahead. This worked to our advantage in FY2015, as we faced a tough market with the decline in oil prices leading to the delay of some construction projects in the oil and gas and petrochemical industries. Given that Tiong Woon's business is mainly focused on the oil and gas, and petrochemical industries, turnover was 12% lower at S$145.7 million, as all segments recorded lower levels of business activity. Accordingly, gross profit margin dipped from 34% in FY2014 to 28% in FY2015. Net profit attributable to equity holders was S$12.0 million, a 46% decline over FY2014.

The **Heavy Lift and Haulage** segment undertook fewer heavy lift and installation projects, resulting in a lower turnover of S$128.5 million in FY2015. Profit before tax ("PBT") for this segment decreased by 28% to S$15.6 million in tandem with the lower turnover and gross profit margins. With fewer chartering projects, turnover from the **Marine Transportation** segment declined to S$8.9 million. PBT for this segment improved to S$0.7 million, as the projects undertaken yielded better margins. The **Engineering Services** segment recorded a lower turnover of S$3.0 million as it took on fewer engineering services projects during the year. The segment turned in a loss before tax of S$1.5 million due to lower turnover and gross profit margins from projects executed. Turnover from the Trading segment declined to S$5.3 million due to lower sales of equipment during the year. The **Trading** segment recorded a loss before tax of S$0.1 million in FY2015, compared with a PBT of S$0.6 million a year ago due to lower turnover and margins.

We remain committed to focusing on our core businesses to deliver high quality and reliable services, and we continue to be on the lookout for strategic collaboration opportunities to grow our businesses.

CHAIRMAN'S MESSAGE

In terms of turnover by geography, Singapore was the largest market, accounting for 60% of the Group's turnover in FY2015. The Middle East was the second largest, accounting for 10% of FY2015 turnover. Turnover from the India market jumped 89% to S$8.7 million, making India the Group's third largest market, accounting for 6% of turnover. It was followed closely by Malaysia with turnover contribution of S$8.3 million.

In line with the lower turnover, the Group's administrative and other operating expenses also declined. Administrative and other operating expenses was 21.6% of Group turnover in FY2014. With its manpower rationalisation and job re-design efforts, Tiong Woon was able to lower these expenses to 20.5% of turnover in FY2015.

Earnings per share dipped to 2.57 Singapore cents and Net Asset Value improved to 58.25 Singapore cents per share as at 30 June 2015, from 56.04 Singapore cents per share a year ago. The Group's cash and cash equivalent balance was higher at S$19.8 million as at 30 June 2015, helped by its strong cash flow from operations. It had a net gearing of 42.8% as at end 30 June 2015, compared with 30.2% as at 30 June 2014, as the Group drew down on its loan facilities to fund the redevelopment of its premises.

STAYING RESILIENT

The road ahead is expected to be a rocky one, as oil prices slowly stabilise but remain relatively lower. On top of that, global economic uncertainties could result in construction projects in the oil and gas, and petrochemical industries being delayed. This would lead to fewer projects available and the operating environment will be more competitive. We believe Tiong Woon's track record and expertise put us in good stead to ride out these challenges.

The Singapore market will remain an important market to the Group. According to the Building and Construction Authority ("BCA"), public sector projects are expected to sustain construction demand in 2015. An expected S$18 billion to S$21 billion worth of public sector projects are expected in 2015. The established petrochemical ecosystem at Jurong Island, which could support the petrochemicals industry in Singapore and attract high value investments, could also provide support for demand.

Around the region, there are potential business opportunities arising from various infrastructure developments, such as the on-going development of the Refinery and Petrochemicals Integrated Development ("RAPID") project in Pengerang, Johor, Malaysia. This project has commenced and it is expected to be completed by the first quarter of 2019.

CHAIRMAN'S MESSAGE

As the Group continues to work towards strengthening its track record, we will remain mindful of the economic situations around the region as well as the volatilities in the foreign exchange markets, and tailor our approach accordingly to maintain our competitive edge and profitability. The Group will continue to leverage on its strengths of being a one-stop integrated services provider in project management for heavy lift and haulage, marine transportation and engineering services, and exploit the synergies arising from its capabilities in the various businesses to target more complex and high value projects.

The redevelopment of our headquarters premises at No. 15 Pandan Crescent is progressing well. Tiong Woon has invested in the state-of-the-art facility, which will comprise the office premise, crane storage, warehousing and worker's dormitory under one roof. The redeveloped premises will also have a first-of-its-kind capacity for crane storage at the rooftop level, of up to 100 units of cranes.

Labour and other operating costs are expected to continue to rise. We will continue to manage our costs effectively and upgrade the skills of our workforce to increase productivity and operational efficiency in order to remain competitive. We are cautiously optimistic of our prospects but we remain committed to focus on delivering our best to customers and shareholders.

NOTE OF APPRECIATION
I would like to express my sincere appreciation to the Board for their invaluable contributions to the Group. I would also like to thank our shareholders, for their confidence in Tiong Woon.

On behalf of the Board, I would like to extend our gratitude to our customers and business associates, for their continuous support to our business operations.

Last but not least, I would like to thank our committed management team and staff, without whom, we would not be able to remain resilient in the face of this challenging environment. Let us continue to bring the business forward day to day, as we continue to seek out new growth opportunities in Singapore and beyond.

Yours sincerely,

Mr Ang Kah Hong
Executive Chairman and Managing Director
30 September 2015

We will continue to manage our costs effectively and upgrade the skills of our workforce to increase productivity and operational efficiency in order to remain competitive.

FORTIFIED FOUNDATIONS

Tiong Woon will remain committed to its strong foundations and strategies to emerge from challenges and continue to deliver quality solutions to ensure operational excellence.

BUSINESS REVIEW

As a one-stop integrated services provider in project management for heavy lift and haulage, marine transportation and engineering services, Tiong Woon is in a good position to target complex and high value projects.

Despite the challenges brought about by lower oil prices during the year, Tiong Woon managed to record a respectable set of turnover, albeit lower, for the financial year ended 30 June 2015. As the Group continued to emphasise on profitability throughout the organization, be it in the assessment of new projects, the review of current operations and cost management, its efforts paid off as the Group recorded profits despite the very trying year for the industry.

Tiong Woon will continue to leverage on its strong track record and expertise to actively pursue new business opportunities in the oil and gas and petrochemical sectors across the region. At the same time, the Group will not let up on its efforts to improve operational efficiencies and maintain competitiveness. As a one-stop integrated services provider in project management for heavy lift and haulage, marine transportation and engineering services, Tiong Woon is in a good position to target complex and high value projects.

HEAVY LIFT AND HAULAGE

Tiong Woon's heavy lift and haulage business is its mainstay. Over the years, Tiong Woon has established itself as a reliable heavy lift and haulage provider supporting the oil & gas, petrochemical, infrastructure and construction industries.

To keep its equipment up to date and to stay ahead of the competition, the Group continually renews its fleet, despite a reduction in business activities. Tiong Woon added 35 cranes, bringing its total lifting assets to 493 cranes with a capacity of up to 1,600 tonne lift as at 30 June 2015, from its fleet of 458 cranes as at 30 June 2014. The Group has also grown its haulage assets, comprising prime movers, low beds, trailers and tow trucks, by 18 units to 291 units from 273 units a year ago.

BUSINESS REVIEW

Despite fewer projects, the average utilisation rate of its marine fleet improved to 59%, compared with 50% in FY2014.

Despite fewer heavy lift and installation projects executed during FY2015, the average utilization rate for the heavy lift and haulage assets improved from 62% in FY2014 to 67% in FY2015. Turnover from the Heavy Lift and Haulage segment declined from S$142.1 million to S$128.5 million, but it remained the major contributor, accounting for 88% of Group turnover. PBT margin for this segment declined from 15.3% in FY2014 to 12.1% in FY2015 as the projects undertaken generally had lower margins.

MARINE TRANSPORTATION

Turnover from the Marine Transportation segment declined 6% from S$9.4 million to S$8.9 million in FY2015. This was due to fewer chartering contracts undertaken during the year. Tiong Woon's fleet of tugs and barges are mainly used to transport heavy machinery and equipment to support its projects in the other business segments, and for external charter as well.

With lower chartering requirements, no new vessels were added in FY2015. As at 30 June 2015, Tiong Woon had a fleet of 7 tugboats with a working capacity of 500-3200 bhp and 12 barges ranging in length from 120 to 300 feet. Despite fewer projects, the average utilisation rate of its marine fleet improved to 59%, compared with 50% in FY2014.

ENGINEERING SERVICES

The engineering services segment provides marine services, including dredging, rock and shore protection, berth & jetty construction, reclamation, revetment and pipe laying; as well as project services such as engineering design and specifications for haulage, lifting, erection and installation of structures, machinery and equipment.

In FY2014, the Group had completed a couple of major projects. With fewer projects being executed in FY2015, turnover declined 52% to S$3.0 million. The Group recorded a loss before tax of S$1.5 million from this segment, due to the lower turnover and lower margins.

TRADING

Tiong Woon is the authorised distributor for IHI crawler cranes in ASEAN countries (except Indonesia); authorised dealer for Jaso tower cranes in Singapore and Malaysia; authorised dealer for all XCMG products in Southeast Asia and exclusive distributor for Zoomlion tower cranes in Singapore and Hefei Smarter Telescopic Crawler Crane in Singapore, Thailand and Malaysia. Besides sale of new and used equipment, the Group

BUSINESS REVIEW

also sells parts for the brands it represents as well as other brands like Kato, Kobelco, Tadano, etc.

The Group sold fewer equipment in FY15, leading to a 30% decline in turnover from the Trading segment to S$5.3 million. The lower turnover and margins resulted in the segment recording a loss before tax of S$0.1 million during the year.

The Group has net assets of S$270.6 million as at 30 June 2015, translating into a net asset value per share of 58.25 Singapore cents. As at 30 June 2015, cash and cash equivalents grew to S$19.8 million, from S$18.9 million as at 30 June 2014. This was supported by the strong cash flow generated from operations during the year that amounted to S$49.6 million. As the Group drew down on its construction loan to finance the redevelopment of its premises at No. 15 Pandan Crescent, total borrowings increased to S$135.7 million as at 30 June 2015, from S$97.4 million a year ago. As a result, the Group's net gearing increased to 42.8%.

Construction of our headquarters is progressing on track. This facility will not only feature the world's first rooftop parking for cranes, it will also allow the Group to venture into warehousing and increase its crane storage capabilities upon its completion in January 2016. This redevelopment will also allow the Group to optimize its land use.

OPPORTUNITIES STILL EXIST

With a presence in key regional markets such as India, Malaysia and Thailand, as well as in the Middle East, Tiong Woon is in a good position to continue

As at 30 June 2015, cash and cash equivalents grew to S$19.8 million, from S$18.9 million as at 30 June 2014.

BUSINESS REVIEW

exploring business development opportunities in the region. We will continue to seek out and forge strategic alliances and cooperation with international contractors and industry players to grow the business.

In Singapore, Jurong Island, with its highly developed petrochemical ecosystem, is likely to continue to attract high value investments. As these high value investments continue to be pumped into Jurong Island, there may be construction or maintenance activities which will provide support for heavy lift and haulage in the petrochemical industry. The ongoing development of public sector infrastructure, such as the airport and the rail network, is also expected to generate demand for heavy lift and haulage.

Around the region, the RAPID, in Pengerang, Johor, Malaysia, has started construction and it is expected to be completed by the first quarter of 2019. The multi-billion dollar RAPID project is expected to provide several potential business opportunities for the heavy lift and haulage segment.

As with our previous projects, Tiong Woon will continue to adopt the "focus on profitability" approach to assess each new project before embarking on it, keeping in mind its commitment to deliver value for shareholders.

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COMPETENT CAPABILITIES

With fortitude and dedication, Tiong Woon is focused on leveraging on its capabilities as a one-stop service provider to seize new opportunities.

PREPARING FOR FUTURE OPPORTUNITIES

In order to be prepared for future potential opportunities, Tiong Woon invested in the redevelopment of its headquarters.

No. 15 Pandan Crescent

PREPARING FOR FUTURE OPPORTUNITIES

The crane storage facility will be the first-of-its-kind at the rooftop level, with the capacity to store up to 100 units of cranes.

Situated on 34,868 square metres of land, Tiong Woon's redeveloped headquarters will have a gross floor area of 48,706 square metres.

It will house the Group's office premises, crane storage and warehousing facilities, as well as a worker's dormitory. The crane storage facility will be the first-of-its-kind at the rooftop level, with the capacity to store up to 100 units of cranes.

The redevelopment works commenced in 2014 and is expected to be completed in January 2016. Tiong Woon expects to commence operations at the redeveloped headquarters by first quarter of 2016.

Ground breaking ceremony

Work in progress

Reaching for the skies

Almost Ready

PROJECT GALLERY

Tiong Woon provides services to the oil and gas, petrochemical, infrastructure, and construction sectors among others. The following pages display some of Tiong Woon's most noteworthy projects, a testament to the range of services provided and equipment utilised.

No: 01

PROJECT:

ECC CO-GEN

Location
Singapore

Scope Of Work
HRSG & GTG Installation Works

Equipment
- Grove RT760E
- Kato SR700L

No: 02

PROJECT:

PT OKI PULP & PAPER

Location
Singapore to Palembang

Scope Of Work
Transporting Heavy Equipment from Singapore to Palembang

Equipment
- TWM 56-180
- TWO 11

No: 03

PROJECT:

HDB AT BUKIT BATOK

Location
Singapore

Scope Of Work
Heavy Lifting Services

Equipment
- Zoomlion T320-16
- Zoomlion TWT320-20

No: 04

PROJECT:

PROPOSED DEVELOPMENT OF TERMINAL 4

Location
Singapore Changi Airport

Scope Of Work
Heavy Lifting Services

Equipment
- Demag AC250-1
- IHI CCH1000
- IHI CCH2800
- Kato SR-700L
- Kobelco 7100
- Kobelco 7250-2F
- Tadano GR700EX

PROJECT GALLERY

No: 05

PROJECT:

MALAYSIA MARINE AND HEAVY ENGINEERING (MMHE)

Location
Pasir Gudang, Malaysia

Scope Of Work
Heavy Lifting Services

Equipment
- Demag CC8800-1

No: 06

PROJECT:

H 911 & H 883

Location
PT. Jaya Asiatic ship Yard - Batam, Island – Indonesia

Scope Of Work
Heavy Lifting Services

Equipment
- IHI CCH2800
- Fuwa FCC250

No: 07

PROJECT:

IREP PROJECT-GR ENGG

Location
Kochi, India

Scope Of Work
Heavy Lifting Services

Equipment
- Demag CC2600
- Demag CC8800-1

No: 08

PROJECT:

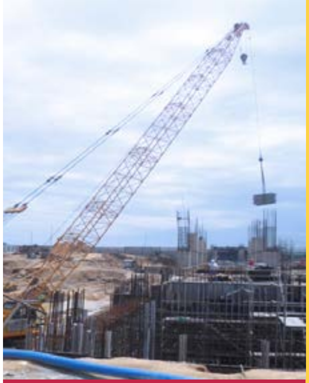
DCU PROJECT-EIL

Location
Chennai, India

Scope Of Work
Heavy Lifting Services

Equipment
- Demag CC2600
- Demag CC8800

PROJECT GALLERY



No: 09

PROJECT:

SHANGRILA

Location
Sri Lanka

Scope Of Work
Heavy Lifting Services

Equipment
- FCC 55C
- Jaso J240

No: 10

PROJECT:

HARAMAIN RAILWAY

Location
Saudi Arabia

Scope Of Work
Heavy Lifting Services

Equipment
- Demag CC1200
- Demag CC2600
- Demag CC2000
- Kobelco JJ00363

No: 11

PROJECT:

KING SAUD UNIVERSITY SPORTS CAMPUS

Location
Saudi Arabia

Scope Of Work
Heavy Lifting Services

Equipment
- IHI CCH2000

No: 12

PROJECT:

THAI OIL SMALL POWER PRODUCER

Location
Sriracha, Thailand

Scope Of Work
HRSG & GTG Installation Works

Equipment
- Demag CC2800-1
- XCMG QAY130
- Demag CC1800
- XCMG TWMC55K
- Demag AC435
- XCMG QY50K
- Kato 45H-3

PROJECT GALLERY

No: 13

PROJECT:

KHAMKEUT SAEN-UDOM GOLD MINING

Location
Laos

Scope Of Work
Heavy Lifting Services

Equipment
- Demag AC1600
- Demag CC2600

No: 14

PROJECT:

HONGSA MINE MOUTH POWER

Location
Hongsa, Laos

Scope Of Work
Mechanical Installation of Semi-Mobile Crusher Stations

Equipment
- XCMG QY50K
- XCMG QY25K
- Kato NK1600

No: 15

PROJECT:

ZHANJIANG CNOOC DRILLING PLATFORM

Location
Zhanjiang City, Guangdong Province, China

Scope Of Work
Heavy Lifting and Installation of Drilling Platform

Equipment
- Demag CC2600

No: 16

PROJECT:

GUANGXI LIUZHOU STEEL-IRON PLANT

Location
Fangcheng Port, Guangxi Province, China

Scope Of Work
Heavy Lifting Services

Equipment
- Fuwa FWX225/225T

BOARD OF DIRECTORS

MR. ANG KAH HONG

Mr. Ang Kah Hong is the Executive Chairman and Managing Director of Tiong Woon Corporation Holding Ltd. He joined the Board of Directors on 21 August 1997. Since its inception in 1980, he has been a Director of the Group's subsidiary, Tiong Woon Crane & Transport (Pte) Ltd. He has more than 30 years of experience in the management of heavy lift and haulage operations.

He is mainly responsible for envisioning the Group as a regional integrated heavy lift, heavy haulage and marine transportation service provider. His key responsibilities include identifying, formulating, developing and implementing corporate objectives and business strategies for the Group. Mr. Ang is also actively involved in the corporate development activities. His leadership has proven to be instrumental and invaluable to the growth of the Group's businesses.

MR. ANG KHA KING

Mr. Ang Kha King is an Executive Director and joined the Board of Directors on 21 August 1997. He is one of the founding members and a Director of the Group's subsidiary, Tiong Woon Crane & Transport (Pte) Ltd, since its inception in 1980. His key responsibilities include reviewing the internal decision-making processes of the Group's existing businesses and overseeing its external operations. He actively supervises its key Operations and Maintenance Division to ensure that there are adequate machines and equipment available for its heavy lift and haulage assignments.

MR. TAN SWEE KHIM

Mr. Tan Swee Khim is an Executive Director and was appointed to the Board of Directors on 23 August 1999. Since 1993, he has been a Director of the Group's subsidiary, Tiong Woon Crane & Transport (Pte) Ltd. As the Managing Director of Tiong Woon Crane & Transport (Pte) Ltd, he is responsible for managing and overseeing the Group's heavy lift and haulage activities with regards to marketing, operations, maintenance and project engineering in Singapore as well as the regional markets.

He is also responsible for spearheading the Group's marketing activities to promote its services to both new and existing clients and identifying business opportunities for the Group. Mr. Tan is the acting Group Managing Director in the absence of Mr. Ang Kah Hong.

BOARD OF DIRECTORS

MR. ANG GUAN HWA

Mr. Ang Guan Hwa is an Executive Director and was appointed to the Board of Directors on 22 March 2013. He holds a Bachelor of Science in Computing with Management from University of Bradford (UK). He joined the Group as a marketing representative in 2002 and assumed leadership of the sales team a year later. Following his promotion to Senior Manager in 2006, he took on additional responsibilities of business development, customer service, operations, workshop and safety development. He was appointed as the acting Chief Operating Officer in 2009 and was promoted to Group Chief Operating Officer in January 2010, responsible for the operational activities of the Group. Having been a senior management staff of Tiong Woon Group for over ten years, Mr. Ang has accumulated considerable management skills and business know-how.

MR. WONG KING KHENG

Mr. Wong King Kheng was appointed as an Independent Director on 23 August 1999. Following the Company's Code of Corporate Governance 2012, he has been appointed as the Lead Independent Director on 27 August 2013. He is presently the Managing Partner of K K Wong and Associates, a public accounting firm in Singapore which he founded in 2000. He is also the Managing Director and a substantial shareholder of Soh & Wong Management Consultants Pte Ltd, which he founded in 1988.

From 1989 to 2000, Mr. Wong was the Founder and Managing Partner of Soh, Wong & Partners, a public accounting firm. Prior to that, he was an Audit Manager in Deloitte Haskins & Sells, Singapore, an international accounting firm. He is qualified as a Member of the Institute of Chartered Accountants in England and Wales and is presently a Member of the Institute of Singapore Chartered Accountants. He also sits on the boards of a number of other listed companies as an Independent Director.

MDM. LUK KA LAI CARRIE (MRS. CARRIE CHEONG)

Mrs. Carrie Cheong was appointed as an Independent Director of the Company on 1 July 2009. She is the Chairperson of both the Nominating and Remuneration Committees and a member of the Audit Committee.

She is a Director and Chief Executive Officer of Carrie Cheong & Ethel Low Consulting Pte Ltd, a company which provides business advisory services, financial management and corporate services. She has an extensive experience relating to corporate planning and financial exercises including corporate restructuring, initial public offers, and mergers and acquisitions. Mrs. Cheong holds a Master of Business Administration from the University of Brunel, United Kingdom. She is a Fellow of the Association of Chartered Certified Accountants, a member of the Institute of Singapore Chartered Accountants, a Practising Chartered Secretary and an Associate of The Institute of Chartered Secretaries and Administrators. She also serves as an Independent Director and Chairperson of the Audit Committee on the board of another public-listed company in Singapore.

FINANCIAL HIGHLIGHTS

FY2011 - FY2015

PROFIT AND LOSS STATEMENT

← Continuing Operations →

Financial year ended 30 June	2015	2014	2013	2012	2011
S$'000					
Turnover	145,669	165,283	200,528	147,979	106,948
Gross Profit (GP)	40,550	56,120	59,091	32,642	25,317
Profit Before Tax (PBT)	14,658	22,768	23,921	(87)*	1,288
Profit After Tax (PAT)	11,212	18,691	18,311	(2,459)*	846
Profit Margin					
GP Margin	27.8%	34.0%	29.5%	22.1%	23.7%
PBT Margin	10.1%	13.8%	11.9%	NM	1.2%
PAT Margin	7.7%	11.3%	9.1%	NM	0.8%

STATEMENT OF FINANCIAL POSITION

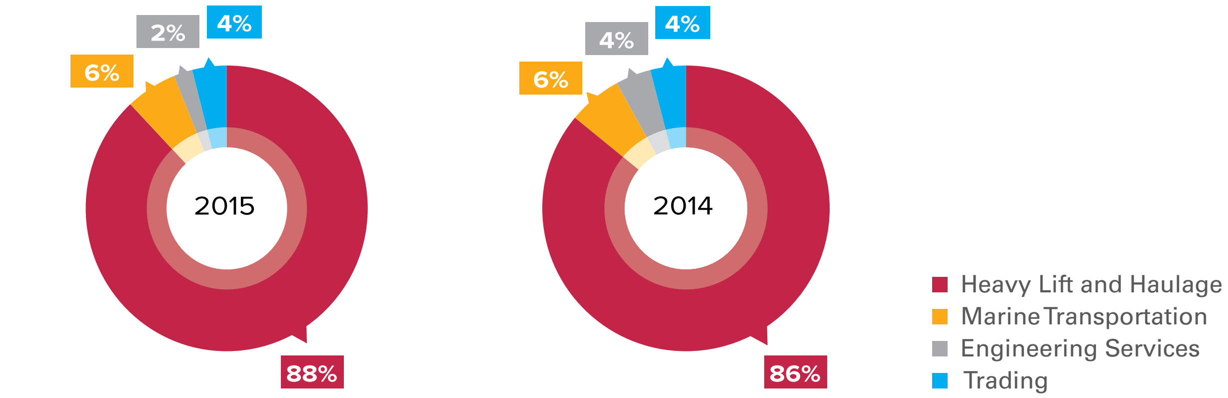
As at 30 June	2015	2014	2013	2012	2011
S$'000					
Current Assets	88,302	109,735	114,696	89,436	91,388
Non-Current Assets	404,560	333,022	311,803	294,988	285,747
Total Assets	492,862	442,757	426,499	384,424	377,135
Current Liabilities	93,637	95,425	104,179	78,029	77,533
Non-Current Liabilities	130,438	88,347	81,709	80,219	75,889
Total Liabilities	224,075	183,772	185,888	158,248	153,422
Net Current (Liabilities)/Assets (Working capital)	(5,335)	14,310	10,517	11,407	13,855
Net Assets	268,787	258,985	240,611	226,176	223,713
Per Share (Singapore Cents)					
Earnings Per Share – Basic	2.57	4.07	4.23	(0.35)**	0.22***
Earnings Per Share – Diluted	2.57	4.07	4.23	(0.35)**	0.22***
Net Asset Value	58.25	56.04	51.22	47.85	58.96
Dividend Per Share	0.40	0.40	0.40	0.40	0.40
Weighted Average Number of Shares	464,470,512	464,470,512	464,470,512	437,068,538	426,624,767***
Total Number of Shares at Year End	464,470,512	464,470,512	464,470,512	464,470,512	371,576,410

Note:
* FY2012 denotes Loss Before Tax and Loss After Tax
** FY2012 denotes Loss Per Share
*** Restated for the effects of the Rights Issue on 22 March 2012

FINANCIAL HIGHLIGHTS

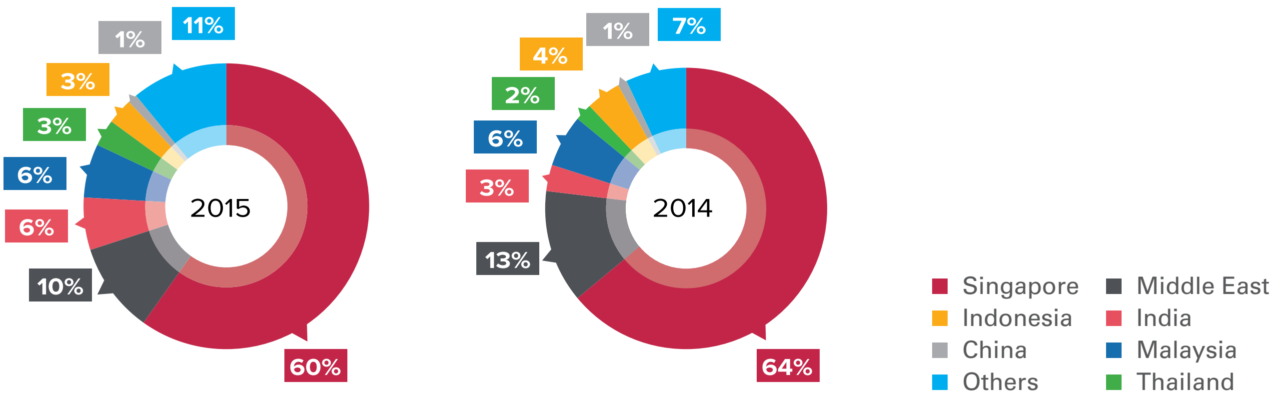
SEGMENTAL REVENUE

BY BUSINESS SEGMENT



S$'000	2015	2014
Heavy Lift and Haulage	128,523	142,082
Marine Transportation	8,862	9,447
Engineering Services	2,973	6,198
Trading	5,311	7,556
Total	**145,669**	**165,283**

BY GEOGRAPHICAL SEGMENT



S$'000	2015	2014
Singapore	87,229	105,960
Middle East	14,342	21,130
India	8,736	4,615
Malaysia	8,264	10,670
Thailand	4,786	2,858
Indonesia	4,591	6,436
China	1,625	1,983
Others	16,096	11,631
Total	**145,669**	**165,283**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ang Kah Hong
Executive Chairman & Managing Director

Mr. Ang Kha King
Executive Director

Mr. Tan Swee Khim
Executive Director

Mr. Ang Guan Hwa
Executive Director

Mr. Wong King Kheng
Lead Independent Director

Mdm. Luk Ka Lai Carrie (Mrs. Carrie Cheong)
Independent Director

COMPANY SECRETARIES

Ms. Joanna Lim Lan Sim, ACIS

Mr. Lee Wei Hsiung, ACIS

REGISTERED OFFICE

No. 15 Pandan Crescent
Singapore 128470
Tel: (65) 6261 7888
Fax: (65) 6777 4544

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road # 02-00
Singapore 068898

AUDITOR

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
8 Cross Street # 17-00 PWC Building
Singapore 048424

PARTNER–IN–CHARGE

Mr. Tham Tuck Seng
(Appointed with effect from financial year ended 30 June 2014)

PRINCIPAL BANKERS

United Overseas Bank Limited
Overseas Chinese Banking Corporation Limited
DBS Bank Limited

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board" or the "Directors") of Tiong Woon Corporation Holding Ltd (the "Company") recognises the importance of sound corporate governance in protecting the interests of its shareholders as well as strengthening investors' confidence in its management and financial reporting. The Company, together with its subsidiaries (the "Group"), is committed to maintaining a high standard of corporate governance, to enhance corporate accountability and transparency.

This report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (the "Code"). The Company has complied substantially with the requirements of the Code and will continue to review its practices on an ongoing basis. Where there are deviations from the Code, appropriate explanations have been provided in this report or in other sections of this Annual Report which may be relevant to corporate governance. Please read this report in conjunction with the other sections of this Annual Report.

(1) BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board's primary role is to provide leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Group to meet its objectives; establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets; review management performance; identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation; set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and consider sustainability issues, such as environmental and social factors, as part of its strategic formulation.

All directors exercise due diligence and independent judgement, and are obliged to act in good faith and in the best interests of the Company.

To facilitate effective management, certain functions have been delegated to various board committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), each of whose members are drawn from members of the Board (together "Board Committees" and each a "Board Committee"). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

The day-to-day management of the affairs of the Group's businesses is delegated by the Board to the Management Committee ("MC") headed by the Executive Chairman and Managing Director, Mr Ang Kah Hong. It comprises three other executive directors and two key senior management personnel of the Group. The MC is also responsible for implementing measures in line with the overall strategies set by the Board. The MC meets on a periodic basis and on such other times where necessary.

The schedule of all the Board and Board Committee meetings for the calendar year is usually given to all the directors well in advance. Besides the scheduled meetings, where circumstances require, ad-hoc meetings are held. All meetings are conducted in Singapore and attendance by the Directors has been regular. The attendances of the Directors at meetings of the Board and Board Committees as well as the frequency of such meetings held during the financial year ended 30 June 2015 are set out below:

CORPORATE GOVERNANCE REPORT

	ATTENDANCE AT BOARD & BOARD COMMITTEE MEETINGS							
	BOARD		AUDIT		REMUNERATION		NOMINATING	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Ang Kah Hong	4	4	NA	NA	NA	NA	NA	NA
Ang Kha King	4	4	NA	NA	NA	NA	NA	NA
Ang Guan Hwa	4	4	NA	NA	NA	NA	NA	NA
Tan Swee Khim	4	4	4	4	3	3	1	1
Wong King Kheng	4	4	4	4	3	3	1	1
Luk Ka Lai Carrie (Mrs. Carrie Cheong)	4	4	4	4	3	3	1	1

NA: Not Applicable.

The Company's Articles of Association allow a Board meeting to be conducted by means of telephone and video conference or similar communications equipment.

The Board has identified a number of areas for which the Board has direct responsibility for decision-making including but not limited to the review of Interested Persons Transactions, the Group's internal control procedures and the approval of major investments and funding decisions.

The Board also meets to consider the following corporate matters and actions:-

- Approval of quarterly and full year financial result announcements;
- Approval of the annual reports and financial statements;
- Recommendation of dividends and other returns to shareholders;
- Nomination of board directors and appointment of key personnel;
- Convening of shareholder's meetings;
- Authorisation of material acquisitions and disposal of assets;
- Authorisation of major transactions; and
- Approval of corporate strategies.

The Board likewise reviews and approves all corporate actions for which shareholders' approval is required.

New directors, upon appointment, will be briefed on the business and organisation structure of the Group to ensure that they are familiar with the Group's structure, businesses and operations. The directors may participate in seminars and/or discussion groups to keep abreast of the latest developments which are relevant to the Group. Directors also have the opportunity to visit the Group's operational facilities and meet with the management to gain a better understanding of the Group's business operations.

The Company has an on-going budget for all directors to attend appropriate courses, conferences and seminars for them to stay abreast of relevant business developments and outlook. These include programmes run by the Singapore Institute of Directors or other training institutions.

The Board as a whole is updated regularly on changes in the policies of the Group, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board Committee members.

CORPORATE GOVERNANCE REPORT

New releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the directors are circulated to the Board.

Annually, the external auditors update the AC and the Board on new or revised financial reporting standards, in particular standards that could have a material impact on the Group's consolidated financial statements.

A formal appointment letter would be issued to any new director upon his appointment setting out his duties and obligations as a director.

Principle 2 : Board Composition & Balance

The Board comprises six directors, two of whom are independent directors. The Directors as at the date of this report are :-

- Mr Ang Kah Hong (Executive Chairman & Managing Director)
- Mr Ang Kha King (Executive Director)
- Mr Tan Swee Khim (Executive Director)
- Mr Ang Guan Hwa (Executive Director)
- Mr Wong King Kheng (Independent Director)
- Mdm Luk Ka Lai Carrie (Mrs. Carrie Cheong) (Independent Director)

Currently, the Chairman of the Board and the Managing Director of the Group is the same person. In addition, the Chairman is not an independent director. As a longer transition period has been provided for board composition changes needed to comply with the requirement for independent directors to make up at least half of the Board, the Company will refresh its Board at the appropriate time.

The NC, which reviews the independence of each director on an annual basis, adopts the Code's definition of what constitutes an independent director.

Mr Wong King Kheng has served on the Board for more than nine years from the date of his first appointment in 1999. The Board has reviewed and considered Mr Wong to be independent notwithstanding that he has served on the Board beyond nine years after taking into account his active participation at the board meetings, objective and constructive challenge of the management in terms of business and strategy proposals, and critical review of the management's performance. Mr Wong has also demonstrated strong independence character and judgement over the years in discharging his duties as independent director in the best interest of the Group.

The Board through the NC has examined its board size and composition and is of the view that the current board size is appropriate, taking into account the nature and scope of the Group's operations.

As a group, the Directors bring with them a broad range of expertise and experience in areas such as accounting or finance, law, business and management, industry knowledge, strategic planning and customer-based experience and knowledge. The diversity of the directors' experience allows for the useful exchange of ideas and views.

The Independent Directors aim to assist in the development of proposals on strategy by constructively challenging the Management. They also review the performance of Management in meeting agreed goals and objectives and monitor the performance.

Where warranted, Independent Directors meet without the presence of Management or the Executive Directors to review any matters that must be raised privately.

CORPORATE GOVERNANCE REPORT

Principle 3: Chairman and Managing Director

Mr Ang Kah Hong currently fulfils the role of Chairman of the Board and Managing Director of the Group. Being one of the founders of the Group, Mr Ang Kah Hong plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and strategic vision. All major decisions made by him are endorsed by the Board. As an Executive Chairman, he is responsible for Board processes and ensures the integrity and effectiveness of the governance process of the Board. The Board believes that the Independent Directors have demonstrated high commitment in their role as directors and have ensured that there is a good balance of power and authority.

As the Executive Chairman and Managing Director, Mr Ang Kah Hong, with the assistance of the Company Secretary and Management, schedules Board meetings as and when required and prepares the agenda for Board meetings. In addition, he sets guidelines on and ensures quality, quantity, accurateness and timeliness of information flow between the Board, Management and shareholders of the Company. He encourages constructive relations between the Board and Management and between the executive directors and the independent directors. He also takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance practices.

The Board has appointed Mr Wong King Kheng, an independent director, as the Lead Independent Director. Mr Wong King Kheng will be available to address shareholders' concerns when contact through the normal channels of the Chairman and Managing Director, or the Chief Operating Officer ("COO") or the Chief Financial Officer ("CFO") has failed to provide a satisfactory resolution or when such contact is inappropriate.

Where warranted, the lead independent director meets with the other independent director without the presence of Management or the executive directors to review any matters that must be raised privately before providing feedback to the Chairman of the Board.

Principle 4: Board Membership

The NC, regulated by a set of written terms of reference, comprises three members, majority of whom, including the Chairman, are independent and non-executive directors. The lead independent director is a member of the NC. The Board is of the view that the inclusion of an executive director in the NC would facilitate discussions at the NC meetings.

The members of the NC as at the date of this report are:-

- Mdm Luk Ka Lai Carrie (Mrs. Carrie Cheong) (Chairman and Independent Director)
- Mr Wong King Kheng (Independent Director)
- Mr Tan Swee Khim (Executive Director)

The principal functions of the NC stipulated in its terms of reference are summarized as follows:

- Reviews and makes recommendations to the Board on relevant matters relating to: (i) all board appointments; (ii) board succession plans for directors, the Chairman and for the Managing Director; (iii) process for board performance evaluation; and (iv) board training and professional development programs;

- Reviews the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary;

- Determines the independence of the Board;

CORPORATE GOVERNANCE REPORT

- Makes recommendations to the Board for the continuation of services of any executive director who has reached the age of 70 or otherwise;

- Assesses the effectiveness of the Board and the academic and professional qualifications of each individual director; and

- Reviews and recommends retiring directors for re-election at each Annual General Meeting ("AGM").

In accordance with the Company's Articles of Association, all Directors (except the Managing or Joint Managing Director or an equivalent office) shall retire from office at least once every three years by rotation and all newly appointed directors will have to retire at the next AGM following their appointments. The retiring directors are eligible to offer themselves for re-election.

Mr Ang Kha King and Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) would be retiring by rotation under Article 104 at the forthcoming AGM and be eligible for re-election.

The NC has recommended the nomination of Mr Ang Kha King and Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) for re-election at the forthcoming AGM. In considering the nomination, the NC took into account the contribution of the directors with reference to their attendance and participation at Board meetings (and Board committee meetings where applicable) as well as proficiency with which they have discharged their responsibilities. A retiring director who is also a member of the NC abstained from nominating herself from re-election. The Board has accepted the NC's recommendation and accordingly, the above-mentioned directors will be offering themselves for re-election at the forthcoming AGM.

The NC determines the independence of each director annually based on the definitions and guidelines set out in the Code. In respect of the financial year ended 30 June 2015, the NC performed a review of the independence of the directors. The Board, with the concurrence of the NC, concludes that Mrs Carrie Cheong and Mr Wong King Kheng remain independent as they do not have any existing business or professional relationships with the Group 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.

The NC is satisfied that at least one-third of the Board comprises independent non-executive directors.

Where a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. The Board does not prescribe a maximum number of listed company board representations which any Director with multiple board representations may hold and, would review the matter on a case-by-case basis taking into account the ability and performance of each Director in his/her performance and discharge of duties and responsibilities

No alternate director was appointed to the Board during the year.

The NC is responsible for identifying and recommending new board members to the Board, after considering the necessary and desirable competencies of the candidates which include; (i) academic and professional qualifications; (ii) industry experience; (iii) number of other directorships; (iv) relevant experience as a director; and (v) ability and effectiveness in carrying out duties and responsibilities.

CORPORATE GOVERNANCE REPORT

The NC leads the process for board appointments and makes recommendations to the Board. The process of appointment includes:

- developing a framework on desired competencies and diversity on board;
- assessing current competencies and diversity on board;
- developing desired profiles of new directors;
- initiating search for new directors including external search, if necessary;
- shortlisting and interviewing potential director candidates;
- recommending appointments and retirements to the board, and
- election at general meeting.

The profile of all Board members is set out in the section entitled "Board of Directors". The date of the Directors' initial appointment and last re-election and their directorships are disclosed below:

Name of Director	Date of Initial Appointment	Date of Last Re-Election	Present Directorships In Listed Companies	Past (preceding 3 years) Directorships In Listed Companies
Ang Kah Hong	21.08.1997	–	Tiong Woon Corporation Holding Ltd	–
Ang Kha King	21.08.1997	23.10.2013	Tiong Woon Corporation Holding Ltd	–
Tan Swee Khim	23.08.1999	24.10.2014	Tiong Woon Corporation Holding Ltd	–
Ang Guan Hwa	22.03.2013	23.10.2013	Tiong Woon Corporation Holding Ltd	–
Wong King Kheng	23.08.1999	24.10.2014	1) Tiong Woon Corporation Holding Ltd 2) Ossia International Limited 3) VGO Corporation Limited	1) Internet Technology Grp Ltd
Luk Ka Lai Carrie (Mrs Carrie Cheong)	01.07.2009	23.10.2013	1) Tiong Woon Corporation Holding Ltd 2) BBR Holdings (S) Ltd	–

Except as disclosed, there were no other directorships or chairmanships held by the directors over the preceding three years in other listed companies.

Principle 5 : Board Performance

The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board as a whole and the contribution of each individual Director. The NC is also responsible for deciding how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

The NC adopts a formal system of evaluating the Board as a whole annually. The assessment parameters for Board performance evaluation include evaluation of the Board's composition and conduct, Board processes and procedures, Board accountability, evaluation and succession planning. The annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes had allowed him/her to discharge his/hers duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole has been satisfactory. Although some of the Directors have other Board representations, the NC is satisfied that these Directors are able to and have effectively carried out their duties as Directors of the Company. The Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance. In fact, the NC has noted that its members have contributed significantly in terms of time, effort and commitments during FY2015.

CORPORATE GOVERNANCE REPORT

Taking into account the results of the assessment of the effectiveness of the Board and of the individual Directors and the respective Directors' conduct on the Board, the NC is satisfied that all the Directors have adequately carried out their duties as Directors.

Principle 6 : Access to Information

Prior to Board meetings and on timely basis, Management provides the Board with meetings papers and relevant information which are necessary to enable the Board to fulfil their duties and responsibilities. The Company Secretary/Management circulates copies of the minutes of the Board meetings to all members of the Board. The Board is informed of all material events and transactions as and when they occur. These include relevant information and explanatory notes on matters that are presented to the Board, such as budgets, forecasts and business models. In relation to budgets, any material variance between projections and actual results are disclosed and explained. Timely updates on developments in accounting matters, legislation, government policies and regulations affecting the Group's business operations are provided to all directors.

The Board has separate and independent access to the senior management of the Company and the Company Secretary at all times.

The Company Secretary prepares meeting agendas, attends and prepares minutes of all Board and Board Committee meetings and is responsible for ensuring that Board procedures are followed and that the Company's Memorandum and Articles of Association and relevant rules and regulations are complied with. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of Board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the Management, ensures good information flows within the Board and the Board Committees and between Senior Management and Independent Non-Executive Directors.

The appointment and replacement of the Company Secretary is a matter for the Board.

The Board, in fulfilling its responsibilities, will, as a group or individually, when deemed fit, direct the Company to appoint professional advisers to render professional advice. The costs associated with such professional services will be borne by the Company.

REMUNERATION MATTERS

Principle 7 : Procedures For Developing Remuneration Policies

The RC, regulated by a set of written terms of reference, comprises three members, a majority of whom are directors who are independent of management and free from any businesses or other relationships, which may materially interfere with the exercise of their independent judgement. As at the date of this report, the Remuneration Committee members are:-

- Mdm Luk Ka Lai Carrie (Mrs. Carrie Cheong) (Chairman and Independent Director)
- Mr Wong King Kheng (Independent Director)
- Mr Tan Swee Khim (Executive Director)

The Company is of the view that the size of the Group's present business and operations does not justify the appointment of a third non-executive director for the purpose of reconstituting the RC to comprise solely of non-executive directors.

The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration framework for the Board and key management personnel of the Group.

CORPORATE GOVERNANCE REPORT

The RC reviews and recommends to the Board a remuneration framework for the Directors and key management personnel. The RC considers all aspects of remuneration namely salaries, allowances, bonuses and other benefits-in-kind. All remuneration matters, except directors' fees, relating to the Directors and key management personnel require approval of the Board.

The RC's recommendation for directors' fees had been endorsed by the Board, following which it will be tabled for shareholders' approval at the Company's AGM. No member of the RC or the Board participated in the deliberation of his/her own remuneration.

The RC will ensure that the remuneration package of employees who are immediate family members of a director or the CEO are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The RC would obtain professional advice on remuneration matters when there is a need to do so.

The Executive Directors and key management personnel have entered into service agreements/contract of service with the Company. The service agreements/contracts of service cover the terms of employment, specifically salary, performance-based incentive/bonus and other benefits. The service agreements of the Executive Directors and the contracts of service of key management personnel include terms for termination with a notice period of six months.

Principle 8 : Level and Mix of Remuneration

The Company has a staff remuneration policy which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary which takes into consideration the remuneration and employment conditions within the same industry and in comparable companies and variable bonus that is linked to the performance of the Company and individual.

The remuneration of the Company's directors and key management personnel has been formulated to attract, retain and motivate individuals the Group relies on to achieve its business strategy and create long-term value for its shareholders. The RC believes that fair performance-related pay should motivate good performance and that rewards should be closely linked to and commensurate with it.

Mr Ang Kah Hong, the Executive Chairman and Managing Director, is consulted by the RC on matters relating to the other executive directors and key management personnel who report to him on matters relating to the performance of the Company. He duly abstained from participation in discussions and decisions on his own remuneration.

The RC reviews periodically the Service Agreements of the Company's Executive Directors and where appropriate, the Service Contracts of key management personnel, including the compensation commitments and notice period for termination to ensure that they are not excessively long. The Company has entered into separate Service Agreements with the Executive Directors, Mr Ang Kah Hong, Mr Ang Kha King, Mr Tan Swee Khim and Mr Ang Guan Hwa.

The Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or option in place.

The Independent Directors are each paid a Directors' fee which is determined by the Board and RC based on the effort and time spent as well as their responsibilities as members of the AC, NC and RC. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the independent Directors do not receive any remuneration from the Company.

CORPORATE GOVERNANCE REPORT

The use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatements of financial statements, or misconducts resulting in financial loss to the Company, is not being considered at this juncture. The Company should be able to avail itself to remedies against Executive Directors and key management personnel in the event of such exceptional circumstances or breach of fiduciary duties.

Principle 9 : Disclosure on Remuneration

Details of remuneration of the Directors for the financial year ended 30 June 2015 are set out below:

Remuneration Band and Name of Directors	Salary %	Bonus %	Benefits in Kind %	Fees %
(S$1,000,000 to below S$1,250,000)				
Ang Kah Hong, Executive Chairman & Managing Director	34%	57%	9%	–
(S$500,000 to below S$750,000)				
Ang Kha King, Executive Director	32%	58%	10%	–
Tan Swee Khim, Executive Director	37%	53%	10%	–
(S$250,000 to below S$500,000)				
Ang Guan Hwa, Executive Director	35%	63%	2%	–
(Below S$250,000)				
Wong King Kheng, Lead Independent Director	–	–	–	100%
Luk Ka Lai Carrie (Mrs. Carrie Cheong), Independent Director	–	–	–	100%

Saved as disclosed above, 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/she is a member or with a company in which he/she has a substantial financial interest.

Details of remuneration of the key management personnel of the Company for the financial year ended 30 June 2015 are set out below:

Remuneration Band and Name of Key Management Personnel	Salary %	Bonus %	Benefits in Kind %	Total %
(S$250,000 to below S$500,000)				
Toh Chiew Khim, Chief Financial Officer	65%	27%	8%	100%
(Below S$250,000)				
Lawrence Ang Boon Hwa, Managing Director	78%	5%	17%	100%
Kelvin Ang Boon Chang, Director	77%	13%	10%	100%

CORPORATE GOVERNANCE REPORT

Information on Key Management Personnel

Toh Chiew Khim

Ms. Toh Chiew Khim is the Chief Financial Officer, who is responsible for the overall financial and accounting matters relating to the Group. Prior to joining the Group in 2003, she was the Group Financial Controller with Cityneon International Pte Ltd for 4 years. Ms. Toh had also worked previously in Informatics Holdings Ltd for 11 years where she held various key accounting positions. She is a Fellow member of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

Lawrence Ang Boon Hwa

Mr. Lawrence Ang Boon Hwa was appointed as the Managing Director of Tiong Woon Marine Pte Ltd on 1 August 2012. He is responsible for the daily operations and marketing activities of the Group's Marine Transportation Division. Mr. Lawrence Ang first joined the Group in 1998 and was promoted to Marketing Director in 2001. With over ten years of experience under his belt, he is knowledgeable in ship management procedures and safety compliance. He also leads a competent team in the provision of services and chartering within the marine industry. Mr. Lawrence Ang graduated from Edwards College of Perth, Western Australia.

Ang Boon Chang

Mr. Ang Boon Chang, son of Mr. Ang Kha King (Executive Director of the Company), was appointed as the Director of Tiong Woon International Pte Ltd on 5 September 2011. He is responsible for the Group's freight forwarding services. He joined the Group in 2003 and was promoted to the position of General Manager of Tiong Woon International Pte Ltd in 2010. Mr. Ang's dedication has made him a valuable growing force in the organisation.

The Board has deliberated as regards the Code's recommendations to fully disclose the remuneration of directors and the top key management personnel (who are not directors or the CEO). The Board is of the opinion that, in view of the confidentiality and sensitivity on remuneration matters, such disclosure would not be in the best commercial interest of the Company.

The employees whose remuneration exceeded $50,000 for the financial year ended 30 June 2015 and who are immediate family members of the Directors or the Managing Director/CEO are as follows:

Remuneration Band and Name of Officers	Salary %	Bonus %	Benefits in Kind %	Total %
(S$50,000 to S$100,000)				
Ang Li Fern [1]	84%	11%	5%	100%

[1] *Ang Li Fern is the daughter of Mr. Ang Kha King, Executive Director.*

The RC has reviewed and approved the remuneration packages of the Directors and the key management personnel, having regard to their contributions as well as the financial performance of the Group and has ensured that the Directors and key management personnel are adequately but not excessively remunerated.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Principle 10 : Accountability

The Board is mindful of its obligations to provide shareholders with a balanced assessment of the Company's performance and prospects and ensure timely disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released after the review by the Board, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods. Management provides the Board with management accounts of the Group's performance and prospects regularly and upon request.

Management provides the Board and Board Committees with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties.

Principle 11 : Risk Management and Internal Control

The Board is responsible for ensuring that Management maintains a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

The Board acknowledges that it is responsible for 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.

During the year, the AC, on behalf of the Board and through the assistance of internal and external auditors, had reviewed the effectiveness of the Group's material internal control systems including financial, operational, compliance and information technology controls, and risk management systems. The process used by the AC to monitor and review the effectiveness of the system of internal controls and risk management includes:-

(a) discussions with management on risks identified by management;
(b) the audit processes;
(c) the review of internal and external audit plans; and
(d) the review of significant issues arising from internal and external audits.

The Company has designed a risk management framework to allow it to achieve its business objectives whilst assisting Management and ideally, providing early warnings of any material change to the Company's risk profile. The risk management framework comprises the policies, guidelines, and tools to provide the information and guidance material needed to integrate risk management into the Group's operation and systems, and individual decision making process.

Subsequent to FY2015, the Board has established an Enterprise Risk Management Committee ("ERMC") which is a sub-committee of the AC and oversees by the AC. The ERMC comprises: Mr Tan Swee Khim, Mr Ang Guan Hwa, Ms Toh Chiew Khim (the CFO) and Mr Er Kong Poo (Internal Audit Manager). Mr Tan Swee Khim is the Chairman of the ERMC.

The principal functions of the ERMC are:

- To review, formulate and make recommendations to the Management on risk matters and risk management;

- To oversee the risk management function and the risk management framework.

CORPORATE GOVERNANCE REPORT

The ERMC will work closely with the AC to oversee the Group's risk management framework and policies. All identified risks are assessed by the ERMC and recorded in the Company's Risk Register. Risks which are recorded in the Risk Register are periodically reviewed by the ERMC in accordance with a timetable established by the Committee, with the assistance of the relevant risk owners. Mitigated risks are recorded in the Risk Register with appropriate precautions from reoccurrence communicated across the Group.

Complementing the risk management framework is a Group-wide system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. To ensure that internal controls and risk management processes are adequate and effective, during the financial year, the AC is assisted by the external auditors who provide assurance over the risk of material misstatements in the Group's financial statements and the internal auditor who provides assurance that controls over the key risks of the Group is adequate and effective.

For FY2015, based on (i) the Group's framework of management control, (ii) the internal control policies and procedures established and maintained by the Group as well as (iii) the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the systems of internal controls and risk management within the Group are adequate and effective, including the financial, operational, compliance and information technology controls and risk management that has been maintained by the Group's management and that was in place throughout the financial year.

Any material non-compliance and internal control weaknesses noted during the internal audit and the recommendations thereof are reported to the AC as part of the review of the Group's internal control system.

The Board has received assurance from Mr Ang Kah Hong (the Executive Chairman & Managing Director) and Ms Toh Chiew Khim (the CFO) that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances as well as the effectiveness of the Group's risk management and internal control systems.

Principle 12: Audit Committee

The AC, regulated by a set of written terms of reference, comprises three directors, the majority of whom, including the Chairman, are independent. At the date of this report, the AC comprises the following members:

- Mr Wong King Kheng (Chairman and Independent Director)
- Mdm Luk Ka Lai Carrie (Mrs. Carrie Cheong) (Independent Director)
- Mr Tan Swee Khim (Executive Director)

The independent directors of the AC believe that the AC benefits and would continue to benefit from the knowledge, experience and expertise of the executive director in carrying out its functions. There are corporate governance practices in place where a director will not recommend or participate in decisions of the Board or the Board Committee he/she sits on if he/she is interested or deemed to be interested in the decision. The independent directors have performed and will continue to perform their duties independent of the management. The Board is therefore confident that the corporate governance of the Company has not been and will not be compromised by the existing composition of the AC.

The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC's responsibilities.

CORPORATE GOVERNANCE REPORT

The AC has explicit authority to investigate any matter within its term of reference, full access to and the co-operation of Management and has full discretion to invite any director or executive officer to attend its meetings, and has been given adequate resources to enable it to discharge its functions.

The functions of the AC are as follows:-

(a) review with the internal and external auditors of the Company, their audit plans, their evaluation of the system of internal controls, audit report and management's responses;

(b) review the quarterly and full year financial statements of the Company and the Group before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the statutory/regulatory requirements of the Singapore Exchange Securities Limited ("SGX-ST"), Companies Act of Singapore and such other regulation under the laws of Singapore;

(c) review the internal control and procedures and ensure co-ordination between the external auditors and the management, review the assistance given by management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any other matters which the auditors may wish to discuss (in the absence of management where necessary);

(d) review and discuss with the external and internal auditors on (any significant findings) which has or is likely to have a material impact on the Group's operating results and/or financial position, and the management's response;

(e) review the independence of the external auditors annually and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors and non-audit services provided by the external auditors seeking to balance the maintenance of objectivity and value for money;

(f) review transactions falling within the scope of Chapter 9 and 10 of the SGX-ST's Listing Manual in respect of interested person transactions and acquisitions and disposal of assets of the Company;

(g) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(h) generally to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

The AC meets with the internal auditors and the external auditors without the presence of the management, at least once a year.

The AC has undertaken a review of all non-audit services provided by the external auditors for the financial year ended 30 June 2015 and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC will constantly bear in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value-for-money considerations. The external auditors have unrestricted access to the AC.

During the year under review, the fees paid to the external auditors for audit and non-audit services amounted to S$312,000 and S$107,000 respectively.

CORPORATE GOVERNANCE REPORT

The AC had recommended to the Board the nomination of Messrs PricewaterhouseCoopers LLP, for re-appointment as external auditors of the Company at the forthcoming AGM. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to accept re-appointment.

In recommending the re-appointment of the external auditors, the Audit Committee considered and reviewed various factors including the adequacy of resources, experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations.

Both the AC and the Board have reviewed the appointment of different auditors for its foreign-incorporated subsidiaries and/or significant associated companies and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.

The AC is satisfied that the Company has complied with the Listing Rules 712 and 716.

There is a Whistle-Blowing Policy for the Group in place where employees of the Group can raise concerns about improprieties. The Policy serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

A summary of AC's activities for the financial year ended 30 June 2015 is as follows:

(a) reviewed the financial statements of the Company and the Group before the announcement of the quarterly and full-year results;

(b) reviewed the key areas of Management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials;

(c) reviewed and approved both the Group internal auditors' and external auditors' plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprising financial, operational, information technology and compliance controls of the Company;

(d) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;

(e) reviewed non-audit fees;

(f) reviewed the appointment of different auditors for the Group's subsidiaries;

(g) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;

(h) reviewed the internal audit functions and discussed accounting implications of major transactions including significant financial reporting issues; and

(i) reviewed interested party transactions.

No former partner or director of the Company's existing auditing firm is a member of the AC.

CORPORATE GOVERNANCE REPORT

Principle 13 : Internal Audit

The Company employs an internal audit manager to perform its internal audit function and the internal audit manager reports directly to the Chairman of AC and administratively to the Executive Chairman. The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed, is adequate and functioning in the required manner.

The AC approves the appointment, termination, evaluation and compensation of the internal auditors. The internal auditor has unfettered access to the Group's documents, records and personnel, including access to the AC.

The AC assesses periodically the adequacy of internal control function in terms of resources needed and its appropriate standing within the Group. The AC also reviews the training costs and programmes attended by the internal auditor to ensure that he continues to update his technical knowledge and auditing skills.

The internal auditor plans his internal audit work in consultation with the AC. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The internal auditor conducted an annual review of the effectiveness of the Group's systems of internal controls, including financial, operational and compliance risks, and reported his findings to the AC. There was no significant risk or material weakness in internal controls reported by the internal auditor to the AC for the financial year.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders Rights

The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company places great emphasis on investor relations and strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.

Management supported the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend general meetings to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of general meetings is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at general meetings.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles allow each shareholder to appoint up to two proxies to attend AGMs and any other general meeting.

Principle 15: Communication with shareholders

Communication with shareholders is managed by the Board and is facilitated through a professional investors' relations firm engaged by the Company, namely Waterbrooks Consultants Pte Ltd.

The Company does not practice selective disclosure. Price sensitive information is first publicly released before the Company meets with investors or analysts.

CORPORATE GOVERNANCE REPORT

It is the Board's policy to ensure that all shareholders should be equally and timely informed of all major developments impacting the Group. The Company keeps its website updated and maintains dedicated investor relations ("IR") section for shareholders' convenience. Announcements disclosed through SGXNET are also posted on the Company's website.

The Company conducts its investor relations on the following principles:

- Information deemed to be price-sensitive is disseminated without delay via announcement on SGXNET;
- Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decision; and
- Operate an open policy with regard to investors' enquiries.

Information is disseminated to shareholders through:

- SGXNET announcements and news releases;
- Press releases on major developments;
- Annual Report prepared and issued to all shareholders; and
- Company's website at www.tiongwoon.com where shareholders can access information on the Group.

The Company conducts regular briefings with media and analysts to update the investing community of the Group's performance and developments. During such briefings and meetings, the Company solicits and understands the views of shareholders and the investment community.

The Company's dividend policy seeks to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. In respect of FY2015, the Board is proposing a final (tax-exempt 1-tier) dividend of 0.4 Singapore cent per ordinary share which is subject to the approval of the shareholders at the forthcoming AGM.

Principle 16: Conduct of Shareholder Meetings

At general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors and Management regarding the Company.

The Chairmen of the Board Committees are present at the AGM and other general meetings of shareholders, to assist the Board in addressing shareholders' questions. The external auditors are also present at AGM to assist the Board with enquiries relating to the conduct of the audit and the preparation and content of the auditors' report.

Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other issues are satisfactorily resolved. This is also subject to legislative amendment to recognise electronic voting.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

CORPORATE GOVERNANCE REPORT

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the Directors or the Management questions regarding the Company and its operations. The minutes of general meetings are prepared and made available to shareholders upon their request.

To have greater transparency in the voting process, the Company has conducted the voting of all resolutions by poll at all its general meetings. Detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNET.

CODE OF BUSINESS CONDUCT

The Company's Code of Business Conduct also sets the standards and ethical conduct expected of employees of the Group. Directors, officers and employees are required to observe and maintain high standards of integrity, as are in compliance with the law and the regulations, and company policies.

INTERNAL CODE ON DEALING WITH SECURITIES

The Group has adopted internal practices in relation to Dealings in the Company's Securities for guidance of directors and key officers (the "guideline"). In line with the guideline, directors and key officers of the Group who have access to price-sensitive and confidential information are not permitted to deal in securities of the Company's shares during the period commencing two weeks and one month of the announcement of the Company's quarterly and full year financial results respectively and ending on the date of the announcement of such results, or when they are in possession of unpublished price sensitive information on the Group. To the best of our knowledge no officer of the Company has dealt in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

Save for the Service Agreements entered into with the Executive Directors, which are subsisting as at the end of FY2015, there were no material contracts involving the interests of the CEO/Managing Director, the directors or controlling shareholders entered into by the Group which are subsisting as at the end of the financial year or entered into during the financial year.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures whereby transactions with interested persons are reported in a timely manner to the AC so as to ensure compliance with the rules and regulations under Chapter 9 of the Singapore Exchange's Listing Manual.

The following interested person transactions took place between the Group and interested persons during the financial year at terms agreed by the parties concerned:-

CORPORATE GOVERNANCE REPORT

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	The Group		The Group	
	FY 2015 S$'000	FY 2014 S$'000	**FY 2015 S$'000**	FY 2014 S$'000
Sales				
Xin Woon Transport Pte Ltd	–	418	–	–
Chung Hwa Engineering Construction Pte Ltd	–	297	–	–
Purchases				
D & Y Allied Engineering Pte Ltd	–	830	–	–
D & Y Equipment Pte Ltd	–	200	–	–
Pollisum Engineering Pte Ltd	**269**	108	–	–
Xin Woon Transport Pte Ltd	**358**	109	–	–

DIRECTORS' REPORT

For the financial year ended 30 June 2015

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2015 and the balance sheet of the Company as at 30 June 2015.

Directors

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

Ang Kah Hong
Ang Kha King
Tan Swee Khim
Ang Guan Hwa
Wong King Kheng
Luk Ka Lai, Carrie (Mrs Carrie Cheong)

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.

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 had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 30.6.2015	At 1.7.2014	At 30.6.2015	At 1.7.2014
Tiong Woon Corporation Holding Ltd				
(No. of ordinary shares)				
Ang Kah Hong	4,492,500	4,492,500	181,034,262	181,034,262
Ang Kha King	3,685,000	3,685,000	181,319,262	181,319,262
Tan Swee Khim	2,627,000	2,627,000	–	–
Wong King Kheng	64,000	64,000	–	–

At the balance sheet date, Ang Kah Hong and Ang Kha King held 5,990,298 and 2,995,149 ordinary shares, respectively, in a substantial shareholder of the Company, Ang Choo Kim & Sons (Pte) Limited. Their deemed interests in the Company through Ang Choo Kim & Sons (Pte) Limited are shown above.

The directors' interests in the ordinary shares of the Company at 21 July 2015 were the same at 30 June 2015.

DIRECTORS' REPORT

For the financial year ended 30 June 2015

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 financial statements and in this report.

The total remuneration paid to the executive directors and employees who are related to the controlling shareholders amounting to $3,156,000 exceeded 15% of the profit before taxation of the Group for the financial year ended 30 June 2015.

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 in the Company or its subsidiaries under option at the end of the financial year.

Audit Committee

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

Mr Wong King Kheng (Chairman)
Mdm Luk Ka Lai, Carrie (Mrs Carrie Cheong)
Mr Tan Swee Khim

All members of the Audit Committee, except for Mr Tan Swee Khim, were independent directors.

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

- the scope and results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2015 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit 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.

DIRECTORS' REPORT

For the financial year ended 30 June 2015

Independent Auditor

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

On behalf of the directors

ANG KAH HONG
Director

TAN SWEE KHIM
Director

30 September 2015

STATEMENT BY DIRECTORS

For the financial year ended 30 June 2015

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 50 to 113 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 30 June 2015 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

ANG KAH HONG
Director

TAN SWEE KHIM
Director

30 September 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Tiong Woon Corporation Holding Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Tiong Woon Corporation Holding Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 113, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2015, 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 financial statements 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 financial position of the Group and of the Company as at 30 June 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT

To the Members of Tiong Woon Corporation Holding Ltd

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 30 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2015

	Note	Group	
		2015 $'000	2014 $'000
Continuing operations			
Sales	4	**145,669**	165,283
Cost of sales	5	**(105,119)**	(109,163)
Gross profit		**40,550**	56,120
Other income	7	**179**	160
Other gains	8	**3,398**	3,808
Expenses			
- Administrative	5	**(1,653)**	(1,636)
- Other operating	5	**(28,137)**	(34,061)
- Finance	9	**(734)**	(2,787)
Share of profit of associated companies	19	**896**	1,185
Share of profit/(loss) of a joint venture	20	**159**	(21)
Profit before income tax		**14,658**	22,768
Income tax expense	10	**(3,446)**	(4,077)
Profit from continuing operations		**11,212**	18,691
Discontinued operations			
Profit from discontinued operations	36	**–**	1
Gain on disposal of discontinued operations	36	**–**	3,159
Total profit		**11,212**	21,851
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences arising from consolidation			
- Gains/(losses)		**268**	(1,072)
- Reclassification		**–**	3,108
Fair value gain on cash flow hedges		**180**	107
		448	2,143
Total comprehensive income		**11,660**	23,994
Profit attributable to:			
Equity holders of the Company		**11,956**	22,076
Non-controlling interest		**(744)**	(225)
		11,212	21,851
Total comprehensive income attributable to:			
Equity holders of the Company		**12,139**	24,214
Non-controlling interest		**(479)**	(220)
		11,660	23,994
Earnings per share attributable to equity holders of the Company			
- Basic and diluted	11	**2.57 cents**	4.75 cents
Earnings per share from continuing operations attributable to equity holders of the Company			
- Basic and diluted	11	**2.57 cents**	4.07 cents

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

BALANCE SHEETS

As at 30 June 2015

	Note	Group		Company	
		2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**19,828**	18,895	**53**	101
Financial assets at fair value through profit or loss	13	**597**	825	**–**	–
Trade and other receivables	14	**62,684**	80,036	**–**	–
Tax recoverable		**145**	12	**–**	–
Inventories	15	**2,057**	6,480	**–**	–
Contract work-in-progress	16	**–**	–	**–**	–
Other assets	17	**2,984**	3,487	**18**	9
Derivative financial instruments	26	**7**	–	**–**	–
		88,302	109,735	**71**	110
Non-current assets					
Other assets	17	**114**	114	**–**	–
Other receivables	18	**–**	–	**47,937**	47,489
Investments in associated companies	19	**3,455**	3,374	**1,020**	1,020
Investment in a joint venture	20	**1,802**	1,490	**2,074**	2,074
Investments in subsidiaries	21	**–**	–	**42,021**	42,021
Property, plant and equipment	22	**399,056**	327,907	**–**	–
Deferred income tax assets	27	**133**	137	**–**	–
		404,560	333,022	**93,052**	92,604
Total assets		**492,862**	442,757	**93,123**	92,714
LIABILITIES					
Current liabilities					
Trade and other payables	23	**56,103**	54,289	**1,684**	1,683
Current income tax liabilities		**2,217**	2,682	**–**	–
Borrowings	24	**35,317**	38,374	**–**	–
Derivative financial instruments	26	**–**	80	**–**	–
		93,637	95,425	**1,684**	1,683
Non-current liabilities					
Trade and other payables	23	**1,760**	–	**–**	–
Borrowings	24	**100,349**	59,051	**–**	–
Derivative financial instruments	26	**27**	130	**–**	–
Deferred income tax liabilities	27	**28,302**	29,166	**–**	–
		130,438	88,347	**–**	–
Total liabilities		**224,075**	183,772	**1,684**	1,683
NET ASSETS		**268,787**	258,985	**91,439**	91,031
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	28	**87,340**	87,340	**87,340**	87,340
Other reserves	29	**(1,687)**	(1,870)	**–**	–
Retained earnings		**184,902**	174,804	**4,099**	3,691
		270,555	260,274	**91,439**	91,031
Non-controlling interest		**(1,768)**	(1,289)	**–**	–
Total equity		**268,787**	258,985	**91,439**	91,031

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2015

	Note	Attributable to equity holders of the Company				Non-controlling interest $'000	Total equity $'000
		Share capital $'000	Other reserves $'000	Retained earnings $'000	Total $'000		
2015							
Beginning of financial year		**87,340**	**(1,870)**	**174,804**	**260,274**	**(1,289)**	**258,985**
Total comprehensive income/ (loss) for the financial year		**–**	**183**	**11,956**	**12,139**	**(479)**	**11,660**
Dividends relating to 2014	30	**–**	**–**	**(1,858)**	**(1,858)**	**–**	**(1,858)**
End of financial year		**87,340**	**(1,687)**	**184,902**	**270,555**	**(1,768)**	**268,787**
2014							
Beginning of financial year		87,340	(4,008)	154,586	237,918	2,693	240,611
Total comprehensive income/ (loss) for the financial year		–	2,138	22,076	24,214	(220)	23,994
Additional investment in a subsidiary		–	–	–	–	(3,762)	(3,762)
Dividends relating to 2013	30	–	–	(1,858)	(1,858)	–	(1,858)
End of financial year		87,340	(1,870)	174,804	260,274	(1,289)	258,985

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2015

	Note	**2015 $'000**	2014 $'000
Cash flows from operating activities			
Total profit		**11,212**	21,851
Adjustments for:			
- Income tax expense		**3,446**	4,077
- Depreciation of property, plant and equipment		**30,286**	28,762
- Gain on disposal of property, plant and equipment		**(2,938)**	(4,853)
- Gain on disposal of discontinued operations		**–**	(3,159)
- Fair value gain on derivative financial instruments		**(10)**	(31)
- Fair value loss on financial assets at fair value through profit or loss		**273**	167
- Interest income		**(165)**	(137)
- Interest expense		**2,707**	2,684
- Dividend income		**(14)**	(23)
- Share of profit of associated companies		**(896)**	(1,185)
- Share of (profit)/loss of a joint venture		**(159)**	21
- Unrealised translation losses		**1,282**	685
Operating cash flow before working capital changes		**45,024**	48,859
Change in operating assets and liabilities			
- Inventories		**4,423**	(1,783)
- Trade and other receivables		**14,114**	(7,160)
- Other current assets		**503**	148
- Trade and other payables		**(9,623)**	(3,940)
Cash generated from operations		**54,441**	36,124
Income tax paid		**(4,852)**	(2,763)
Net cash provided by operating activities		**49,589**	33,361
Cash flows from investing activities			
Purchase of property, plant and equipment		**(51,437)**	(16,650)
Purchase of financial assets at fair value through profit or loss		**(45)**	–
Additional investment in a subsidiary		**–**	(3,762)
Interest received		**165**	137
Dividend received		**14**	23
Dividends received from an associated company		**871**	387
Fixed deposit (pledged)/unpledged		**(198)**	14
Proceeds from disposal of discontinued operations		**3,000**	12,300
Proceeds from disposal of property, plant and equipment		**5,638**	10,325
Net cash (used in)/provided by investing activities		**(41,992)**	2,774
Cash flows from financing activities			
Proceeds from borrowings		**39,222**	8,019
Repayment of borrowings		**(20,592)**	(26,815)
Repayment of finance lease liabilities		**(20,927)**	(20,221)
Interest paid		**(2,707)**	(2,685)
Dividends paid to equity holders of the Company		**(1,858)**	(1,858)
Net cash used in financing activities		**(6,862)**	(43,560)
Net increase/(decrease) in cash and cash equivalents		**735**	(7,425)
Cash and cash equivalents at beginning of financial year		**16,693**	24,118
Cash and cash equivalents at end of financial year	12	**17,428**	16,693

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

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

1. General information

Tiong Woon Corporation Holding Ltd (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is No. 15 Pandan Crescent, Singapore 128470.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are sales and hiring out of cranes and transport, mechanical, infrastructure and industrial plant, engineering services and structural works, management of marine and industrial plant project, marine transportation, up-slipping/ launching of ship, process and industrial plant engineering works for the marine and oil and gas industries.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared 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.

As at 30 June 2015, the Group is in a net current liability position of $5,335,000 and in a net asset position of $268,787,000. The Group's total profit for the financial year ended 30 June 2015 amounted to $11,212,000. As at that date, the Group has also contracted capital commitments amounting to $28,136,000 (Note 31(a)).

As at the date of these financial statements, the directors are of the view that the going concern basis is appropriate for the preparation of the financial statements of the Group for the next 12 months from the balance sheet date, on the basis of the Group's contractual non-cancellable operating leases from the leasing of cranes, tower cranes and vessels, associated cash flows from operations and the availability of undrawn credit facilities, which will enable the Group to meet its existing obligations as and when they fall due.

Interpretations and amendments to published standards effective in 2015

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

FRS 112 *Disclosure of Interests in Other Entities*

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

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 July 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 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 future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) Rental income

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

(b) Rendering of services

Revenue from services is recognised when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

(c) Sale of cranes and equipments

Revenue from sale of cranes and equipments is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(d) Construction contracts

Please refer to the paragraph "Contract revenue" (Note 2.6) for the accounting policy for revenue from contract revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(e) *Dividend income*

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

(f) *Interest income*

Interest income is recognised using the effective interest method.

2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are 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 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 that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

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 net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisitions* (continued)

The excess 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 the fair value of the net identifiable assets acquired is recorded as goodwill.

(iii) *Disposals*

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

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

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint venture" (Note 2.7) 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 Group. 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 in equity.

(c) *Associated companies and joint venture*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint venture (continued)

(i) Acquisitions

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

(ii) Equity method of accounting

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

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

(iii) Disposals

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

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint venture" (Note 2.7) for the accounting policy on investments in associated companies and joint venture in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.4 Property, plant and equipment

(a) *Measurement*

All property, plant and equipment are recognised 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, projected costs of dismantlement, removal or restoration, gains or losses on qualifying cash flow hedges and any other costs that are 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*

Freehold land and asset under construction are not depreciated. Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings and leasehold land	Shorter of 30 years and the lease term
Machinery	
- Cranes	14 - 25 years from year of manufacture
- Other machinery	5 - 10 years
Tug boats and barges	5 - 10 years
Office equipment	5 - 10 years
Computer software	5 years
Furniture and fixtures	10 years
Office renovation	2 - 5 years
Motor vehicles	5 - 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 Group and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in profit or loss during the financial year in which it is 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.5 Borrowing costs

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

2.6 Contract revenue

When the outcome of a 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 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 by reference to the stage of works performed relative to the total contract value as agreed with the customers. Costs incurred during the financial year in connection with future activities on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on contract revenue within "trade and other receivables". Where progress billings exceed cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on contract revenue 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".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.7 Investments in subsidiaries, associated companies and joint venture

Investments in subsidiaries, associated companies and joint venture are carried at cost less accumulated impairment losses (Note 2.8).

Non-current other receivables from subsidiaries with no fixed terms of repayment and which are non interest-bearing are considered to be part of the Company's net investment in these subsidiaries. Settlement of these loans is neither planned nor likely to occur in the foreseeable future. On disposal of investments in subsidiaries, associated companies and joint venture, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

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

For the purpose of impairment testing of the assets, the recoverable amount (i.e. the higher of the fair value less cost to sell and 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, recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an 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 accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2.9 Financial assets

(a) Classification

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

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(a) *Classification* (continued)

(ii) *Loans and receivables* (continued)

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 maturing 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", "cash and cash equivalents" and "deposits" on the balance sheet except for certain non-current other receivables from subsidiaries which have been accounted for in accordance with Note 2.7.

(b) *Recognition and derecognition*

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

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

(d) *Subsequent measurement*

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

(e) *Impairment*

Loans and receivables

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 delinquency in payments are objective evidence that the receivable is impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(e) *Impairment* (continued)

Loans and receivables (continued)

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 allowance for impairment loss account 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.

2.10 Club memberships

Club memberships are stated at cost less accumulated impairment based on a review at the balance sheet date.

2.11 Financial guarantees

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

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

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

Intragroup transactions are eliminated on consolidation.

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 are 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

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 certain property, plant and equipment from non-related parties.

(i) Finance leases

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

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

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

(ii) Operating leases

Leases of property, plant and equipment 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.

When a lease is terminated before the lease period expires, any payment made by the Group as penalty is recognised as an expense when termination takes place.

(b) When the Group is the lessor:

Operating leases

Leases of property, plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. The Group leases certain plant and equipment to non-related parties. The leasing of certain plant and equipment is included with other services provided and the revenue from such activities is classified as rendering of services. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Initial indirect 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

2.16 Income taxes

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

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

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint venture 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 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 would 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 for asset dismantlement, removal or restoration and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets (Note 2.4). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.17 Provisions (continued)

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

Provision for warranty is recognised when the Company 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. The Company recognises the estimated costs of rectification and guarantee work, including expected warranty costs on its contract activity.

2.18 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

Cash flow hedge - interest rate swap

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.19 Fair value estimation of financial assets and liabilities

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

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

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

2.20 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. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.21 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation 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, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.21 Currency translation (continued)

(b) Transactions and balances (continued)

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

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 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 rate 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.

2.22 Segment reporting

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

2.23 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.

2.24 Share capital

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

2.25 Dividends to Company's shareholders

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. Significant accounting policies (continued)

2.26 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

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 judgements in applying the entity's accounting policies

(a) Useful life of property, plant and equipment

The management of the Group determines the estimated useful life and related depreciation expense for the property, plant and equipment. The management of the Group estimates useful life of the property, plant and equipment by reference to expected usage of the property, plant and equipment, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the market. The useful life and related depreciation expense could change significantly as a result of the changes in these factors.

The carrying amount of the Group's property, plant and equipment is $399.1 million as at 30 June 2015 (Note 22) and the depreciation charge for the year amounts to $30.3 million.

(b) Impairment of investment in subsidiaries

The Company follows the guidance of FRS 36 – Impairment of Assets in determining the indication of impairment of investments in subsidiaries (Note 21). This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the market, economic or legal environment in which the subsidiaries operate, the gestation period for new businesses, and the range of economic conditions that exist which have an impact on the future cash flow projections.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

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

3.2 Critical accounting estimates and assumptions

Impairment of loans and receivables

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

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

As at 30 June 2015, the Group's trade and other receivables included trade receivables from one debtor, whose debt amounted to $11.6 million (2014: $10.7 million) which are aged more than 365 days (2014: $2.1 million). Management is confident of the recoverability of this amount as there is no dispute on the amount and the debtor is not known to be in any financial difficulties. Accordingly, no allowance for impairment is made for this debt.

The carrying amount of the Group's trade and other receivables that is impaired amounts to $8.2 million as at 30 June 2015 (2014: $8.7 million) [Note 32(b)]. If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for these impaired receivables, the Group's allowance for impairment will decrease or increase by $0.8 million (2014: $0.9 million).

4. Revenue

	Group	
	2015 $'000	2014 $'000
Rendering of services	**138,165**	144,676
Trading sales of cranes and equipment	**5,311**	7,556
Rental income	**332**	624
Contract revenue	**1,861**	12,427
Total sales	**145,669**	165,283

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

5. Expenses by nature

	Group	
	2015 $'000	2014 $'000
From continuing operations:		
Cost of trading equipment and spare parts	**4,444**	6,711
Cross-hire charges	**7,385**	6,693
Depreciation of property, plant and equipment (Note 22)	**30,286**	28,762
Employee compensation (Note 6)	**46,563**	49,239
Freight and handling	**2,190**	2,878
Hire of equipment	**1,152**	1,628
Insurance	**4,041**	3,311
Professional fees	**1,169**	1,089
Rental expense on operating leases	**3,606**	2,539
Sub-contractor charges	**3,473**	10,019
Transportation expense	**5,253**	5,665
Upkeep of property, plant and equipment	**6,144**	5,532
Purchases of inventories	**1,010**	8,754
Changes in inventories	**4,423**	(1,786)
Impairment loss on trade receivables	**1,409**	1,805
Write back of allowance for doubtful debts	**(415)**	(323)
Other expenses	**12,776**	12,344
Total cost of sales, administrative expenses and other operating expenses	**134,909**	144,860

6. Employee compensation

	Group	
	2015 $'000	2014 $'000
Wages and salaries	**43,328**	46,551
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	**3,235**	2,867
	46,563	49,418
Less: Amounts attributable to discontinued operations	**–**	(179)
Amounts attributable to continuing operations (Note 5)	**46,563**	49,239

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

7. Other income

	Group	
	2015 $'000	2014 $'000
Interest income		
- bank deposits	**165**	137
Dividend income	**14**	23
	179	160

8. Other gains/(loss)

	Group	
	2015 $'000	2014 $'000
Fair value loss on financial assets at fair value through profit and loss	**(273)**	(167)
Gain on disposal of property, plant and equipment	**2,938**	4,853
Insurance claims received	**283**	71
Currency translation loss - net	**(114)**	(1,922)
Miscellaneous gains	**564**	973
	3,398	3,808

9. Finance expenses

	Group	
	2015 $'000	2014 $'000
Interest expense		
- Bank borrowings	**828**	1,003
- Finance lease liabilities	**1,879**	1,681
- Fair value gain on derivative financial instruments	**(10)**	(31)
	2,697	2,653
Currency translation (gains)/losses - net	**(1,963)**	134
	734	2,787

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

10. Income taxes

Income tax expense

	Group	
	2015 $'000	2014 $'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	**1,079**	2,068
- Foreign	**3,085**	1,318
	4,164	3,386
Deferred income tax (Note 27)	**(626)**	1,336
Tax charge for current financial year	**3,538**	4,722
Under/(over) provision in previous financial years		
- current income tax	**85**	202
- deferred income tax (Note 27)	**(177)**	(847)
	3,446	4,077

The tax expense on profit/(loss) differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group	
	2015 $'000	2014 $'000
Profit before income tax from		
- continuing operations	**14,658**	22,768
- discontinued operations (Note 36)	**–**	1
	14,658	22,769
Share of profit of associated companies and profit/(loss) of joint venture net of tax	**(1,055)**	(1,164)
Profit before tax and share of profit of associated companies and profit/(loss) of joint venture	**13,603**	21,605
Tax calculated at a tax rate of 17% (2014: 17%)	**2,313**	3,673
- Statutory income exemptions	**(335)**	(615)
- Income not subject to tax	**(1,082)**	(269)
- Expenses not deductible for tax purposes	**713**	792
- Effect of different tax rates in other countries	**415**	24
- Withholding tax	**643**	366
- Unrecognised deferred tax assets	**871**	751
- Over provision in previous financial years	**(92)**	(645)
Tax charge	**3,446**	4,077

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

11. Earnings per share

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

	Continuing operations		Discontinued operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
Net profit attributable to equity holders of Tiong Woon Corporation Holding Ltd ($'000)	**11,956**	18,916	**–**	3,160	**11,956**	22,076
Weighted average number of ordinary shares on issue for basic and diluted earnings per share ('000)	**464,471**	464,471	**464,471**	464,471	**464,471**	464,471
Basic and diluted earnings per share (cents per share)	**2.57**	4.07	**–**	0.68	**2.57**	4.75

12. Cash and cash equivalents

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Cash at bank and on hand	**14,389**	12,781	**53**	101
Short-term bank deposits	**5,439**	6,114	**–**	–
	19,828	18,895	**53**	101

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

	Group	
	2015 $'000	2014 $'000
Cash and bank balances (as above)	**19,828**	18,895
Less: Bank deposits pledged	**(2,400)**	(2,202)
Cash and cash equivalents per consolidated statement of cash flows	**17,428**	16,693

Bank deposits are pledged as collateral for bank guarantees given by the Group's bankers to certain customers of the Group and to certain customs authorities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

13. Financial assets at fair value through profit or loss

	Group	
	2015 $'000	2014 $'000
Listed securities:		
- Equity securities - Singapore	**597**	825

14. Trade and other receivables

	Group	
	2015 $'000	2014 $'000
Trade receivables - third parties	**65,502**	79,221
Less: Allowance for impairment of trade receivables (Note 32 (b))	**(8,239)**	(8,657)
Trade receivables - net	**57,263**	70,564
Contract revenue		
- Due from customers (Note 16)	**1,142**	–
- Retentions (Note 16)	**7**	711
Other receivables - third parties	**2,652**	6,582
Withholding tax recoverable	**1,620**	2,179
	62,684	80,036

15. Inventories

	Group	
	2015 $'000	2014 $'000
Cranes and equipment	**646**	4,808
Fuel and spare parts	**1,411**	1,672
	2,057	6,480

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $5,433,000 (2014: $6,968,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

16. Contract work-in-progress

	Group	
	2015 $'000	2014 $'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted contracts	**1,336**	–
Less: Progress billings	**(194)**	–
	1,142	–
Presented as:		
Due from customers on contract revenue (Note 14)	**1,142**	–
Advances received on contract revenue (Note 23)	**1,871**	–
Retentions on contract revenue (Note 14)	**7**	711

17. Other assets

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
(a) Current				
Deposits	**1,240**	1,558	**–**	–
Prepayments	**1,744**	1,929	**18**	9
	2,984	3,487	**18**	9

	Group	
	2015 $'000	2014 $'000
(b) Non-current		
Club membership, at cost	**144**	137
Additions during the year	**–**	7
Less: Accumulated impairment	**(30)**	(30)
	114	114

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

18. Other receivables - non-current

	Company	
	2015 $'000	2014 $'000
Other receivables from subsidiaries (non-trade)		
- non-interest bearing (unsecured)	**47,937**	47,489

The non-interest bearing receivables have no fixed terms of repayment and are intended to be a long-term source of additional capital for the subsidiaries. Settlement of these receivables is neither planned nor likely to occur in the foreseeable future. As a result, management considers such receivables to be in substance part of the Company's net investment in these subsidiaries and has accounted for these receivables in accordance with Note 2.7.

19. Investments in associated companies

	Company	
	2015 $'000	2014 $'000
Equity investments at cost	**1,020**	1,020

Set out below are the associated companies of the Group as at 30 June 2015, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Place of business / country of incorporation	% of ownership interest
ASB Maritime Resources (L) Ltd	Malaysia	49
Asian Supply Base Maritime Resources Sdn Bhd	Malaysia	49

ASB Maritime Resources (L) Ltd provides fast crew boat leasing in Labuan, Malaysia.

Asian Supply Base Maritime Resources Sdn Bhd provides marine support services for offshore drilling activities in the oil and gas industry in Malaysia.

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

Summarised financial information for associated companies

Set out below are the summarised financial information for ASB Maritime Resources (L) Ltd and Asian Supply Base Maritime Resources Sdn Bhd.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

19. Investments in associated companies (continued)

Summarised balance sheet

	ASB Maritime Resources (L) Ltd		Asian Supply Base Maritime Resources Sdn Bhd		Total	
	As at 30 June		As at 30 June		As at 30 June	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Current assets	**1,538**	1,102	**3,572**	4,798	**5,110**	5,900
Includes:						
- Cash and Cash equivalents	**56**	101	**543**	75	**599**	176
Current liabilities	**(2,537)**	(2,325)	**(1,573)**	(1,563)	**(4,110)**	(3,887)
Includes:						
- Financial liabilities (excluding trade payables)	**(1,925)**	(1,781)	**–**	(10)	**(1,925)**	(1,791)
Non-current assets	**8,610**	9,340	**51**	68	**8,661**	9,408
Non-current liabilities	**(2,609)**	(4,535)	**–**	–	**(2,609)**	(4,535)
Includes:						
- Financial liabilities	**(2,609)**	(4,535)	**–**	–	**(2,609)**	(4,535)
Net assets	**5,002**	3,582	**2,050**	3,304	**7,052**	6,886

Summarised statement of comprehensive income

	ASB Maritime Resources (L) Ltd		Asian Supply Base Maritime Resources Sdn Bhd		Total	
	For the year ended 30 June		For the year ended 30 June		For the year ended 30 June	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Revenue	**2,552**	2,363	**7,742**	8,226	**10,294**	10,589
Expenses						
Includes:						
- Depreciation and amortisation	**(1,427)**	(1,365)	**(25)**	(25)	**(1,452)**	(1,390)
- Interest expense	**(264)**	(362)	**–**	(1)	**(264)**	(363)
Profit from continuing operations	**1,136**	1,022	**944**	1,878	**2,080**	2,900
Income tax expense	**(7)**	(8)	**(245)**	(462)	**(252)**	(470)
Post-tax profit from continuing operations and total comprehensive income	**1,129**	1,014	**699**	1,416	**1,828**	2,430
Dividends received from associated company	**–**	–	**871**	387	**871**	387

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

19. Investments in associated companies (continued)

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

Reconciliation of summarised financial information

	ASB Maritime Resources (L) Ltd		Asian Supply Base Maritime Resources Sdn Bhd		Total	
	As at 30 June		As at 30 June		As at 30 June	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Net assets						
At 1 July	**3,582**	2,668	**3,304**	2,692	**6,886**	5,360
Profit for the year	**1,129**	1,014	**699**	1,416	**1,828**	2,430
Dividends paid	**–**	–	**(1,778)**	(790)	**(1,778)**	(790)
Foreign exchange differences	**291**	(100)	**(175)**	(14)	**116**	(114)
At 30 June	**5,002**	3,582	**2,050**	3,304	**7,052**	6,886
Interest in associated companies (49%)	**2,451**	1,755	**1,004**	1,619	**3,455**	3,374
Carrying value	**2,451**	1,755	**1,004**	1,619	**3,455**	3,374

20. Investment in a joint venture

	Company	
	2015 $'000	2014 $'000
Equity investment at cost	**2,074**	2,074

Set out below is the joint venture of the Group as at 30 June 2015, which, in the opinion of the directors, is material to the Group. The joint venture has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Place of business / country of incorporation	% of ownership interest
Tiong Woon Teck Aik Enterprise Pte Ltd	Singapore	40

Tiong Woon Teck Aik Enterprise Pte Ltd provides hiring out of cranes.

There are no contingent liabilities relating to the Group's interest in the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

20. Investment in a joint venture (continued)

Summarised financial information for joint venture

Set out below are the summarised financial information for Tiong Woon Teck Aik Enterprise Pte Ltd.

Summarised balance sheet

	Tiong Woon Teck Aik Enterprise Pte Ltd	
	As at 30 June	
	2015 $'000	2014 $'000
Current assets	**3,859**	2,995
Includes:		
- Cash and Cash equivalents	**126**	253
Current liabilities	**(62)**	(49)
Includes:		
- Financial liabilities (excluding trade payables)	**(62)**	(49)
Non-current assets	**2,037**	2,087
Non-current liabilities	**(436)**	(416)
Includes:		
- Financial liabilities	**(436)**	(416)
Net assets	**5,398**	4,617

Summarised statement of comprehensive income

	Tiong Woon Teck Aik Enterprise Pte Ltd	
	For the year ended 30 June	
	2015 $'000	2014 $'000
Revenue	**872**	232
Expenses		
Includes:		
- Depreciation and amortisation	**(214)**	(205)
Profit/(loss) from continuing operations	**397**	(51)
Income tax expense	**–**	–
Post-tax profit/(loss) from continuing operations	**397**	(51)
Other comprehensive income	**–**	–
Total comprehensive income/(loss)	**397**	(51)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

20. Investment in a joint venture (continued)

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

Reconciliation of summarised financial information

	Tiong Woon Teck Aik Enterprise Pte Ltd	
	As at 30 June	
	2015 $'000	2014 $'000
Net assets		
At 1 July 2014 and 1 July 2013	**4,617**	4,757
Profit/(loss) for the year	**397**	(51)
Foreign exchange differences	**384**	(89)
At 30 June	**5,398**	4,617
Interest in joint venture (40%)	**2,159**	1,847
Unrealised gain on transaction between the Group and joint venture	**(357)**	(357)
Carrying value	**1,802**	1,490

21. Investments in subsidiaries

	Company	
	2015 $'000	2014 $'000
Equity investments, at cost		
Beginning of financial year	**44,168**	41,306
Additional investments in subsidiaries	**–**	4,862
Disposal of investment in a subsidiary	**–**	(2,000)
	44,168	44,168
Less: Provision for impairment in investment	**(2,147)**	(2,147)
End of financial year	**42,021**	42,021

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

21. Investments in subsidiaries (continued)

The Group had the following subsidiaries as at 30 June 2015 and 2014:

Name of companies	Principal activities	Country of incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %
Subsidiaries held by the Company								
Tiong Woon Crane & Transport (Pte) Ltd [(a)]	Hiring out of cranes and transport and trading	Singapore	**100**	100	**100**	100	**–**	–
Tiong Woon Crane Pte Ltd [(a)]	Hiring out of cranes and transport	Singapore	**100**	100	**100**	100	**–**	–
Tiong Woon Project & Contracting Pte Ltd [(a)]	Mechanical and infrastructure engineering services and structural works	Singapore	**100**	100	**100**	100	**–**	–
Tiong Woon Enterprise Pte Ltd [(a)]	Trading of cranes	Singapore	**100**	100	**100**	100	**–**	–
Tiong Woon International Pte Ltd [(a)]	Investment holding, hiring out of cranes and transport and freight forwarding services	Singapore	**100**	100	**100**	100	**–**	–
Tiong Woon Tower Crane Pte Ltd [(a)]	Selling, servicing and leasing of equipment in the petroleum, construction, shipbuilding and related industries	Singapore	**100**	100	**100**	100	**–**	–
Tiong Woon Marine Pte Ltd [(a)]	Marine/transportation logistics related business	Singapore	**100**	100	**100**	100	**–**	–
Tiong Woon Offshore Pte Ltd [(a)]	Marine/transportation logistics related business	Singapore	**100**	100	**100**	100	**–**	–
TW (Sabah) Pte Ltd [(a)]	Marine/transportation logistics related business	Singapore	**100**	100	**100**	100	**–**	–
Tiong Woon China Consortium Pte Ltd [(a)]	Hiring out of cranes and transport	Singapore	**100**	100	**100**	100	**–**	–
Tiong Woon Logistics Pte Ltd [(a)]	Freight forwarding services and logistics related business	Singapore	**90**	90	**90**	90	**10**	10

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For the financial year ended 30 June 2015

21. Investments in subsidiaries (continued)

Name of companies	Principal activities	Country of incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %
Subsidiaries held by the Company (continued)								
Tiong Woon Oasis Pte Ltd [(a)]	Repair and up-slipping / launching of ships	Singapore	**51**	51	**51**	51	**49**	49
Tiong Woon Oasis Marine & Engineering Pte Ltd [(a)]	Provides process and industrial plant engineering services, renovation and marine related activities including but not limited to dredging and marine construction	Singapore	**51**	51	**51**	51	**49**	49
Tiong Woon Crane & Transport (M) Sdn Bhd [(f)]	Hiring out of cranes and transport	Malaysia	**100**	100	**100**	100	**–**	–
Tiong Woon Offshore Sdn Bhd [(s) (u)]	Marine/transportation logistics related business	Malaysia	**100**	100	**100**	100	**–**	–
Tiong Woon Thai Co. Ltd [(c)]	Hiring out of cranes and transport	Thailand	**100**	100	**100**	100	**–**	–
Thai Contracting & Enterprises Co., Ltd [(c) (u)]	Hiring out of cranes and transport	Thailand	**100**	100	**100**	100	**–**	–
P.T. TWC Indonesia [(e)]	Hiring out of cranes and transport	Indonesia	**100**	100	**100**	100	**–**	–
TWC Arabia Ltd [(b)]	Hiring out of cranes and transport	Saudi Arabia	**100**	100	**100**	100	**–**	–
Tiong Woon Vietnam Company Limited [(n)]	Hiring out of cranes and transport	Vietnam	**100**	100	**100**	100	**–**	–
Tiong Woon Myanmar Company Limited [(o)]	Hiring out of cranes and transport	Myanmar	**100**	100	**100**	100	**–**	–
5 Elephant Co., Ltd [(o) (u)]	Hiring out of cranes and transport	Myanmar	**100**	100	**100**	100	**–**	–
Tiong Woon Crane & Transport Lanka (Pvt) Ltd [(p)]	Hiring out of cranes and transport	Sri Lanka	**80**	80	**80**	80	**20**	20

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For the financial year ended 30 June 2015

21. Investments in subsidiaries (continued)

Name of companies	Principal activities	Country of incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %
Held by subsidiary companies								
Tower Cranes Services Pte Ltd [(a) (j)]	Servicing, erection, jacking and dismantling of tower cranes	Singapore	**–**	–	**100**	100	**–**	–
Tiong Woon Crane & Equipment Pte Ltd [(a) (m)]	Hiring out of cranes and transport	Singapore	**–**	–	**100**	100	**–**	–
P.T. Tiong Woon Indonesia [(g) (q)]	Dormant	Indonesia	**–**	–	**100**	100	**–**	–
Tiong Woon Philippines, Inc [(d) (g)]	Hiring out of cranes and transport	Philippines	**–**	–	**100**	100	**–**	–
Tiong Woon Project & Contracting (India) Private Limited [(k) (r)]	Mechanical and infrastructure engineering services and structural works	India	**–**	–	**100**	100	**–**	–
Tiong Woon (Huizhou) Industrial Services Co., Ltd [(i) (t)]	Heavy lifting services in the oil, gas, petrochemicals and other related construction industries	People's Republic of China	**–**	–	**100**	100	**–**	–
Tiong Woon Crane Sdn Bhd [(f) (h)]	Hiring out of cranes and transport	Malaysia	**–**	–	**90**	90	**10**	10
Tiong Woon Oasis Sdn Bhd [(f) (l)]	Repair and up-slipping / launching of ships	Malaysia	**–**	–	**51**	51	**49**	49
P.T. Tiong Woon Oasis [(e) (l)]	Repair and up-slipping / launching of ships	Indonesia	**–**	–	**51**	51	**49**	49

(a) Audited by PricewaterhouseCoopers LLP, Singapore.
(b) Audited by PricewaterhouseCoopers, Al Juraid.
(c) Audited by Patcharin Viravan Certified Public Accountant (Thailand).
(d) Audited by Cruz-Caymo, Partners & Associates.
(e) Audited by KAP Handoko & Suparmun.
(f) Audited by Baker Tilly Monteiro Heng.
(g) Wholly-owned subsidiary of Tiong Woon International Pte Ltd.
(h) Subsidiary of Tiong Woon Crane & Transport (M) Sdn Bhd.
(i) Wholly-owned subsidiary of Tiong Woon China Consortium Pte Ltd.

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For the financial year ended 30 June 2015

21. Investments in subsidiaries (continued)

(j) Wholly-owned subsidiary of Tiong Woon Tower Crane Pte Ltd.
(k) Wholly-owned subsidiary of Tiong Woon Project & Contracting Pte Ltd.
(l) Wholly-owned subsidiary of Tiong Woon Oasis Pte Ltd.
(m) Wholly-owned subsidiary of Tiong Woon Crane & Transport (Pte) Ltd.
(n) Audited by DPCA Auditing and Consulting Company Limited.
(o) Audited by Ngwe Inzaly Audit Firm.
(p) Audited by ETEC Associates.
(q) Not required to be audited under the laws of the country of incorporation.
(r) Audited by Sundaram & Narayan Chartered Accountants.
(s) Audited by Ng, Lee & Partners.
(t) Audited by Huizhou Huizheng Certified Public Accountants.
(u) Includes shares held in trust by employees of the Group.

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 30 June 2015 and 2014.

Carrying value of non-controlling interests

	2015 $'000	2014 $'000
Tiong Woon Oasis Pte Ltd	**761**	839
Tiong Woon Oasis Marine & Engineering Pte Ltd	**(2,958)**	(2,363)
Other subsidiaries with immaterial non-controlling interests	**429**	235
Total	**(1,768)**	(1,289)

Summarised balance sheet

	Tiong Woon Oasis Pte Ltd		Tiong Woon Oasis Marine & Engineering Pte Ltd	
	As at 30 June		As at 30 June	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Current				
Assets	**1,105**	1,057	**2,881**	3,179
Liabilities	**(2,557)**	(2,269)	**(10,400)**	(9,946)
Total current net liabilities	**(1,452)**	(1,212)	**(7,519)**	(6,767)
Non-current				
Assets	**3,631**	3,187	**1,892**	2,955
Liabilities	**(626)**	(262)	**(410)**	(1,011)
Total non-current net assets	**3,005**	2,925	**1,482**	1,944
Net assets/(liabilities)	**1,553**	1,713	**(6,037)**	(4,823)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

21. Investments in subsidiaries (continued)

Summarised income statement

	Tiong Woon Oasis Pte Ltd		Tiong Woon Oasis Marine & Engineering Pte Ltd	
	As at 30 June		As at 30 June	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Revenue	**1,925**	2,144	**1,357**	4,357
(Loss)/profit before income tax	**(322)**	(278)	**(1,186)**	163
Income tax credit/(expense)	**162**	(134)	**(26)**	(209)
Post-tax loss and total comprehensive loss	**(160)**	(412)	**(1,212)**	(46)
Total comprehensive loss allocated to non-controlling interests	**(78)**	(209)	**(594)**	(23)

Summarised cash flow

	Tiong Woon Oasis Pte Ltd	Tiong Woon Oasis Marine & Engineering Pte Ltd
	2015 $'000	**2015 $'000**
Net cash generated from operating activities	**499**	**546**
Net cash (used in)/provided by investing activities	**(1,046)**	**94**
Net cash provided by/(used) in financing activities	**773**	**(660)**
Net increase/(decrease) in cash and cash equivalents	**226**	**(20)**
Cash and cash equivalents at beginning of year	**93**	**33**
Cash and cash equivalents at end of year	**319**	**13**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

22. **Property, plant and equipment**

	Freehold land $'000	Leasehold land $'000	Leasehold buildings $'000	Machinery $'000	Tug boats and barges $'000	Office equipment $'000	Computer software $'000	Furniture and fixtures $'000	Office renovation $'000	Motor vehicles $'000	Asset under construction $'000	Total $'000
Group												
2015												
Cost												
Beginning of financial year	8,234	2,140	8,906	452,784	41,442	3,668	1,123	1,275	1,127	2,983	962	524,644
Additions	–	2	–	47,419	959	513	1	50	39	1,021	55,167	105,171
Disposals	–	–	–	(7,170)	–	(201)	–	(8)	–	(604)	–	(7,983)
Exchange differences	(524)	125	97	44	(364)	41	1	3	8	34	–	(535)
End of financial year	7,710	2,267	9,003	493,077	42,037	4,021	1,125	1,320	1,174	3,434	56,129	621,297
Accumulated depreciation												
Beginning of financial year	–	(531)	(2,799)	(162,595)	(23,936)	(2,739)	(1,054)	(528)	(838)	(1,717)	–	(196,737)
Depreciation charge	–	(44)	(184)	(25,346)	(3,488)	(493)	(42)	(161)	(101)	(427)	–	(30,286)
Disposals	–	–	–	4,597	–	188	–	8	–	490	–	5,283
Exchange differences	–	(15)	(24)	(573)	155	(23)	–	–	(5)	(16)	–	(501)
End of financial year	–	(590)	(3,007)	(183,917)	(27,269)	(3,067)	(1,096)	(681)	(944)	(1,670)	–	(222,241)
Net book value												
End of financial year	**7,710**	**1,677**	**5,996**	**309,160**	**14,768**	**954**	**29**	**639**	**230**	**1,764**	**56,129**	**399,056**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

22. Property, plant and equipment (continued)

	Freehold land $'000	Leasehold land $'000	Leasehold buildings $'000	Machinery $'000	Tug boats and barges $'000	Office equipment $'000	Computer software $'000	Furniture and fixtures $'000	Office renovation $'000	Motor vehicles $'000	Asset under construction $'000	Total $'000
Group												
2014												
Cost												
Beginning of financial year	2,300	2,186	5,914	421,709	40,562	3,443	1,096	1,146	1,064	3,022	3,418	485,860
Additions	6,184	8	145	41,539	6,550	563	19	87	83	242	1,083	56,503
Disposals	–	–	–	(8,753)	(6,044)	(299)	–	–	–	(228)	–	(15,324)
Re-classification	–	–	2,957	–	535	–	–	47	–	–	(3,539)	–
Exchange differences	(250)	(54)	(110)	(1,711)	(161)	(39)	8	(5)	(20)	(53)	–	(2,395)
End of financial year	8,234	2,140	8,906	452,784	41,442	3,668	1,123	1,275	1,127	2,983	962	524,644
Accumulated depreciation												
Beginning of financial year	–	(485)	(2,287)	(146,117)	(23,592)	(2,396)	(965)	(390)	(771)	(1,485)	–	(178,488)
Depreciation charge	–	(52)	(560)	(23,614)	(3,366)	(446)	(84)	(141)	(74)	(425)	–	(28,762)
Disposals	–	–	–	6,612	2,986	84	–	–	–	170	–	9,852
Exchange differences	–	6	48	524	36	19	(5)	3	7	23	–	661
End of financial year	–	(531)	(2,799)	(162,595)	(23,936)	(2,739)	(1,054)	(528)	(838)	(1,717)	–	(196,737)
Net book value												
End of financial year	**8,234**	**1,609**	**6,107**	**290,189**	**17,506**	**929**	**69**	**747**	**289**	**1,266**	**962**	**327,907**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

22. Property, plant and equipment (continued)

(a) Additions in the consolidated financial statements include $1,754,000 (2014: $1,139,000), $32,981,000 (2014: $30,831,000) and $18,999,000 (2014: $7,883,000) acquired by means of bank borrowings, finance lease and trade payables respectively.

(b) The carrying amount of plant and equipment and motor vehicles of the Group under finance lease liabilities (Note 25) amounted to $118,470,000 (2014: $117,588,000).

(c) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of $74,493,000 (2014: $86,687,000) [Note 24(a)].

23. Trade and other payables

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Current				
Trade payables to third parties	**22,912**	31,863	**–**	–
Other payables to third parties	**15,576**	4,825	**1,512**	1,522
Deposits and advances received	**2,162**	4,947	**–**	–
Advances received on contract revenue (Note 16)	**1,871**	–	**–**	–
Accrued operating expenses	**13,582**	12,654	**172**	161
	56,103	54,289	**1,684**	1,683
Non-current				
Retention monies	**1,760**	–	**–**	–
Total trade and other payables	**57,863**	54,289	**1,684**	1,683

The carrying amounts of retention monies approximate their fair values.

24. Borrowings

	Group	
	2015 $'000	2014 $'000
Current		
Bank borrowings	**12,686**	21,176
Finance lease liabilities (Note 25)	**22,631**	17,198
	35,317	38,374
Non-current		
Bank borrowings	**46,546**	17,668
Finance lease liabilities (Note 25)	**53,803**	41,383
	100,349	59,051
Total borrowings	**135,666**	97,425

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

24. Borrowings (continued)

The exposure of the borrowings of the Group to interest rate changes amounts to $42,317,000 (2014: $14,419,000). These borrowings are contractually repriced between one to three months. The remaining borrowings are fixed rate borrowings and are not subject to interest rate changes.

(a) Security granted

Total borrowings include secured liabilities of $132,560,000 (2014: $87,674,000) of the Group. Bank borrowings of the Group are secured by a first legal charge over the Group's property, plant and equipment (Note 22). Finance lease liabilities of the Group are effectively secured over the leased plant and equipment and motor vehicles (Note 22), as the legal titles are retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

(b) Fair value of non-current borrowings

	Carrying amounts		Fair values	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Group				
Bank borrowings	**46,546**	17,668	**46,683**	17,660
Finance lease liabilities	**53,803**	41,383	**53,571**	40,138

The fair values of the non-current borrowings, classified as a Level 2 financial liability, are determined from discounted cash flows analyses, using discount rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group			
	2015		2014	
	USD %	**SGD %**	USD %	SGD %
Bank borrowings	**3.30**	**2.10**	3.18	2.48
Financial lease liabilities	**–**	**3.08**	–	3.15

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

25. Finance lease liabilities

The Group leases certain plant and equipment, and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses.

	Group	
	2015 $'000	2014 $'000
Minimum lease payments due:		
- not later than one year	**24,516**	18,696
- later than one year but not later than five years	**56,408**	43,568
	80,924	62,264
Less: Future finance charges	**(4,490)**	(3,683)
Present value of finance lease liabilities	**76,434**	58,581
The present value of finance lease liabilities are analysed as follows:		
Not later than one year (Note 24)	**22,631**	17,198
Later than one year but not later than five years (Note 24)	**53,803**	41,383
	76,434	58,581

The finance lease liabilities are secured on the plant and equipment acquired under finance leases (Note 22) as well as assignment of insurances.

26. Derivative financial instruments

	Group		
	Contract notional amount $'000	Fair value Asset $'000	Liability $'000
2015			
Cash-flow hedges			
- Interest rate swaps	15,955	7	(27)
Total		7	(27)
Less: Current portion		**(7)**	**–**
Non-current portion		**–**	**(27)**
2014			
Cash-flow hedges			
- Interest rate swaps	22,838	–	(200)
Non-hedging instruments			
- Interest rate swaps	1,424	–	(10)
Total		–	(210)
Less: Current portion		**–**	**80**
Non-current portion		**–**	**(130)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

26. Derivative financial instruments (continued)

Period when the cash flows on cash flow hedges are expected to occur or affect profit or loss

Interest rate swaps

Interest rate swaps are transacted to hedge variable quarterly interest payments on borrowings that will mature between 2015 and 2019. Fair value gains and losses on the interest rate swaps recognised in the other comprehensive income are reclassified to profit or loss as part of interest expense over the period of the borrowings.

27. Deferred income taxes

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

	Group	
	2015 $'000	2014 $'000
Deferred income tax assets:		
- to be recovered within one year	**(133)**	(137)
Deferred income tax liabilities:		
- to be settled within one year	**54**	69
- to be settled after one year	**28,248**	29,097
	28,302	29,166

The movement in the deferred income tax account is as follows:

	Group	
	2015 $'000	2014 $'000
Balance at beginning of financial year	**29,029**	28,545
(Credited)/charged to profit or loss		
- Continuing operations (Note 10)	**(626)**	1,336
Over provision in prior financial years (Note 10)	**(177)**	(847)
Exchange differences	**(57)**	(5)
Balance at end of financial year	**28,169**	29,029

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits are probable. The Group has unrecognised tax losses of approximately $13,147,000 (2014: $10,053,000) at the balance sheet date, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date except for an amount of $2,423,000 (2014: $1,816,000) which will expire between 2017 to 2023 (2014: 2017 to 2022).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

27. Deferred income taxes (continued)

Deferred income tax liabilities of $996,000 (2014: $865,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of certain overseas subsidiaries when remitted to the holding company. These unremitted earnings are permanently reinvested and amount to $11,180,000 (2014: $10,307,000) at the balance sheet date.

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation $'000
2015	
Balance at beginning of financial year	**29,533**
Credited to profit or loss	**(1,062)**
Currency translation differences	**(55)**
Balance at end of financial year	**28,416**
2014	
Balance at beginning of financial year	29,071
Charged to profit or loss	482
Currency translation differences	(20)
Balance at end of financial year	29,533

Deferred income tax assets

	Unutilised capital allowances and unabsorbed tax losses $'000	Provisions $'000	Total $'000
2015			
Balance at beginning of financial year	**(137)**	**(367)**	**(504)**
Charged to profit or loss	**6**	**253**	**259**
Exchange differences	**(2)**	**–**	**(2)**
Balance at end of financial year	**(133)**	**(114)**	**(247)**
2014			
Balance at beginning of financial year	(526)	–	(526)
Charged/(credited) to profit or loss	374	(367)	7
Exchange differences	15	–	15
Balance at end of financial year	(137)	(367)	(504)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

28. Share capital

The Group's share capital comprises fully paid up 464,470,512 (2014: 464,470,512) ordinary shares with no par value, amounting to a total of $87,340,000 (2014: $87,340,000).

29. Other reserves

		Group	
		2015 $'000	2014 $'000
(a)	Composition:		
	Foreign currency translation reserve (non-distributable)	**(2,297)**	(2,300)
	Hedging reserve	**(20)**	(200)
	Capital reserve (non-distributable)	**630**	630
		(1,687)	(1,870)
(b)	Movements:		
	Foreign currency translation reserve		
	At beginning of financial year	**(2,300)**	(4,331)
	Net currency translation differences of financial statements of foreign subsidiaries	**268**	(1,072)
	Reclassification	**-**	3,108
	Less: Non-controlling interest	**(265)**	(5)
		3	2,031
	At end of financial year	**(2,297)**	(2,300)
	Hedging reserve		
	At beginning of financial year	**(200)**	(307)
	Fair value gain on cash flow hedges	**180**	107
	At end of financial year	**(20)**	(200)
	Capital reserve		
	At beginning of financial year and end of financial year	**630**	630

Capital reserve represents amounts set aside in compliance with local laws in a country where the Group operates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

30. Dividends

	Group and Company	
	2015 **$'000**	2014 $'000
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 0.4 cent (2014: 0.4 cent) per share	**1,858**	1,858

At the Annual General Meeting to be held in October 2015, a final dividend of 0.4 cent per share amounting to a total of $1,858,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2016.

31. Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2015 **$'000**	2014 $'000
Property, plant and equipment	**28,136**	104,439

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

The Group leases land and offices from non-related parties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

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

	Group	
	2015 **$'000**	2014 $'000
Not later than one year	**2,560**	3,654
Later than one year but not later than five years	**3,616**	4,250
Later than five years	**8,264**	7,423
	14,440	15,327

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

31. Commitments (continued)

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

The Group leases out its machinery to non-related parties under non-cancellable operating leases. The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2015 $'000	2014 $'000
Not later than one year	**5,116**	8,869
Later than one year but not later than five years	**151**	1,165
	5,267	10,034

32. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's policies for managing each of these risks are summarised below:

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia with dominant operations in Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Chinese Renminbi ("RMB"), Thai Baht ("THB"), Saudi Arabian Riyal ("SAR"), the Euro ("EUR"), Indian Rupee ("INR") and Malaysian Ringgit ("MYR"). In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's operations in China, Thailand, Saudi Arabia, India and Malaysia are managed as far as possible by natural hedges of matching assets and liabilities.

The Group currently does not have a formal hedging policy with respect to its foreign exchange exposure. The Group will continue to monitor its foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure should the need arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

32. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

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

	SGD $'000	USD $'000	RMB $'000	THB $'000	SAR $'000	EUR $'000	INR $'000	MYR $'000	Others $'000	Total $'000
At 30 June 2015										
Financial assets										
Cash and cash equivalents	8,627	3,958	3,291	565	187	8	1,475	432	1,285	19,828
Financial assets at fair value through profit or loss	567	–	–	–	–	–	–	–	30	597
Trade and other receivables	24,620	3,829	1,657	2,302	19,995	–	4,181	2,744	3,356	62,684
Receivables from subsidiaries	108,575	–	–	6,270	12,336	–	9,283	10,267	13,850	160,581
Deposits	810	13	–	3	17	–	336	21	40	1,240
	143,199	7,800	4,948	9,140	32,535	8	15,275	13,464	18,561	244,930
Financial liabilities										
Borrowings	131,565	2,908	–	–	–	–	–	4	1,189	135,666
Payables to subsidiaries	108,575	–	–	6,270	12,336	–	9,283	10,267	13,850	160,581
Trade and other payables	34,498	9,396	1,541	763	9,238	146	613	315	1,353	57,863
	274,638	12,304	1,541	7,033	21,574	146	9,896	10,586	16,392	354,110
Net financial (liabilities)/ assets	**(131,439)**	**(4,504)**	**3,407**	**2,107**	**10,961**	**(138)**	**5,379**	**2,878**	**2,169**	**(109,180)**
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	131,811	–	(3,407)	(2,107)	(10,961)	–	(3,787)	(2,878)	(3,433)	105,238
Currency exposure	**372**	**(4,504)**	**–**	**–**	**–**	**(138)**	**1,592**	**–**	**(1,264)**	**(3,942)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

32. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD $'000	USD $'000	RMB $'000	THB $'000	SAR $'000	EUR $'000	INR $'000	MYR $'000	Others $'000	Total $'000
At 30 June 2014										
Financial assets										
Cash and cash equivalents	8,768	2,875	2,814	674	571	5	656	428	2,104	18,895
Financial assets at fair value through profit or loss	825	–	–	–	–	–	–	–	–	825
Trade and other receivables	41,109	6,911	2,172	1,027	17,056	–	4,240	2,046	5,475	80,036
Receivables from subsidiaries	132,905	–	–	845	10,104	–	10,559	11,133	13,461	179,007
Deposits	1,151	12	–	1	4	–	316	58	16	1,558
	184,758	9,798	4,986	2,547	27,735	5	15,771	13,665	21,056	280,321
Financial liabilities										
Borrowings	84,956	5,027	–	–	–	5,292	–	30	2,120	97,425
Payables to subsidiaries	132,905	–	–	845	10,104	–	10,559	11,133	13,461	179,007
Trade and other payables	29,024	13,318	1,216	522	7,366	121	403	571	1,748	54,289
	246,885	18,345	1,216	1,367	17,470	5,413	10,962	11,734	17,329	330,721
Net financial (liabilities)/ assets	**(62,127)**	**(8,547)**	**3,770**	**1,180**	**10,265**	**(5,408)**	**4,809**	**1,931**	**3,727**	**(50,400)**
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	62,182	–	(3,770)	(1,180)	(10,265)	–	(3,077)	(1,931)	(5,789)	36,170
Currency exposure	**55**	**(8,547)**	**–**	**–**	**–**	**(5,408)**	**1,732**	**–**	**(2,062)**	**(14,230)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

32. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the USD and EUR change against the SGD by 5% (2014: 5%) and INR change against the SGD by 10% (2014: 10%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2015	2014
	Increase/(decrease)	
	Profit after tax $'000	Profit after tax $'000
Group		
USD against SGD		
- strengthened	**(187)**	(355)
- weakened	**187**	355
EUR against SGD		
- strengthened	**(6)**	(224)
- weakened	**6**	224
INR against SGD		
- strengthened	**132**	144
- weakened	**(132)**	(144)

The Company does not have any currency exposure as its financial assets and financial liabilities are all denominated in Singapore dollars.

(ii) *Price risk*

The Group has insignificant exposure to equity price risk as it does not hold any significant equity financial assets.

(iii) *Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities. The Group's borrowings include bills payable, trust receipt, finance lease liabilities, revolving credit, term loans and bank loans. The Group manages these cash flow interest rate risks using floating-to-fixed interest rate swaps.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 0.50% (2014: 0.50%) with all other variables including tax rate being held constant, the effect on the profit after tax will be as follows:

	2015	2014
	Increase/(decrease)	
	Profit after tax $'000	Profit after tax $'000
Group		
Interest rate		
- increased	**(166)**	(49)
- decreased	**166**	49

(b) Credit risk

Credit risk refers to the risk that a 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 and other receivables, the Group adopts the policy of dealing only with customers with an appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For bank deposits, the Group adopts the policy of dealing with banks with high credit-rating assigned by international credit-rating agencies.

As at 30 June 2015, the Group has exposure to one debtor which individually represented 18.4% (2014: 13.4%) of trade and other receivables. Apart from this, concentrations of credit risk with respect to other customers are limited as they are dispersed over the Asian region.

Due to these factors, management believes that there is no additional credit risk beyond amounts provided for collection losses inherent in the Group's trade receivables.

(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 and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

32. Financial risk management (continued)

(b) Credit risk (continued)

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

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

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

	Group	
	2015 $'000	2014 $'000
Past due 1 to 30 days	**6,652**	8,752
Past due 31 to 60 days	**5,588**	8,033
Past due 61 to 90 days	**2,824**	4,289
Past due 90 days*	**20,799**	23,691
	35,863	44,765

* Included within the amounts past due 90 days are trade receivables from one debtor, which amounted to $11.6 million (2014: $10.1 million). Management is confident of the recoverability of this amount as there is no dispute on the amount and the debtor is not known to be in any financial difficulties. Accordingly, no allowance for impairment is made for this debt.

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

	Group	
	2015 $'000	2014 $'000
Gross amount	**8,239**	8,657
Less: Allowance for impairment	**(8,239)**	(8,657)
	–	–
Beginning of financial year	**8,657**	7,329
Allowance made	**994**	1,482
Allowance utilised	**(1,615)**	(51)
Currency translation difference	**203**	(103)
End of financial year	**8,239**	8,657

The impaired trade receivables arise mainly from sales to customers who have disputes in the invoices which could not be resolved despite several negotiations or with customers who are suffering significant losses in their operations. Hence, it is uncertain that the customers would be willing or able to settle the outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

32. Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities deemed necessary to finance the Group's operations.

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

	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	More than 5 years $'000	Total $'000
2015					
Group					
Trade and other payables	**(56,244)**	**–**	**–**	**–**	**(56,244)**
Borrowings	**(37,997)**	**(45,338)**	**(35,782)**	**(29,074)**	**(148,191)**
	(94,241)	**(45,338)**	**(35,782)**	**(29,074)**	**(204,435)**
2014					
Group					
Trade and other payables	(51,368)	–	–	–	(51,368)
Borrowings	(40,547)	(35,300)	(26,633)	–	(102,480)
	(91,915)	(35,300)	(26,633)	–	(153,848)

	1 year or less $'000	Total $'000
2015		
Company		
Trade and other payables	**(1,684)**	**(1,684)**
Financial guarantee contracts	**(4,866)**	**(4,866)**
	(6,550)	**(6,550)**
2014		
Company		
Trade and other payables	(1,683)	(1,683)
Financial guarantee contracts	(11,447)	(11,447)
	(13,130)	(13,130)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

32. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the maturity profile of the derivative financial instruments of the Group based on contractual undiscounted cash flows.

	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Total $'000
2015				
Group				
Net-settled interest rate swaps				
- Cash flow hedges	**(75)**	**(38)**	**(18)**	**(131)**
	(75)	**(38)**	**(18)**	**(131)**
2014				
Group				
Net-settled interest rate swaps				
- Cash flow hedges	(231)	(143)	(109)	(483)
- Non-hedging financial instruments	(10)	–	–	(10)
	(241)	(143)	(109)	(493)

(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, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity (excluding non-controlling interest) plus net debt.

	Group	
	2015 $'000	2014 $'000
Net debt	**173,701**	132,819
Total equity	**270,555**	260,274
Total capital	**444,256**	393,093
Gearing ratio	**0.39**	0.34

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

32. Financial risk management (continued)

(d) Capital risk (continued)

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 June 2014 and 2015.

(e) Fair value measurements

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

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

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

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

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

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2015				
Asset				
Financial assets at fair value through profit or loss	**597**	**–**	**–**	**597**
Derivative financial instruments	**–**	**7**	**–**	**7**
Total assets	**597**	**7**	**–**	**604**
Liability				
Derivative financial instruments	**–**	**27**	**–**	**27**
2014				
Asset				
Financial assets at fair value through profit or loss	825	–	–	825
Liability				
Derivative financial instruments	–	(210)	–	(210)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

32. Financial risk management (continued)

(e) Fair value measurements (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. These investments are classified as Level 2 and comprise derivative financial instruments.

(f) Financial instruments by category

The carrying amounts of financial assets at fair value through profit or loss are disclosed on the face of the balance sheet. The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Loans and receivables	**83,752**	100,489	**53**	101
Financial liabilities at amortised cost	**193,529**	151,714	**1,684**	1,683

(g) Offsetting of financial assets and financial liabilities

The Group has no financial assets and liabilities that are being offset and presented net on the face of the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

33. 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	
	2015 $'000	2014 $'000
Sales to corporations in which certain directors or their close family members have control or significant influence over:		
- Sales of cranes and equipment	**–**	591
- Rendering of services	**76**	143
Purchases from corporations in which certain directors or their close family members have control or significant influence over		
- Rental of cranes and equipment	**627**	217
- Purchases of cranes and equipment	**–**	1,030
- Provision of sub-contractor services	**–**	20

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2015 $'000	2014 $'000
Salaries and other short-term employee benefits	**6,284**	7,371
Post-employment benefits - contribution to CPF	**264**	247
	6,548	7,618

Included in the above is total compensation paid to the directors of the Company of $2,801,000 (2014: $3,824,000), of which compensation to the executive directors amounted to $2,691,000 (2014: $3,744,000).

34. Contingent liabilities

The Company has issued the following corporate guarantees to banks for borrowings and banking facilities of certain subsidiaries with net liability positions.

	Company	
	2015 $'000	2014 $'000
Corporate guarantees provided to banks	**8,591**	5,024

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

35. Segment information

Management has determined the operating segments based on the reports reviewed by the Senior Management of the Group that are used to make strategic decisions. The Senior Management of the Group comprises the Executive Chairman, Executive Directors and the Chief Financial Officer.

The segment information provided to the Senior Management of the Group for the reportable segments is as follows:

(a) Reportable segments

	Heavy lift and haulage $'000	Marine transportation $'000	Fabrication (Discontinued operations) $'000	Engineering services $'000	Trading $'000	Elimination $'000	Total for continuing operations $'000
Financial year ended 30 June 2015							
Sales:							
- external sales	**128,523**	**8,862**	–	**2,973**	**5,311**	–	**145,669**
- inter-segment sales	**795**	**2,875**	–	**504**	–	–	**4,174**
	129,318	**11,737**	–	**3,477**	**5,311**	–	**149,843**
Elimination							**(4,174)**
							145,669
Segment result	**11,841**	**41**	–	**(1,356)**	**234**	–	**10,760**
Other income							**179**
Other gains - net							**3,398**
Finance costs							**(734)**
Share of profits of associated companies	–	**896**	–	–	–	–	**896**
Share of profit of a joint venture	**159**	–	–	–	–	–	**159**
Profit before income tax							**14,658**
Income tax expense							**(3,446)**
Net profit							**11,212**
Other segment items							
Capital expenditure - property, plant and equipment	**102,452**	**959**	–	**1,046**	**714**	–	**105,171**
Depreciation	**25,163**	**3,493**	–	**1,531**	**99**	–	**30,286**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

35. Segment information (continued)

(a) Reportable segments (continued)

	Heavy lift and haulage $'000	Marine transportation $'000	Fabrication (Discontinued operations) $'000	Engineering services $'000	Trading $'000	Elimination $'000	Total for continuing operations $'000
Segment assets	**458,590**	**18,882**	**–**	**6,639**	**3,354**	**–**	**487,465**
Investment in associated companies	–	**3,455**	–	–	–	–	**3,455**
Investment in a joint venture	**1,802**	–	–	–	–	–	**1,802**
Unallocated assets							**140**
Consolidated total assets							**492,862**
Segment liabilities	**(47,493)**	**(2,245)**	–	**(6,180)**	**(1,945)**	–	**(57,863)**
Unallocated liabilities							**(166,212)**
Consolidated total liabilities							**(224,075)**
Financial year ended 30 June 2014							
Sales:							
- external sales	142,082	9,447	159	6,198	7,556	(159)	165,283
- inter-segment sales	1,075	1,720	–	1,723	–	–	4,518
	143,157	11,167	159	7,921	7,556	(159)	169,801
Elimination							(4,518)
							165,283
Segment result	21,690	(1,703)	(182)	213	223	182	20,423
Other income							160
Other gains - net							3,808
Finance costs							(2,787)
Share of profits of associated companies		1,185					1,185
Share of loss of a joint venture	(21)						(21)
Profit before income tax							22,768
Income tax expense							(4,077)
Net profit							18,691

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

35. Segment information (continued)

(a) Reportable segments (continued)

	Heavy lift and haulage $'000	Marine transportation $'000	Fabrication (Discontinued operations) $'000	Engineering services $'000	Trading $'000	Elimination $'000	Total for continuing operations $'000
Other segment items							
Capital expenditure - property, plant and equipment	49,855	6,551	–	69	28	–	56,503
Depreciation	23,792	3,371	–	1,592	7	–	28,762
Segment assets	401,673	20,698	–	7,719	7,666	–	437,756
Investment in associated companies		3,374					3,374
Investment in a joint venture	1,490						1,490
Unallocated assets							137
Consolidated total assets							442,757
Segment liabilities	(37,879)	(1,313)	–	(6,276)	(8,821)	–	(54,289)
Unallocated liabilities							(129,483)
Consolidated total liabilities							(183,772)

Sales between segments are carried out at market terms. Inter-segment revenue is eliminated on consolidation. The revenue from non-related parties reported to the Senior Management of the Group is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Senior Management of the Group assesses the performance of the operating segments based on a measure of earnings before other income, other gains/(losses) – net, finance costs, share of profits/(losses) in associated companies and a joint venture and income tax expense. Other income, other gains/(losses) – net and finance costs are not allocated to segments as these are not considered to be part of the operating activities of the segments.

Capital expenditure comprises additions to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

35. Segment information (continued)

(a) Reportable segments (continued)

Reportable segments' assets

The amounts provided to the Senior Management of the Group with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment. All assets are allocated to reportable segments other than deferred income tax assets.

Reportable segments' liabilities

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

Revenue from major business segments

At 30 June 2015, the Group is organised into four main reportable segments:

- Heavy lift and haulage - Hiring out of cranes and provision of transportation.
- Marine transportation - Provision of marine transportation and logistics services.
- Engineering services - Provision of process and industrial plant engineering services.
- Trading - Trading of heavy equipment and spare parts.

(b) Geographical information

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

(i) Singapore is the home country of the Group. The areas of operation are principally heavy lift and haulage, marine transportation, engineering services, trading and other operations of the Group.

(ii) Middle East - the main activity is heavy lift and haulage.

(iii) India - the main activity is heavy lift and haulage.

(iv) Malaysia - the main activity is heavy lift and haulage.

(v) Thailand - the main activity is heavy lift and haulage.

(vi) Indonesia - the main activity is heavy lift and haulage.

(vii) China - the main activity is heavy lift and haulage.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

35. Segment information (continued)

(b) Geographical information (continued)

Other countries – comprise Myanmar, Philippines, Sri Lanka, Vietnam and Russia and the main activity is heavy lift and haulage.

	Sales		Non-current assets*	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Singapore	**87,229**	105,960	**331,653**	272,880
Middle East	**14,342**	21,130	**329**	491
India	**8,736**	4,615	**2,720**	3,081
Malaysia	**8,264**	10,670	**30,143**	31,368
Thailand	**4,786**	2,858	**11,814**	5,045
Indonesia	**4,591**	6,436	**1,984**	609
China	**1,625**	1,983	**10,584**	9,789
Other countries	**16,096**	11,631	**15,200**	9,622
	145,669	165,283	**404,427**	332,885

* Does not include deferred income tax assets.

With the exception of Singapore and Middle East, no other individual country or region contributed more than 10% of consolidated sales or non-current assets.

Sales are based on the country in which the revenue is derived. Non-current assets are shown by the geographical area where the assets originated.

Revenues of $26,178,000 (2014: $24,887,000) are derived from a single external customer. These revenues are attributable to the Singapore heavy lift and haulage and marine transportation segments.

36. Discontinued operations and disposal group classified as held-for-sale

The sale of the Company's entire interest in its wholly-owned subsidiary, Tiong Woon Oil & Gas Services Pte Ltd ("TWOG") and sub-subsidiary P.T. TWC Bintan (together, the "TWOG Group") to Metech Energy Corp Pte Ltd was completed on 7 October 2014 for a consideration of $18 million. During the financial year ended 30 June 2015, $3,000,000 (2014:$ 12,300,000) has been received.

In accordance with FRS 105, Non-current Assets Held for Sale and Discontinued Operations, the results of the TWOG Group classified under Fabrication segment has been presented separately on the Statement of Comprehensive Income as Discontinued Operations for the financial year ended 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

36. Discontinued operations and disposal group classified as held-for-sale (continued)

(a) The results of the discontinued operations and the re-measurement of the disposal group are as follows:

	Group	
	2015 $'000	2014 $'000
Revenue	–	159
Expenses	–	(158)
Profit before and after tax from discontinued operations	–	1
Gain on disposal of discontinued operations	–	3,159
Total profit from discontinued operations	–	3,160
Profit attributable to equity holders of the Company relates to:		
- Profit from continuing operations	**11,956**	18,916
- Profit from discontinued operations	–	1
- Gain on disposal of discontinued operations	–	3,159
Total	**11,956**	22,076

(b) Details of the effects of disposal of discontinued operations on the cash flows of the Group:

	Group
	2014 $'000
Consideration for disposal of discontinued operations	18,000
Carrying amounts disposed of:	
Property, plant and equipment	(9,856)
Deferred income tax assets	(222)
Total assets	(10,078)
- Reclassification of currency translation reserve	(3,108)
	(13,186)
Less: Provisions	(1,655)
Gain on disposal of discontinued operations	3,159
Consideration for disposal of discontinued operations	18,000
Less: Deposits received in advance for assets held for sale	(1,800)
Less: Consideration receivable	(3,900)
Net cash inflow on disposal	12,300

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

37. New or revised accounting standards and interpretations

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

(a) Amendments to FRS 110 and FRS 28 *Sale or contribution of Assets between an Investor and its Associate or Joint Venture* (effective for annual periods beginning on or after 1 January 2016)

These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

The Group will apply the amendment to FRS 110 and FRS 28 prospectively from 1 July 2015, but this is not expected to have any significant impact on the financial statements of the Group.

(b) Amendments to FRS 27 *Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2016)

The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The Group will apply the amendment to FRS 27 prospectively from 1 July 2015. This will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Tiong Woon Corporation Holding Ltd on 30 September 2015.

SHAREHOLDERS' INFORMATION

As at 15 September 2015

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 15 SEPTEMBER 2015

SIZE OF SHAREHOLDINGS		NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 -	99	14	0.28	267	0.00
100 -	1,000	648	13.00	632,821	0.14
1,001 -	10,000	1,667	33.46	10,882,152	2.34
10,001 -	1,000,000	2,628	52.74	148,144,175	31.89
1,000,001	and above	26	0.52	304,811,097	65.63
Total		**4,983**	**100.00**	**464,470,512**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 15 SEPTEMBER 2015

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	ANG CHOO KIM & SONS (PTE) LIMITED	181,034,262	38.98
2	PHILLIP SECURITIES PTE LTD	17,739,080	3.82
3	DBS NOMINEES PTE LTD	15,442,250	3.32
4	CITIBANK NOMINEES SINGAPORE PTE LTD	14,394,365	3.10
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,401,300	1.59
6	OCBC SECURITIES PRIVATE LTD	6,644,500	1.43
7	UOB KAY HIAN PTE LTD	6,300,250	1.36
8	MAYBANK KIM ENG SECURITIES PTE LTD	5,255,440	1.13
9	HSBC (SINGAPORE) NOMINEES PTE LTD	4,541,500	0.98
10	LO KAI LEONG @ LOH KAI LEONG	4,415,000	0.95
11	CIMB SECURITIES (SINGAPORE) PTE LTD	4,153,050	0.89
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,071,900	0.88
13	ONG KIAN KOK	3,782,000	0.81
14	ANG KHA KING	3,685,000	0.79
15	LOW WOO SWEE @ LOH SWEE TECK	3,523,250	0.76
16	RAFFLES NOMINEES (PTE) LTD	3,475,850	0.75
17	KOH CHEW KWEE	2,850,000	0.61
18	BANK OF SINGAPORE NOMINEES PTE LTD	2,820,000	0.61
19	OCBC NOMINEES SINGAPORE PTE LTD	2,496,500	0.54
20	ANG JUI KHOON	2,173,100	0.47
	TOTAL:	**296,198,597**	**63.77**

Based on the information available above, approximately 58.62% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

ANALYSIS OF SHAREHOLDERS

As at 15 September 2015

Substantial Shareholders	Number Of Shares	
	Direct Interest	Deemed Interest
Ang Choo Kim & Sons (Pte.) Limited	181,034,262	–
Ang Kah Hong	4,492,500	181,034,262 (1)
Ang Kha King	3,685,000	181,319,262 (2)

(1) This represents Mr Ang Kah Hong's deemed interest of 181,034,262 shares held in the name of Ang Choo Kim & Sons (Pte.) Limited.

(2) This represents Mr Ang Kha King's deemed interest of 181,319,262 shares held in the name of the following:-

(a) 285,000 shares held by his wife, Mdm Toh Koon Tee
(b) 181,034,262 shares held by Ang Choo Kim & Sons (Pte.) Limited

DIRECTORS' INTEREST IN SHARES

As at 21 July 2015

According to the register maintained under Section 164 of the Companies Act, Cap. 50, the Directors had an interest in the shares of the Company on the 21st day after the end of the financial year as undernoted:

	Shareholdings registered in the name of Directors or in which Directors have a direct interest as at 21.07.2015	Shareholdings in which Directors are deemed to have an interest as at 21.07.2015
	S$	S$
Ang Kah Hong	4,492,500	181,034,262 (1)
Ang Kha King	3,685,000	181,319,262 (2)
Tan Swee Khim	2,627,000	–
Wong King Kheng	64,000	–
Luk Ka Lai Carrie (Mrs. Carrie Cheong)	–	–
Ang Guan Hwa	–	–

(1) This represents Mr Ang Kah Hong's deemed interest of 181,034,262 shares held in the name of Ang Choo Kim & Sons (Pte.) Limited.

(2) This represents Mr Ang Kha King's deemed interest of 181,319,262 shares held in the name of the following:-

(a) 285,000 shares held by his wife, Mdm Toh Koon Tee
(b) 181,034,262 shares held by Ang Choo Kim & Sons (Pte.) Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **TIONG WOON CORPORATION HOLDING LTD** (the "Company") will be held at 200, Pandan Loop, #03-01, Singapore 128388 on Thursday, 29 October 2015 at 9.00 a.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2015 together with the Directors' Report and Auditors' Report thereon. **Resolution 1**

2. To approve a tax exempt (1-tier) final dividend of 0.4 cent per share for the financial year ended 30 June 2015. **Resolution 2**

3. To approve Directors' fees of S$95,000 for the year ended 30 June 2015 (2014: S$95,000). **Resolution 3**

4. To re-elect the following Directors who are retiring in accordance with the Company's Articles of Association:-

   (a) Mr Ang Kha King - Retiring under Article 104 **Resolution 4**
   (b) Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) - Retiring under Article 104) **Resolution 5**

   Mrs Carrie Cheong will upon re-election as Director of the Company, remains as the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   [See Explanatory Note (a) and (b)]

5. To re-appoint Messrs PricewaterhouseCoopers LLP, as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

6. To transact any other ordinary business that may be transacted at an Annual General Meeting of the Company of which due notice shall have been given.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:-

7. <u>Authority To Allot And Issue Shares</u> **Resolution 7**

   "That pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

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

NOTICE OF ANNUAL GENERAL MEETING

7. (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force;

provided always that

the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's issued share capital, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's issued share capital at the time this resolution is passed, after adjusting for;

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards 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 Listing Manual of the Singapore Exchange Securities Trading Limited; and

(iii) any subsequent consolidation or subdivision of the Company's shares; and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

8. Proposed Renewal of The Share Purchase Mandate **Resolution 8**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:-

NOTICE OF ANNUAL GENERAL MEETING

(i) On-market purchase(s) on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) Off-market purchase(s) if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the "**Relevant Period**" which is the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-

(i) the date on which the next annual general meeting of the Company is held;

(ii) the date by which the next annual general meeting of the Company is required by law to be held;

(iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iv) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in general meeting.

(c) In this Resolution:-

"**Maximum Percentage**" means the number of Shares representing ten per cent (10%) of the total number of issued Shares as at the date of the passing of this Resolution unless the Company has effected a reduction of the total number of issued Shares in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued Shares shall be taken to be the amount of the issued Shares as altered (excluding any treasury shares that may be held by the Company from time to time); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:-

NOTICE OF ANNUAL GENERAL MEETING

(i) in the case of a market purchase, one hundred and five per cent (105%) of the average closing market price. For this purpose, the average closing market price is the average of the closing market prices of the Shares transacted on the SGX-ST over the last five (5) market days (on which transactions in the Shares are recorded) immediately preceding the date of the market purchase by the Company and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five (5) day period; and

(ii) in the case of an off-market purchase, one hundred and twenty per cent (120%) of the highest price a Share is transacted on the SGX-ST on the market day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an off-market purchase offer stating the purchase price and the relevant terms of the equal access scheme; and

(d) the Directors or any of them be and are/is hereby authorized to deal with the Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate in any manner as they think and/or he/she thinks fit, which is permissible under the Companies Act; and

(e) the Directors and/or any of them be and are/is hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider necessary, expedient or incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

BY ORDER OF THE BOARD

Joanna Lim Lan Sim (Ms)
Company Secretary
8 October 2015

Explanatory Notes

(a) In relation to Resolution no. 4, the detailed information on Mr Ang Kha King are set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's 2015 Annual Report. Mr Ang Kha King is sibling of Mr Ang Kah Hong and uncle of Mr Ang Guan Hwa.

(b) In relation to Resolution no. 5, the detailed information on Mrs Carrie Cheong are set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's 2015 Annual Report. There are no relationships (including immediate family relationships) between Mrs Carrie Cheong and the other directors of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Statement Pursuant to Article 64 of the Company's Articles of Association

The effect of the resolutions under the heading "Special Business" in this Notice of the Annual General Meeting ("AGM") are:-

(1) The Ordinary Resolution No. 7 above, if passed, will authorise the Directors from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company. Rule 806(3) of the Listing Rules of the Singapore Exchange Securities Trading Limited currently provides that the percentage of issued share capital is based on the share capital of the Company at the time the mandate is passed after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards 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 Listing Manual of the Singapore Exchange Securities Trading Limited; and

(c) any subsequent consolidation or subdivision of the Company's shares.

This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(2) The Ordinary Resolution No. 8 above, if passed, will empower the Directors to exercise all powers of the Company in purchasing or acquiring Shares pursuant to the terms of the Share Purchase Mandate as set out in the letter to shareholders of the Company dated 8 October 2015 ("**Letter**"). This authority will continue in force until the date the next annual general meeting of the Company is held or is required by law to be held, or the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated unless previously varied or revoked by ordinary resolution of the Company in general meeting. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Letter.

Notes:

(i) A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy and vote in his stead;

(ii) A Member of the Company which is a Corporation is entitled to appoint its authorized representative or proxy to vote on its behalf;

(iii) A proxy need not be a Member of the Company;

(iv) The instrument appointing a proxy must be deposited at the registered office of the Company at No. 15 Pandan Crescent Singapore 128470 not later than 48 hours before the time appointed for the Meeting;

(v) The sending of a proxy form by a member does not preclude him from attending and voting in person at the Annual General Meeting, if he finds that he is able to do so.

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TIONG WOON CORPORATION HOLDING LTD
(Company Registration No. 199705837C)
(Incorporated in the Republic of Singapore)

PROXY FORM

Important
1. For investors who have used their CPF monies to buy Tiong Woon Corporation Holding Ltd shares, this Annual Report 2015 is forwarded to them at the request of their CPF Approved Nominees and is sent solely **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.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We ____ (Name)

of ____ (Address)

being *a member/members of Tiong Woon Corporation Holding Ltd (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 200, Pandan Loop, #03-01, Singapore 128388 on Thursday, 29 October 2015 at 9.00 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy /proxies will vote or abstain from voting at *his/their discretion.

Ordinary Resolutions	For	Against
To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2015 and the Report of the Directors and Auditors thereon. **(Resolution 1)**		
To approve a tax exempt (1-tier) final dividend of 0.4 cent per share for the financial year ended 30 June 2015. **(Resolution 2)**		
To approve Directors' fees of S$95,000/- for the year ended 30 June 2015. (2014: S$95,000/-) **(Resolution 3)**		
To re-elect Mr Ang Kha King who is retiring in accordance with the Company's Articles of Association. **(Resolution 4)**		
To re-elect Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) who is retiring in accordance with the Company's Articles of Association. **(Resolution 5)**		
To re-appoint Messrs PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**		
To approve the Ordinary Resolution pursuant to Section 161 of the Companies Act, Chapter 50. **(Resolution 7)**		
To approve the Renewal of The Share Purchase Mandate **(Resolution 8)**		

Dated this ________day of _____________, 2015.

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

* Delete accordingly

Notes :

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

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. The instrument appointing a proxy or proxies must be 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 duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at No. 15 Pandan Crescent Singapore 128470 not later than 48 hours before the time set for the Annual General Meeting.

6. 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 the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

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

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

STAYING
RESILIENT

Annual Report 2015

Tiong Woon Corporation Holding Ltd
Company Registration Number: 199705837C

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