Financial statements

Granthor Holdings Limited and its subsidiaries

FRS 1.51.a, b
SGX 1207.1

31 December 2009

FRS 1.51.c

IMPORTANT NOTE:

These illustrative financial statements have been prepared to assist clients in preparing their own financial statements. Whilst every care has been taken in its preparation, reference to the Companies Act, Financial Reporting Standards ("FRS"), Interpretations to FRS ("INT-FRS") and Exposure Drafts ("ED") of FRS issued by the Accounting Standards Council ("ASC") and other authoritative publications should be made, and specific advice sought, where necessary. These illustrative financial statements do not cover every circumstance and does not address situations where alternative accounting treatments and disclosures are required or necessary. No responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication can be accepted by us. We are committed to helping clients meet their business objectives and achieve the highest accounting and disclosure standards.

Company information

Company registration number	198001234R	
Registered office	20 Granthor Road Granthor Building #02-00 Singapore 888820	SGX 1207.2
Directors	Tan Kian Beng Yeo Heng Hian Chia Boon Tong Cheong Chee Mei (Independent director) Lok Soh Yun (Independent director) Lee Boon Fui (Independent director)	
Audit committee	Lok Soh Yun (Chairman) Cheong Chee Mei Lee Boon Fui	
Nominating committee	Lee Boon Fui (Chairman) Tan Kian Beng Lok Soh Yun	
Remuneration committee	Cheong Chee Mei (Chairman) Lok Soh Yun Lee Boon Fui	
Secretary	Chan Gek Yoke	SGX 1207.1
Registrar	Tan Associates Pte Ltd 5 Registrar Road #11-88 Singapore 123456	SGX 1207.3
Bankers	ABC Bank Limited XYZ Bank Limited	
Solicitors	Solicitors & Partners, LLC	
Auditor	Foo Kon Tan Grant Thornton LLP Certified Public Accountants 47 Hill Street #05-01 Singapore Chinese Chamber of Commerce Building Singapore 179365	SGX 713
	Partner-in-charge: Mr Foo Lee Lim (since financial year 2005)	SGX 713.1

Contents

Directors' report
for the financial year ended 31 December 2009

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and balance sheet of the Company for the financial year ended 31 December 2009. S201.5

Names of directors
S201.6A.a

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

Tan Kian Beng
Yeo Heng Hian
Chia Boon Tong
Cheong Chee Mei (Independent director)
Lok Soh Yun (Independent director)
Lee Boon Fui (Independent director)

Arrangements to enable directors to acquire shares or debentures
S201.6A.g

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed in this report.

Directors' interest in shares or debentures
S201.6.g
S201.6A.h
S164

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares or debentures of the Company or its related corporations, except as follows:

Notes:
If all the directors hold all classes of shares, the wording is:

"According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, the directors who held office at the end of the financial year were interested in shares or debentures of the Company or its related corporations:"

Directors' interest in shares or debentures (cont'd)

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest		
	As at 1.1.2009/ later *date of appointment*	**As at 31.12.2009 and 21.1.2010#**	As at 1.1.2009/ *later date of appointment*	**As at 31.12.2009 and 21.1.2010#**	SGX 1207.7
The Company - Granthor Holdings Limited		Number of shares			
Tan Kian Beng	*16,000	**12,270,000**	127,650,000	**127,650,000**	
Yeo Heng Hian	-	**20,000**	-	**-**	
The ultimate holding company - Granthor PLC		Number of 8% Convertible Unsecured Loan Stock of £1.00 each			
Tan Kian Beng	-	**-**	8,255,627	**-**	
		Number of shares of £1.00 each			
Tan Kian Beng	871,068	**4,126,695**	33,272,607	**38,272,607**	

* Held in the name of nominees
** 16,000 shares held in the name of nominees

Mr Tan Kian Beng, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, is deemed to be interested in the whole of the issued share capital of all the wholly-owned subsidiaries of Granthor Holdings Limited and Granthor Plc. S164

\# There are no changes to the above shareholdings as at 21 January 2009 *(applicable for public listed company only)*.

Notes:

Where directors have no interest, the following is applicable:

"None of the directors who held office at the end of the financial year had any interests in shares or debentures of the Company or its related corporations which must be disclosed under Section 201(6)(g) of the Companies Act, Cap. 50." S201.6.g

Directors' benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50, except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 28 to the financial statements. S201.8

Share option scheme

S201.11
SGX 853
FRS 102.45.a

At an Extraordinary General Meeting of the Company held on 13 May 2005, shareholders approved the Granthor Holdings Limited Employees' Share Option Scheme (the "Scheme"). Under the Scheme, the Company may grant options to employees of the parent group who have contributed to the success and development of the Company and its subsidiaries, and the Company or its subsidiaries holding office of the rank (or equivalent or analogous rank) of Executive or Section Head and above, and directors of the Company and its subsidiaries, whether holding office in an executive or non-executive capacity, or who are also controlling shareholders (as defined in the SGX listing manual) to subscribe for ordinary shares in the Company provided that the number of shares in respect of which options may be granted to:

(i) Any individual employee or director shall not exceed 25% of the total number of shares in respect of which the Company may grant options pursuant to the Scheme; SGX 852.1.b.i

(ii) Any controlling shareholder and their associates (as defined in the SGX listing manual) shall not exceed 25% of the total number of shares in respect of which the Company may grant options pursuant to the Scheme; SGX 845.1

(iii) Each individual controlling shareholder or his associate shall not exceed 10% of the total number of shares in respect of which the Company may grant options pursuant to the Scheme;

(iv) Each employee in any one year shall not exceed the following limits:

Rank (or equivalent or analogous rank)	Number of shares
Executive Directors/Division Managers	60,000
Department Managers/Project Managers	15,000
Section Heads/Executives	7,000

(v) All parent group employees in aggregate shall not exceed 20% of the total number of shares in respect of which the Company may grant options pursuant to the Scheme.

The Scheme presently does not extend to directors and employees of associates.

The Scheme is administered by a Remuneration Committee comprising Cheong Chee Mei (Chairman), Lok Soh Yun and Lee Boon Fui, all directors of the Company. SGX 852.1.a

Alternative wordings:

The Granthor Holdings Limited Employees' Share Option Scheme (the "Scheme") was approved by shareholders at an Extraordinary General Meeting held on 13 May 2005, details of which are given in the Directors' Report for the financial year ended 31 December 2005.

Share options granted

S201.11

On 30 June 2009, the Company granted options to subscribe 110,000 ordinary shares of the Company at exercise price of $3.30 per share ("2009 Options"). The 2009 Options are excercisable from 1 July 2011 and expire on 30 June 2015. The total fair value of the 2009 Options granted was estimated to be $176,000, using the Binomial Option Pricing Model. Particulars of 2009 Options granted to directors during the financial year are:

SGX 852.1.b, c

Name of participant	Options granted during the financial year ended 31.12.2009	Aggregate options granted since commencement of Scheme to 31.12.2009	Aggregate options exercised since commencement of Scheme to 31.12.2009	Aggregate options outstanding as at 31.12.2009
Directors				
Yeo Heng Hian	20,000	60,000	(40,000)	20,000
Chia Boon Tong	20,000	60,000	(40,000)	20,000

The options may be exercised in full or in respect of 1,000 shares or a multiple thereof, on payment of the exercise price at any time after the second anniversary of the grant, but before the fifth anniversary.

The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other Company.

There have been no options granted to the controlling shareholders of the Company or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited) or to parent group employees. No employee, other than Mr Yeo Heng Hian and Mr Chia Boon Tong disclosed above, has received 5% or more of the total number of options available under the Scheme.

No options to take up unissued shares of the subsidiaries have been granted during the financial year.

Notes:

1. Where these particulars have been stated in a previous directors' report, they may be stated by reference to that report, for example:

   "Details of options granted previously in 2006, 2007 and 2008 have been disclosed in the Report of the Directors for the previous financial year(s)."

2. Under S201(11B) if a subsidiary has a share option scheme, similar details have to be stated for that subsidiary as well.

Share options exercised S201.12.a FRS 102.45.b

Particulars of shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company, whether granted before or during the financial year are as follows:

Company	Number and Class of shares issued	Person to * whom issued	Amount paid per share

Notes:

* To name directors, controlling shareholders and their associates and employees who received 5% or more of the total options available under the Scheme.

Alternatively, if there were no issues by virtue of the exercise of options, the note will be:

No shares were issued during the financial year to which this report relates by virtue of the exercise of the options to take up unissued shares of the Company or any subsidiary. SGX 852.1.c.i

Unissued shares under option S201.12.b

The unissued shares under option at the end of the financial year are as follows:

Granthor Holdings Limited
Employees' Share Option Scheme

S201.11.c FRS 102.45.b

Date options granted	Balance at 1.1.2009	Granted/ (forfeited) during the year	Exercised during the year	Balance at 31.12.2009	Excercise price per share	No. of option holders at 31.12.2009	Period exercisable
30.06.2006	10,000	(6,000)	-	4,000	$3.70	2	01.07.2008 - 30.06.2012
30.06.2007	51,000	(9,000)	(12,000)	30,000	$3.60	10	01.07.2009 - 30.06.2013
30.06.2008	108,000	(58,000)	-	50,000	$3.50	21	01.07.2010 - 30.06.2014
30.06.2009	-	110,000	-	110,000	$3.30	22	01.07.2011 - 30.06.2015
	169,000	37,000	(12,000)	194,000			

SGX 852.1.c.ii

There were no unissued shares of subsidiaries under option at 31 December 2009.

Mr Yeo Heng Hian and Mr Chia Boon Tong, both directors, are interested in 20,000 options each at the end of the financial year and at 21 January 2010. SGX 852.1.c.i

Notes:

If there are other options granted previously but still outstanding at the end of the financial year, the above table would include those as well.

Where these unissued options give the option holders a right to participate in any share issue of any other company, these rights should be stated.

Audit committee S201B.1

The audit committee at the end of the financial year comprises the following members:

Lok Soh Yun (Chairman) S201B.2.a
Cheong Chee Mei
Lee Boon Fui

The audit committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the committee reviewed the following: S201B.5, 9

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditor. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) *the quarterly financial information (where applicable)* and the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2009 as well as the auditor's report thereon; and

(iii) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees. SGX 1207.6.b

The committee is satisfied with the independence and objectivity of the external auditor and has recommended to The Board of Directors that the auditor, Foo Kon Tan Grant Thornton LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, Foo Kon Tan Grant Thornton LLP, Certified Public Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
TAN KIAN BENG

....
CHIA BOON TONG

Dated: 27 February 2010

Statement by directors
for the financial year ended 31 December 2009

S201.15
SGX 1207.5.e

In the opinion of the directors, the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date, and 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

....
TAN KIAN BENG

....
CHIA BOON TONG

Dated: 28 February 2010

Notes:
The phrase "On behalf of the Directors" is not necessary if the Company has only two directors. The same applies to "Directors' report". In this case, the term "By the directors" should be used.

S203.1
SGX 707
S201.5
S201.1a, b
S2013A.i, ii

The Directors' report shall be made out and sent to all persons entitled to receive notice of general meetings of the Company not less than 14 days before the date of the Annual General Meeting ("AGM"). The report shall be made in accordance with a resolution of the Board of Directors, specifying the day on which it was made out and be signed by at least two directors. The same applies to the "Statement by directors".

AGMs for SGX-listed companies shall be held within four months after the end of their financial years. AGMs for non-listed companies shall be held within six months of the end of their financial years.

Independent auditor's report to the members of Granthor Holdings Limited

SSA 700.18, 20
S201.4
S207

SSA 700.22

We have audited the accompanying financial statements of Granthor Holdings Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2009, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements SSA 700.28

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility SSA 700.32
SSA 700.34

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 on whether the financial statements are free from material misstatement. SSA 700.37

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 and fair presentation of the financial statements 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. SSA 700.38

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

Independent auditor's report to the members of Granthor Holdings Limited (cont'd)

Opinion SSA 700.4 SSA 700.39

In our opinion: SSA 700.40 S207.2.a

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and S207.2.b

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in the Republic of Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

SSA 700.50

Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

SSA 700.57, 52

Foo Lee Lim
Partner in charge of the audit
Date of appointment: 1 March 2005

Singapore, 27 February 2010

Notes:
* This may be disclosed in the Annual Report of listed company under the section "Corporate Information"

Statements of financial position
As at 31 December 2009

FRS 1.10
FRS 51.a,b,c,d,e

	Note	The Company 31 December 2009 $	The Company 31 December 2008 $	The Company *1 January 2008 $*	The Group 31 December 2009 $	The Group 31 December 2008 $	The Group *1 January 2008 $*	FRS 1.54, 113 SGX 1207.5.a SGX 1207.5.b
ASSETS								
Non-Current								FRS 1.60
Intangible assets	4	**-**	-	*-*	**80,000**	120,000	*150,000*	FRS 1.54.c
Property, plant and equipment	5	**5,471,605**	5,907,176	*7,287,375*	**9,468,249**	10,443,122	*12,154,294*	FRS 1.54.a
Investment properties	6	**4,746,471**	4,800,430	*4,800,430*	**29,506,650**	19,191,449	*24,474,133*	FRS 1.54.b
Subsidiaries	7	**15,373,296**	4,965,299	*4,915,299*	**-**	-	*-*	FRS 1.55
Associates	8	**49,300,793**	49,129,047	*49,102,047*	**56,976,604**	53,253,995	*54,784,745*	FRS 1.54.e
Long-term investments	9	**824,200**	28,920	*28,920*	**824,200**	28,920	*28,920*	FRS 1.54.d
Deferred tax assets	10	**-**	-	*-*	**300,000**	450,000	*200,000*	FRS 1.54.o
		75,716,365	64,830,872	*66,134,071*	**97,155,703**	83,487,486	*91,792,092*	
Current								FRS 1.66
Development properties	11	**38,965,291**	12,800,000	*13,303,000*	**38,965,291**	12,800,000	*20,300,000*	FRS 1.54.g
Construction work-in-progress	12	**4,313,067**	3,644,400	*142,347*	**4,313,067**	3,644,400	*142,347*	FRS 11.42.a
Inventories	13	**3,402,766**	3,348,799	*3,500,000*	**3,402,717**	3,413,414	*3,756,985*	FRS 1.54.g
Trade and other receivables	14	**35,854,025**	46,897,837	*45,092,570*	**35,033,980**	48,689,915	*46,133,084*	FRS 1.54.h
Short-term investments	15	**81,660**	37,200	*37,200*	**81,660**	37,200	*36,400*	FRS 1.54.d
Cash and bank balances	16	**8,924,853**	34,975,540	*3,600,000*	**10,149,185**	35,293,076	*4,210,188*	FRS 1.54.i
		91,541,662	101,703,776	*65,675,117*	**91,945,900**	103,878,005	*74,579,004*	
Disposal group classified as held-for-sale	17	**-**	-	*-*	**2,955,822**	-	*-*	FRS 1.54.j FRS 105.38
		91,541,662	101,703,776	*65,675,117*	**94,901,722**	103,878,005	*74,579,004*	
Total assets		**167,258,027**	166,534,648	*131,809,188*	**192,057,425**	187,365,491	*166,371,096*	
EQUITY AND LIABILITIES								
Capital and Reserves								FRS 1.54.r
Share capital	18	**72,919,205**	70,882,005	*35,000,000*	**72,919,205**	70,882,005	*35,000,000*	FRS 1.78.e
Treasury shares	19	**(1,418,000)**	-	*-*	**(1,418,000)**	-	*-*	FRS 1.78.e
Reserves	20	**31,727,207**	35,086,489	*36,466,688*	**34,850,328**	38,312,206	*49,119,858*	FRS 1.54.r
		103,228,412	105,968,494	*71,466,688*	**106,351,533**	109,194,211	*84,119,858*	
Minority interests		**-**	-	*-*	**2,258,153**	1,253,455	*339,078*	FRS 1.54.o
Total equity		**103,228,412**	105,968,494	*71,466,688*	**108,609,686**	110,447,666	*84,458,936*	
Liabilities								
Non-Current								FRS 1.60
Borrowings	21	**23,096,250**	22,453,750	*12,400,000*	**23,469,620**	23,269,066	*12,482,503*	FRS 1.54.m
Redeemable preference shares	22	**5,000,000**	5,000,000	*5,000,000*	**5,000,000**	5,000,000	*5,000,000*	FRS 32.18
Deferred tax liabilities	10	**1,175,000**	805,000	*360,000*	**1,645,583**	1,262,518	*642,431*	FRS 1.54.o
Employee benefits		**701,500**	450,000	*150,000*	**701,500**	450,000	*450,000*	FRS 1.54.k
		29,972,750	28,708,750	*17,910,000*	**30,816,703**	29,981,584	*18,574,934*	
Current								FRS 1.60
Trade and other payables	23	**31,215,233**	28,917,006	*39,500,500*	**32,708,972**	29,812,991	*40,510,772*	FRS 1.54.k
Borrowings	21	**1,273,222**	1,082,888	*1,082,000*	**14,757,507**	14,466,223	*19,219,346*	FRS 1.54.m
Provisions	24	**-**	-	*-*	**1,255,000**	-	*-*	FRS 1.54.i
Current tax payable		**680,410**	1,857,510	*1,850,000*	**1,521,557**	2,657,027	*3,607,108*	FRS 1.54.n
Dividend payable	31	**888,000**	-	*-*	**888,000**	-	*-*	FRS 10.13
		34,056,865	31,857,404	*42,432,500*	**51,131,036**	46,936,241	*63,337,226*	
Liabilities directly associated with disposal group classified as held-for-sale	17	**-**	-	*-*	**1,500,000**	-	*-*	FRS 1.54.p FRS 105.38
		34,056,865	31,857,404	*42,432,500*	**52,631,036**	46,936,241	*63,337,226*	
Total equity and liabilities		**167,258,027**	166,534,648	*131,809,188*	**192,057,425**	187,365,491	*166,371,096*	

* *Figures for statements of financial position as at 1 January 2008 are "made up" figures as an example in the circumstances where a third statement of financial position is required. These illustrative financial statements do not show the notes which are required to accompany the third statement of financial position per FRS 1.39.*

Statements of financial position
for the financial year ended 31 December 2009 (cont'd)

Notes:

1. An enterprise should present current and non-current assets and liabilities as separate classifications and if presentation based on liquidity provides information that is reliable and more relevant, assets and liabilities should be presented broadly in order of their liquidity. FRS 1.60

2. An asset shall be classified as current when it satisfies <u>any</u> of the following criteria: FRS 1.66
   (a) it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
   (b) it is held primarily for the purpose of being traded;
   (c) it is expected to be realised within twelve months after the financial position date; or
   (d) it is cash or a cash equivalent (as defined in FRS 7 Cash Flow Statements) unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the financial position date.
   All other assets shall be classified as non-current.

3. A liability shall be classified as current when it satisfies <u>any</u> of the following criteria: FRS 1.69
   (a) it is expected to be settled in the entity's normal operating cycle;
   (b) it is held primarily for the purpose of being traded;
   (c) it is due to be settled within twelve months after the financial position date; or
   (d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the financial position date.
   All other liabilities shall be classified as non-current.

4. As a minimum, the statement of financial position shall include line items that present the following amounts: FRS 1.54
   (a) property, plant and equipment;
   (b) investment property;
   (c) intangible assets;
   (d) financial assets (excluding amounts shown under (e), (h) and (i) below);
   (e) investments accounted for using the equity method;
   (f) biological assets;
   (g) inventories;
   (h) trade and other receivables;
   (i) cash and cash equivalents;
   (j) the total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations;
   (k) trade and other payables;
   (l) provisions;
   (m) financial liabilities (excluding amount shown under (k) and (l));
   (n) liability and assets for current tax, as defined in FRS 12 Income Taxes;
   (o) deferred tax liabilities and deferred tax assets, as defined in FRS 12;
   (p) liabilities included in disposal groups classified as held for sale in accordance with FRS 105;
   (q) minority interest presented within equity; and
   (r) issued capital and reserves attributable to equity holders of the parent.

Statements of financial position
for the financial year ended 31 December 2009 (cont'd)

Notes (cont'd):

5. Additional line items, headings and sub-total should be presented on the face of the balance sheet when a Financial Reporting Standard requires it, or when such presentation is relevant to an understanding of the entity's financial position. FRS 1.55

6. The format shown is that of Guidance on Implementation FRS 1 where "Assets" are shown first. It is possible for "Equity and Liabilities" to be shown before "Assets". FRS 1 Guidance

7. If dividends to holders of equity instruments as defined in FRS 32 are proposed or declared after the financial position date, an enterprise should not recognise those dividends as a liability at the financial position date. FRS 10.12

   An enterprise should disclose the proposed or declared in the notes to the financial statements. FRS 1.77

8. For each class of assets, disclose:
   (a) the amount of impairment losses recognised directly in equity during the period FRS 36.126.c
   (b) the amount of reversals of impairment losses recognised directly in equity during the period FRS 36.126.d

9. Assets and liabilities, and income and expenses, should not be offset unless required or permitted by an FRS or INT FRS. FRS 1.32

10. A parent shall consolidate all subsidiaries in its consolidated balance sheet. A parent is exempted from presenting consolidated financial statements if and only if the following conditions are all met: FRS 27.10 S201.3A.a, b
    (a) the parent is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
    (b) the parent's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
    (c) the parent did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
    (d) the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use. FRS 27.41

    If a parent company satisfies all the above conditions and elects not to present consolidated financial statements, it shall disclose the following:
    (a) the fact that the financial statements are separate financial statements;
    (b) that the exemption from consolidation has been used;
    (c) the name and country of incorporation or residence of the entity whose consolidated financial statements have been produced for public use;
    (d) the address where those consolidated financial statements are obtainable; and
    (e) a list and description of significant investments in subsidiaries, jointly controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.

11. Only the balance sheet of the Company is required to be presented with the consolidated financial statements. S201(3A)

Consolidated statement of comprehensive income
for the financial year ended 31 December 2009
(Classification of expenses by function or cost of sales method)

FRS 1.10.b
FRS 1.99
FRS 1.103,
FRS 1 (Guidance)

	Note	**Year ended 31 December 2009 $**	Year ended 31 December 2008 $	FRS 1.51.c, d, e
Continuing operations				
Revenue	3	202,648,927	132,171,093	FRS 1.82.a
Cost of sales		(121,996,552)	(81,167,326)	FRS 2.36, FRS 1.103 FRS 1.99
Gross profit		80,652,375	51,003,767	
Other income	25	2,639,302	2,080,404	
Distribution costs		(25,342,909)	(20,442,125)	FRS 1.99, 103
Administrative expenses		(25,240,564)	(14,695,445)	FRS 1.99, 103
Impairment losses of:				
- Intangible assets	4	(10,000)	-	FRS 36.131
- Property, plant and equipment	15	(823,807)	-	FRS 36.131
Other operating expenses		(25,783,206)	(10,943,063)	FRS 1.99, 103
Other items	26	(317,723)	3,088,420	FRS 8.11
Share of associates' results, net of tax		1,209,580	981,606	FRS 1.82.c FRS 28.38
Finance costs	27	(1,903,935)	(1,731,527)	FRS 1.82.b
Profit from continuing operations before taxation	28	5,079,113	9,342,037	
Taxation	29	(621,652)	(1,428,828)	FRS 12.77 FRS 1.82.d
Profit after taxation from continuing operations		4,457,461	7,913,209	FRS 1.82.f
Loss from discontinued operations, net of tax	17	(3,198,898)	(1,347,849)	FRS 105.33.b
Total profit for the year		1,258,563	6,565,360	FRS 1.82.f
Other comprehensive income after tax [(1)] :	30			
Available-for-sale financial assets [(2)]				
- Fair value (loss)/gain		(2,710)	5,920	
Currency translation differences		416,045	(35,931)	
Cashflow hedges		xx	*xx*	
Disposal of subsidiaries		xx	*xx*	
Revaluation gains on land and buildings		xx	*xx*	
Share of other comprehensive income of associates		xx	*xx*	
Other comprehensive income/(expense) for the year, net of tax		413,335	(30,011)	
Total comprehensive income for the year		1,671,898	6,535,349	

Consolidated statement of comprehensive income
for the financial year ended 31 December 2009 (cont'd)
(Classification of expenses by function or cost of sales method)

FRS 1.10.b
FRS 1.99
FRS 1.103,
FRS 1 (Guidance)

	Note	**Year ended 31 December 2009** $	Year ended 31 December 2008 $	
Profit attributable to:				FRS1.83.a
Owners of the parent		253,865	5,650,983	
Minority interests		1,004,698	914,377	
		1,258,563	6,565,360	
Total comprehensive income attributable to:				FRS 1.83.b
Owners of the parent		667,200	5,620,972	
Minority interests		1,004,698	914,377	
		1,671,898	6,535,349	
Earnings per share	32	Cents	Cents	FRS 33.66, 68
From continuing and discontinued operations:				
- Basis		1.5	6.7	
- Diluted		1.4	6.2	
From continuing operations:				
- Basic		4.2	7.9	
- Diluted		3.9	7.4	

Consolidated statement of comprehensive income
for the financial year ended 31 December 2009 (cont'd)

(Classification of expenses by nature)

FRS 1.10.b
FRS 1.99
FRS 1.103
FRS 1 (Guidance)

	Note	Year ended 31 December 2009 $	Year ended 31 December 2008 $	
				FRS 1.51.c, d, e
Continuing operations				
Revenue	3	**202,648,927**	132,171,093	FRS 1.82.a
Other income	25	**2,639,302**	2,080,404	
Changes in inventories of work-in-progress		**(668,667)**	(1,443,231)	FRS 2.36.d
Raw materials, components and subcontract cost		**(146,218,092)**	(89,521,547)	FRS 2.36.d
Staff costs		**(29,377,896)**	(22,075,928)	FRS 1.104
Depreciation expenses	5	**(1,345,706)**	(1,422,282)	FRS 1.104
Impairment losses of:				
- Intangible assets	4	**(10,000)**	-	FRS 36.131
- Property, plant and equipment	5	**(823,807)**	-	FRS 36.131
Other operating expenses		**(20,752,870)**	(12,784,971)	
Other items	26	**(317,723)**	3,088,420	FRS 8.11
Share of associates' results, net of tax		**1,209,580**	981,606	FRS 1.82.c FRS 28.38
Finance costs	27	**(1,903,935)**	(1,731,527)	FRS 1.82.b
Profit from continuing operations before taxation	28	**5,079,113**	9,342,037	
Taxation	29	**(621,652)**	(1,428,828)	FRS 12.77 FRS 1.82.d
Profit after taxation from continuing operations		**4,457,461**	7,913,209	FRS 1.82.f
Loss from discontinued operations, net of tax	17	**(3,198,898)**	(1,347,849)	FRS 105.33.b
Total profit for the year		**1,258,563**	6,565,360	FRS 1.82.f
Other comprehensive income after tax (1) :	30			
Available-for-sale financial assets (2)				
- Fair value (loss)/gain		**(2,710)**	5,920	
Currency translation differences		**416,045**	(35,931)	
Cashflow hedges		**Xx**	*xx*	
Disposal of subsidiaries		**Xx**	*xx*	
Revaluation gains on land and buildings		**Xx**	*xx*	
Share of other comprehensive income of Associates		**Xx**	*xx*	
Other comprehensive income/(expense) for the year, net of tax		**413,335**	(30,011)	
Total comprehensive income for the year		**1,671,898**	6,535,349	

Consolidated statement of comprehensive income
for the financial year ended 31 December 2009 (cont'd)

	Note	**Year ended 31 December 2009 $**	Year ended 31 December 2008 $	
Profit attributable to:				FRS1.83.a
Owners of the parent		253,865	5,650,983	
Minority interests		1,004,698	914,377	
		1,258,563	6,565,360	
Total comprehensive income attributable to:				FRS 1.83.b
Owners of the parent		667,200	5,620,972	
Minority interests		1,004,698	914,377	
		1,671,898	6,535,349	
Earnings per share	32	Cents	Cents	FRS 33.66, 68
From continuing and discontinued operations:				
- Basis		1.5	6.7	
- Diluted		1.4	6.2	
From continuing operations:				
- Basic		4.2	7.9	
- Diluted		3.9	7.4	

Consolidated statement of comprehensive income
for the financial year ended 31 December 2009 (cont'd)

Notes:

1. Components of other comprehensive income are presented, net of tax. The income tax relating to each component of other comprehensive income is disclosed in the notes. Alternatively, components of other comprehensive income may be presented before tax with one amount shown for the aggregate amount of income tax relating to those components as follows: FRS 1.91.a FRS 1.91.b

Other comprehensive income after tax:	***2009***	*2008*
	$	*$*
Available-for-sale financial assets		
- Fair value again	***XX***	*XX*
- Reclassification and adjustments for gains included in profit and loss upon derecognition	***XX***	*XX*
Currency translation differences	***XX***	*XX*
Cashflow hedges	***XX***	*XX*
Disposal of subsidiaries	***XX***	*XX*
Revaluation gains on land and buildings	***XX***	*XX*
Share of other comprehensive income of associates[(i)]	***XX***	*XX*
Income tax relating to componenets of other comprehensive Income[(ii)]	***XX***	*XX*
Other comprehensive income/(expense) for the year, net of tax	***XX***	*XX*

[(i)] Share of associates' other comprehensive income is after tax and minority interests in the associates.

[(ii)] The income tax relating to each component of other comprehensive income is disclosed in the notes.

2. The current year gains or losses and reclassification adjustments are presented in the statement of comprehensive income. Alternatively, the entity may choose to show an aggregate presentation in the statement of of comprehensive income, in which case, the amounts for reclassification adjustments on current year gains/losses are presented in the notes. FRS 1.90 FRS 1.92

Consolidated statement of comprehensive income
for the financial year ended 31 December 2009 (cont'd)

Other notes:

1. An entity shall present all items of income and expense recognised in a period: FRS 1.81
   (a) In a single statement of comprehensive income, or
   (b) In two statements: a statement showing components of profit and loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income).

   Option (a) is adopted for these illustrative financial statements. If option (b) is adopted, the statement by directors and auditor's report must describe the income statement and statement of comprehensive income separately as follows:-

   "………, the accompanying statements of financial positions, ***consolidated income statement, consolidated statement of comprehensive income****, consolidated statement of changes in equity and the consolidated statement of cash flows,…..to give a true and fair view of the state of affairs of the Company and the Group…..and of the results of the business, changes in equity and cash flows of the Group……."*

2. As a minimum, the face of statement of comprehensive income should include line items which present the following amounts: FRS 1.82
   (a) revenue;
   (b) finance costs;
   (c) share of profits and losses of associates and joint ventures accounted for using the equity method;
   (d) tax expense;
   (e) a single amount comprising the total of (i) the post-tax profit or loss of discontinued operations and (ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation; and
   (f) profit or loss;
   (g) each component of other comprehensive income classified by nature [excluding amounts in (h)];
   (h) share of other comprehensive income of associates and joint ventures accounted forusing the equity method; and
   (i) total comprehensive income.

   Additional line items, headings and sub-totals should be presented on the face of the income statement when such presentation is relevant to understanding of the entity's financial performance. FRS 1.85

3. The following items should be disclosed in the statement of comprehensive income: FRS 1.83.a
   (a) profit or loss for the period attributable to:
       (i) minority interest; and
       (ii) owners of the parent.
   (b) total comprehensive income for the period attributable to: FRS 1.83.b
       (i) minority interest; and
       (ii) owners of the parent.

Consolidated statement of comprehensive income
for the financial year ended 31 December 2009 (cont'd)

4. An entity shall not present any items of income and expense as extraordinary items, either on the face of the income statement or in the notes. FRS 1.87

5. When items of income and expense within profit or loss are material, the nature and amount of such items should be disclosed separately on the face of the income statement or in the notes to the financial statements. FRS 1.97

   Examples are: FRS 1.98
   Write down/(Reversal) of inventories or property, plant and equipment
   Provision/(Reversal) of restructuring costs
   Profit/(Loss) on disposal of property, plant and equipment
   Profit/(Loss) on disposal of investments
   Profit/(Loss) arising from discontinued operations
   Profit/(Loss) from litigation settlements

6. If impairment losses recognised (reversed) during the period are material in aggregate to the financial statements as a whole, disclose a brief description of the following: FRS 36.131
   (a) the main classes of assets affected by impairment losses (reversals of impairment losses) for which no information is disclosed under FRS 36.130; and
   (b) the main events and circumstances that led to the recognition (reversal) of these impairment losses for which no information is disclosed under FRS 36.130.

7. Assets and liabilities, and income and expenses, should not be offset unless required or permitted by an FRS other receivables INT FRS. FRS 1.32

8. The Company should present both basic and diluted earnings per share on the profit and loss statement for each class of ordinary shares that has a different right to share in the net profit for the year. The basic and diluted earnings per share should be presented with equal prominence for all periods presented, even should the amounts disclosed be the same or be negative. Where the Company reports a discontinued operation, it shall disclose the basic and diluted earnings per share in the profit and loss statement or in the notes to the financial statements. FRS 33.66 FRS 33.69 FRS 33.68

9. If dividends to holders of equity instruments as defined in FRS 32 are proposed or declared after the financial position date, an enterprise should not recognise those dividends as a liability at the financial position date. An enterprise should disclose the proposed or declared dividends in the notes to the financial statements. FRS 10.13

Consolidated statement of changes in equity
for the financial year ended 31 December 2009

FRS 1.10.c

	Share capital $	Capital reserve $	Exchange fluctuation reserve $	Share option reserve $	Fair value reserve $	Other reserves $	Retained profits $	Total attributable to equity holders of the parent $	Minority interests $	Total equity $	FRS 1.51.c, d, e
Balance at 1 January 2008	35,000,000	5,156,250	(18,040)	20,157	-	-	43,768,700	83,927,067	339,078	84,266,145	
Prior year adjustment (Note 41)	-	-	-	-	-	-	(500,000)	(500,000)	-	(500,000)	
Balance at 1 January 2008, as restated	35,000,000	5,156,250	(18,040)	20,157	-	-	43,268,700	83,427,067	339,078	83,766,145	
Total comprehensive income for the year	-	-	(35,931)	-	5,920	-	5,650,983	5,620,972	914,377	6,535,349	FRS 1.106.a
Value for employee services received for grant of share options	-	-	-	40,167	-	-	-	40,167	-	40,167	
2008 final tax-exempt (one-tier) dividend of 2.22 cents per share	-	-	-	-	-	-	(1,776,000)	(1,776,000)	-	(1,776,000)	FRS 1.107
Issue of bonus shares	14,000,000	-	-	-	-	-	(14,000,000)	-	-	-	FRS 1.106.c
Issue of ordinary shares	21,882,005	-	-	-	-	-	-	21,882,005	-	21,882,005	
Net gain on disposal of an associate transferred to other reserve	-	-	-	-	-	3,984,400	(3,984,400)	-	-	-	
Balance at 31 December 2008	70,882,005	5,156,250	(53,971)	60,324	5,920	3,984,400	29,159,283	109,194,211	1,253,455	110,447,666	

Consolidated statement of changes in equity
for the financial year ended 31 December 2009 (cont'd)

FRS 1.10.c

	Share capital $	Treasury shares $	Capital reserve $	Exchange fluctuation reserve $	Share option reserve $	Fair value reserve $	Other reserves $	Retained profits $	Total attributable to equity holders of the parent $	Minority interests $	Total equity $	
Balance at 1 January 2009	70,882,005	-	5,156,250	(53,971)	60,324	5,920	3,984,400	29,159,283	109,194,211	1,253,455	110,447,666	
Total comprehensive income for the year	-	-	-	416,045	-	(2,710)	-	253,865	667,200	1,004,698	1,671,898	
Purchase of treasury shares	-	(1,418,000)	-	-	-	-	-	-	(1,418,000)	-	(1,418,000)	FRS 32.33
Issue of ordinary shares	1,994,000	-	-	-	-	-	-	-	1,994,000	-	1,994,000	FRS 1.106.c
Issues of shares under share option scheme	43,200	-	-	-	(11,200)	-	-	-	32,000	-	32,000	
Value for employee services received for grant of share options	-	-	-	-	30,122	-	-	-	30,122	-	30,122	FRS 102.45.a
2008 final tax-exempt (one-tier) dividend of 3.45 cents per share	-	-	-	-	-	-	-	(3,260,000)	(3,260,000)	-	(3,260,000)	FRS 1.107
2009 interim tax-exempt (one-tier) dividend of 0.74 cents per share	-	-	-	-	-	-	-	(888,000)	(888,000)	-	(888,000)	FRS 1.107
Balance at 31 December 2009	**72,919,205**	**(1,418,000)**	**5,156,250**	**362,074**	**79,246**	**3,210**	**3,984,400**	**25,265,148**	**106,351,533**	**2,258,153**	**108,609,686**	

Consolidated statement of changes in equity
for the financial year ended 31 December 2009 (cont'd)

Notes:

1. An entity shall present a statement of changes in equity showing on the face of the statement: FRS 1.106

    (a) total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to minority interest;
    (b) for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with FRS 8;
    (c) the amounts of transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners; and
    (d) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing each change.

2. An enterprise should present, either within this statement or in the notes, the amount of dividends recognised as distributions to owners during the period, and the related amount per share. FRS 1.107

3. When an entity changes an accounting policy upon initial application of an FRS or INT FRS that does not include specific transitional provisions applying to that change, or changes an accounting policy voluntarily, it shall apply the change retrospectively. FRS 8.19.b

Consolidated statement of cash flows
for the financial year ended 31 December 2009
(Indirect method) FRS 1.10.d

	Note	**Year ended 31 December 2009 $**	Year ended 31 December 2008 $	FRS 1.51.c, d, e FRS 7.1
Cash Flows from Operating Activities				
Profit before taxation from continuing operations		**5,079,113**	9,342,037	FRS 7.10,
Loss before taxation from discontinued operations		**(3,198,898)**	(1,347,849)	FRS 7.18.b
Total profit before taxation		**1,880,215**	7,994,188	
Adjustments for:				
Amortisation of bond discount		**(642,500)**	(557,500)	FRS 7.20.c
Amortisation of intangible assets	4	**60,000**	30,000	
Goodwill written off		-	15,444	
Depreciation of property, plant and equipment	5	**1,345,706**	1,622,282	
Other items	26	**-**	(3,088,420)	
Impairment losses of intangible assets	4	**10,000**	**-**	
Impairment of property, plant and equipment	5	**823,807**	-	
Preliminary and pre-operation expenses written off	28	**158,697**	61,775	
Property, plant and equipment written off	28	**10,435**	-	
Profit on disposal of property, plant and equipment		**(68,096)**	(75,879)	
Fair value loss of investment properties		**53,959**	-	
Fair value gains on financial assets at fair value through profit or loss	9.1	**(950)**	(800)	
Share of associates' results		**(1,209,580)**	(981,606)	
Interest expense	27	**1,903,935**	1,731,527	FRS 7.31 - 33
Interest income	25	**(1,571,766)**	(945,077)	FRS 7.31 - 33
Operating profit before working capital changes		**2,753,862**	5,805,934	
(Increase)/decrease in development properties		**(26,165,291)**	7,500,000	FRS 7.20.a
(Increase)/decrease in inventories		**(238,426)**	343,571	
Decrease/(increase) in work-in-progress		**48,051**	(3,185,006)	
Decrease/(increase) in operating receivables		**11,355,635**	(2,265,068)	
Increase/(decrease) in operating payables		**5,921,403**	(8,585,353)	
Cash used in operations		**(6,324,766)**	(385,922)	
Interest paid		**(1,028,935)**	(1,294,027)	
Income taxes paid		**(1,224,057)**	(2,008,822)	
Payment for preliminary and pre-operation expenses		**(158,697)**	-	FRS 7.35
Net cash used in operating activities		**(8,736,455)**	(3,688,771)	
Cash Flows from Investing Activities				FRS 7.10, 21
Acquisition of intangible assets		**(30,000)**	-	FRS 7.16.a
Acquisition of property, plant and equipment (Note A)		**(2,750,701)**	(350,000)	FRS 7.16.b
Acquisition of investment properties		**(10,369,160)**	-	FRS 7.16.c
Proceeds from disposal of property, plant and equipment		**490,605**	347,722	FRS 7.16.d
Purchase of investments		**(841,500)**	-	FRS 7.39, 42
Net proceeds from disposal of investment in subsidiary (Note B)		**-**	2,801,274	FRS 7.16.c
Acquisition of associate		**-**	(492,000)	FRS 7.16.d
Loans to associates		**(2,513,029)**	(753,896)	FRS 7.16.e
Proceeds from disposal of associate		**-**	6,846,672	FRS 7.16.f
Interest received		**1,571,766**	945,077	FRS 7.16.e
Net cash (used in)/generated from investing activities		**(14,442,019)**	9,344,849	FRS 7.31

Consolidated statement of cash flows
for the financial year ended 31 December 2009 (cont'd)
(Indirect method) FRS 1.10.d

	Note	Year ended 31 December 2009 $	Year ended 31 December 2008 $	FRS 1.51.c, d, e
Cash Flows from Financing Activities				FRS 7.10
Proceeds from shares issued		**2,037,200**	21,882,005	FRS 7.21
Purchase of treasury shares		**(1,418,000)**	-	FRS 7.17.b
Loans from bank and financial institutions repaid		**(245,475)**	(10,721,149)	FRS 7.17.d
Payment to finance lease creditors		**(95,521)**	(147,732)	
Dividends paid		**(3,260,000)**	(1,776,000)	
Bond interest paid		**(875,000)**	(437,500)	FRS 7.31
Proceeds from bond issue		**1,285,000**	25,000,000	FRS 7.31
Payment of bond expenses		**-**	(1,988,750)	FRS 7.17.a, c
Net cash (used in)/generated from financing activities		**(2,571,796)**	31,810,874	
Net cash used in discontinued operations	17	**(163,000)**	(784,600)	FRS 105.33.c
Net (decrease)/increase in cash and cash equivalents		**(25,913,270)**	36,682,352	
Cash and cash equivalents at beginning		**34,210,188**	(2,574,129)	FRS 7.45
Exchange differences on translation of cash and bank balances at beginning		**579,045**	101,965	FRS 7.26
Cash and cash equivalents at end	16	**8,875,963**	34,210,188	FRS 7.45

Consolidated statement of cash flows
for the financial year ended 31 December 2009 (cont'd)
(Indirect method) FRS 1.10.d

NOTE:

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $2,750,701 (2008 - $500,000) of which $Nil (2008 - $150,000) was acquired by means of finance leases. Cash payments of $2,750,701 (2008 - $350,000) were made to purchase property, plant and equipment. FRS 7.44.a

B. Acquisition and disposal of subsidiaries

The Group acquired and disposed of certain subsidiaries. The fair value of assets acquired/disposed of and liabilities assumed/discharged were as follows: FRS 7.40

	The Group Acquisition				
	At fair values 2009 $	At carrying amounts 2009 $	**At fair values 2008 $**	At carrying amounts 2008 $	
Net assets acquired					FRS 7.40.d
Expenditure carried forward	**-**	-	**61,775**	61,775	
Other receivables and prepayment	**-**	-	**291,763**	290,451	
Cash and bank balances	**3,200,000**	3,200,000	**392,000**	392,000	
Other payables	**-**	-	**(240,937)**	(240,338)	
Amount owing to directors	**-**	-	**(128,045)**	(130,332)	
Goodwill arising on consolidation written off	**-**	-	**15,444**	15,444	
Purchase consideration	**3,200,000**	3,200,000	**392,000**	389,000	FRS 7.40.a
Less:					
Cash and bank balances in subsidiary acquired	**(3,200,000)**	(3,200,000)	**(392,000)**		FRS 7.40.c
Cash outflow on acquisition	**-**	-	**-**		

In respect of acquisition of subsidiaries amounting to $3,200,000 (2008 - $392,000) which has been discharged by cash, the subsidiaries have invested the cash and bank balances to acquire fixed and current assets since the date of acquisition of the subsidiaries and the same has been reflected in the consolidated cash flow statement. There were no transaction costs (2008 - $10,000). FRS 7.40.b

	2009 $	2008 $	FRS 103.66
Net assets disposed of			
Leasehold property	**-**	5,282,684	
Cash balance	**-**	7,126	FRS 7.40.d
Other payables	**-**	(113,270)	
Amount owing to related companies	**-**	(2,368,140)	
Proceeds received	**-**	2,808,400	FRS 7.40.a
Cash balance in subsidiary disposed of	**-**	(7,126)	FRS 7.40.c
Cash inflow on disposal	**-**	2,801,274	FRS 7.40.b

Consolidated statement of cash flows
for the financial year ended 31 December 2009 (cont'd)

Notes:
Where the reporting entity acquires another subsidiary in the preceding financial year, the comparative information in respect of the assets acquired, liabilities assumed and related cash flows shall be disclosed. The same applies to disposal. FRS 1.38

1. The presentation and classification of items in the cash flow statement must be consistent from one period to the next unless there is a significant change in the nature of operations or the change will result in a more appropriate presentation or is required to be made by an FRS. When the presentation or classification of items is amended, comparatives should also be reclassified and the nature, amount of and reason for the reclassification should be disclosed, unless it is impracticable to do so, in which case the reason for not reclassifying the comparatives should be disclosed together with the nature of the changes that would have been made if the amounts were reclassified. FRS 1.45

   An enterprise should report cash flows from the operating activities using either: FRS 7.18
   (a) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or
   (b) the indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

2. An enterprise should report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities, except to the extent that cash flows described in paragraphs 22 and 24 are reported on a net basis FRS 7.21

3. Cash flows arising from the following operating, investing or financing activities may be reported on a net basis: FRS 7.22
   (a) cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the enterprise; and
   (b) cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short.

4. Cash flows arising from each of the following activities of a financial institution may be reported on a net basis: FRS 7.24
   (a) cash receipts and payments for the acceptance and repayment of deposits with a fixed maturity date;
   (b) the placement of deposits with and withdrawal of deposits from other financial institutions; and
   (c) cash advances and loans made to customers and the repayment of those advances and loans.

5. Cash flows from interest and dividends received and paid should each be disclosed separately. Each should be classified in a consistent manner from period to period as either operating, investing or financing activities. FRS 7.31

Consolidated statement of cash flows
for the financial year ended 31 December 2009 (cont'd)

6. Investing and financing transactions that do not require the use of cash or cash equivalents should be excluded from a cash flow statement. Such transactions should be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities. FRS 7.43
   Examples are:
   (a) the acquisition of an enterprise by means of an equity issue; and FRS 7.44.b
   (b) the conversion of debt to equity. FRS 7.44.c

7. Interest paid and interest and dividend received may be classified as operating or investing cashflows, but the classifications should be consistent between periods. FRS 7.33

8. Dividends paid may be classified as financing or operating, but the classifications should be consistent between period. FRS 7.34

9. Translation differences arising from consolidation of financial statements of foreign entities which are taken to the exchange translation reserve, should be allocated to individual net assets. FRS 7.25, 26

Consolidated statement of cash flows
for the financial year ended 31 December 2009 (cont'd)

Notes:

1. The notes shall: FRS 1.112

   (a) present information about the basis of presentation of the financial statements and the specific accounting policies used;
   (b) disclose the information required by FRSs that is not presented elsewhere in the financial statements; and
   (c) provide additional information which is not presented on the face of the financial statements but is relevant to an understanding of any of them.

2. Notes shall be presented in a systematic manner. Each item on the face of the balance sheet, income statement, statement of changes in equity and cash flow statement should be cross-referenced to any related information in the notes. FRS 1.113

3. The accounting policies section should describe the measurement basis (or bases) used in preparing the financial statements and each specific accounting policy that is relevant to an understanding of the financial statements. FRS 1.117.a FRS 1.117.b

4. An accounting policy may be significant because of the nature of the entity's operation even if amounts disclosed for the current and prior periods are immaterial. It is also appropriate to disclose each significant accounting policy that is not specifically required by FRSs, but is selected and applied in accordance with FRS 8. FRS 1.121

5. An entity shall disclose the judgments management has made in the process of applying the accounting policies that have the most significant impact on the amounts recognised in the financial statement. FRS 1.122

   Where the Company early adopts any revised or new FRS and that early adoption has a material effect on the current period or any prior period presented, or may have a material effect in subsequent periods, the following disclosure should be made: FRS 8.28
   (a) the reasons for the change;
   (b) the amount of the adjustment recognised in net profit or loss in the current period; and
   (c) the amount of the adjustment included in each period for which pro forma information is presented and the amount of the adjustment relating to periods prior to those included in the financial statements. If it is impracticable to present pro forma information, this fact should be disclosed.

Note: The early adoption of a particular standard may necessitate early adoption of certain other standards as well.

6. Accounting policies should be disclosed in the order in which items appear in the balance sheet.

Notes to the financial statements
for the financial year ended 31 December 2009

FRS 10.17

1 General information

The financial statements of the Company and of the Group for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors. FRS 1.138.a

The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore. FRS 1.138.a

The registered office *(to disclose the principal place of business if different from the registered office)* is located at 20 Granthor Building, #02-00, Singapore 888820.

Notes:
If the entity's owner or others have the power to amend the financial statements after the issuance, this fact should be disclosed. FRS 10.17

When an enterprise's balance sheet changes and the financial statements are presented for a period longer or shorter than 12 months, disclosure is required of: (i) the period covered by the financial statements; (ii) the reason for the change; and (iii) the fact that comparative amounts for the income statement, changes in equity, cash flows and related notes are not comparable, for example: FRS 1.36.a, b

"The Company and the Group have changed its financial year-end from 30 September to 31 December to coincide with that of its ultimate holding company, Granthor Plc, following the change of the ultimate holding company's financial year-end/acquisition of the Company and the Group by Granthor Plc. For the above reasons, the financial statements for the current period are not comparable to the previous financial year."

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. FRS 1.16

FRS 1.51.d, e

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information are presented in Singapore dollars, unless otherwise stated.

<u>**Significant accounting estimates and judgements**</u> FRS 1.122

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. FRS 1.125

The critical accounting estimates and assumptions used and area involving a high degree of judgement are described below.

2(a) Basis of preparation (cont'd)

FRS 1.122

Notes:
The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, and by the significance of judgements and estimates made to the results and financial position of the entity.

Instead of disclosing this information in a separate note, it may be more appropriate to include such disclosures in the relevant asset and liability notes, or as part of the relevant accounting policy disclosures.

Critical judgements in applying accounting policies

The Group has recognised revenue amounting to $5,214,145 for development property sold to a customer. The property was handed over to the customer in the month of July 2009, and shortly thereafter certain defects were identified by the customer. Following negotiations, a schedule of works was agreed, which will involve expenditure by the Group until 2010. In the light of the problems identified, management was required to consider whether it was appropriate to recognise the revenue from these transactions in the current year, in line with the Group's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods, set out in FRS 18 Revenue and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

FRS 37.85.a

Significant judgement by management is applied when deciding whether the recognition requirements for developments costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each financial position date. In addition, all internal activities related to the research and development of new products or processes are continuously monitored by management.

Critical assumptions used and accounting estimates in applying accounting policies

FRS 1.122

Impairment tests for cash-generating units containing goodwill
Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segments as follows:

FRS 36.80
FRS 36.134.a

	2009 $	2008 $
Development properties	**20,000**	20,000
Investment properties	**-**	10,000
	20,000	30,000

2(a) Basis of preparation (cont'd)

FRS 1.122

Critical assumptions used and accounting estimates in applying accounting policies (cont'd)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimate rates stated below:

	Development Properties	Investment Properties
	%	%
Gross margin	6.0	2.1
Growth rate	3.1	(1.0)
Discount rate	9.7	6.3

FRS 36.134.c,d

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

These assumptions have been used for the analysis of each CGU. Management determined the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rates used are consistent with industry reports. The discount rates used are pre-tax and reflect specific risks relating to the business segments.

The above estimates are particularly sensitive in the following areas: FRS 36.134(f)

- An increase of one percentage point in the discount rate used would have increased the impairment loss by $10,000 (2008: $5,000).
- A 5% decrease in future gross margin would have increased the impairment loss by $1,000 (2008:$1,500).

Profit from development properties

The Group recognises revenue from development properties based on the percentage of completion method. The cost of sales charged to the income statement is measured by reference to the stage of completion as certified by the architects or quantity surveyors and estimated total development costs. Significant judgement is required in determining the estimated total development costs which includes an estimation of the variation works from the main contractor. The Group estimates the total project costs based on contracts awarded, if any, and the experience of qualified project managers.

2(a) Basis of preparation (cont'd)

Critical assumptions used and accounting estimates in applying accounting policies (cont'd)

Carrying value of development properties
Significant judgement is required in assessing the recoverability of the carrying value of development properties. Analysis has been carried out based on assumptions regarding the selling price and costs of properties. Significant judgement is required in determining total costs of properties, including construction costs and variation orders. The Group estimates total construction costs based on contracts awarded and the experience of qualified project managers. The Group also closely monitors the property price index and market sentiment, and adjustments will be made in future market activity indicates that such adjustments are appropriate. The carrying value of development properties is stated in Note 11.

If the revenue on development properties increases/decreases by 10% from management's estimates, the Group's revenue will increase/decrease by $550,000.

or

If the contract costs to be incurred increase/decrease by 10% from management's estimates, the Group's profit will decrease/increase by $450,000.

Depreciation of property, plant and equipment
Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 5 to 10 years. The carrying amount of the Company's and the Group's property, plant and equipment as at 31 December 2009 are $6,971,605 and $10,968,249 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment in investment in subsidiaries
Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates.

Income tax
The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

As the management believes that the tax positions are sustainable, the Group has not recognized any additional tax liability on these uncertain positions. The maximum exposure of these uncertain tax positions is $350,000.

2(a) Basis of preparation (cont'd)

Critical assumptions used and accounting estimates in applying accounting policies (cont'd

Construction contracts
The Group recognises profits from construction contracts using the percentage of completion method based on the stage of completion. The stage of completion is measured by reference to the architect's certification of value of work done to-date, and the contract costs incurred to-date to the estimated total costs for the contract, as may be applicable.

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

If the revenue on contracts that are work-in-progress increases/decreases by 10% from management's estimates, the Group's revenue will increase/decrease by $673,000. **or**

If the contract costs to be incurred increase/decrease by 10% from management's estimates, the Group's profit will decrease/increase by $431,000.

Significant judgement is also required to assess allowance made for foreseeable losses, if any, where the contract costs incurred for any project exceeds its contract sum.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realizable value of the inventory increase/decrease by 10% from management's estimates, the Group's profit will decrease/increase by $365,000.

Allowance for bad and doubtful debts
Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2(a) Basis of preparation (cont'd)

Notes:

(a) Financial statements should not be described as complying with FRS unless they comply with all the requirements of each applicable FRS and each applicable Interpretation of FRS. FRS 1.16

(b) Inappropriate accounting treatments are not rectified either by disclosure of the accounting policies used or by notes or explanatory material. FRS 1.18

(c) Under the Companies Act, Singapore-incorporated companies need not comply with any requirements of the FRS if they have obtained approval of ACRA for such non-compliance. However, as this is still a non-compliance with FRS, the auditor's report will be qualified in this respect.

(d) In the rare circumstances where the financial statements prepared in accordance with FRS do not present a true and fair view of the financial position or results of companies, non-compliance is allowed to the extent that non-compliance is necessary to give a true and fair view. In such cases, specific disclosures are required to be provided as follows: FRS 1.19, 20

- that management has concluded that the financial statements fairly present the enterprise's financial position, financial performance and cash flows;
- that it has complied in all material respects with applicable FRS except that it has departed from a standard in order to achieve a fair presentation;
- the standard from which it has departed, the nature of the departure, including the treatment that the standard would require, the reason why that treatment would be misleading in the circumstances and the treatment adopted; and
- the financial impact of the departure on net profit or loss, assets, liabilities, equity and cash flows for each period presented.

(e) For voluntary changes in accounting policies that have an effect on current, prior or future periods, an entity should disclose, in addition to the nature and financial impact of the change, the reasons why the new accounting policy results in reliable and more relevant information. FRS 8.29

If a change in accounting policy is not applied retrospectively to a particular prior period because it is impracticable to do so, then an entity should disclose the reasons for impracticability and how and as of what date the change in accounting policy was applied. FRS 8.28, 29

(f) If any prior peiod errors are corrected in the current year's financials statements, then an entity should disclose the nature of the prior period error; to the extent practicable, the amount of the correction for each financial statement line item affected, and basic and diluted earnings per share for each prior period presented; the amount of the correction at the beginning of the earliest prior period presented; and if retrospective restatement is impracticable for a particular prior period, then the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected. FRS 8.49

2(b) Interpretations and amendments to published standards effective in 2009

On 1 January 2009, the Group adopted the new or amended FRS and Interpretations to FRS ("'INT FRS") that are mandatory for application from that date. This includes the following FRS and INT FRS, which are relevant to the Group: FRS 8.28.a

FRS 1 (Revised 2008)	Presentation of Financial Statements
Amendments to FRS 1 (Revised 2008)	Amendments relating to puttable financial instruments and obligations arising on liquidation
FRS 23 (Revised)	Borrowing costs
Amendments to FRS 27	Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
Amendments to FRS 32	Amendments relating to puttable financial instruments and obligations arising on liquidation
Amendments to FRS 39	Amendments relating to reclassification of financial assets
Amendments to FRS 101	Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
Amendments to FRS 102	Amendments relating to vesting conditions and cancellation
Amendments to FRS 107	Amendments relating to reclassification of financial assets
Amendments to FRS 107	Financial Instruments: Disclosures – Improving disclosures about financial instruments
FRS 108	Operating Segments
Amendments to INT FRS 109 and FRS 39	Embedded Derivatives
INT FRS 113	Customer Loyalty Programmes
INT FRS 116	Hedges of a Net Investment in a Foreign Operation
Improvements to FRSs 2008	

The Group has adopted all the new and amended FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 January 2009. The adoption of these new/revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements except for the following:-

2(b) Interpretations and amendments to published standards effective in 2009 (cont'd)

FRS 23 (Revised) Borrowing Costs

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset for which the commencement date for capitalisation is on or after 1 January 2009, as part of the cost of that asset. Previously, the Group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of FRS 23 (Revised) Borrowing Costs in accordance with the transitional provision of this standard; comparatives have not been restated. The change in accounting policy resulted in an increase in the current year's profit before taxation of $XX.

Or:

As the Group has been capitalising borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, the revised standard has no impact to the financial statements.

<u>FRS 1 (Revised) Presentation of Financial Statements</u>

The revised standard requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income. Components of comprehensive income are presented in the primary statement of comprehensive income, comprising profit or loss for the year and other comprehensive income.

The "balance sheets" and "cash flow statement" have been re-titled to "statements of financial position" and "statement of cash flows" respectively.

Comparatives for 2008 have been restated to conform with the requirements of the revised standard.

FRS 108 Operating Segments

FRS 108 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker. There has been no further impact on the measurement of the Group's and the Company's assets and liabilities. Comparatives for 2008 have been restated.

<u>FRS 107 Financial Instruments: Disclosures - Improving disclosures about financial instrument</u>s

The amendments to FRS 107 introduce new disclosures relating to fair value measurements and liquidity risk.

2(c) FRS not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective: FRS 8.30

FRS 27 (amended 2009)	Consolidated and separate financial statements
FRS 103 (revised 2009)	Business combinations
Amendments to FRS 39	Financial instruments: Recognition and measurement - Eligible hedged items
Amendments to INT FRS 109	Reassessment of embedded derivatives
Amendments to FRS 39	Financial instruments: Recognition and measurement - Embedded derivatives
INT FRS 117	Distributions of non-cash assets to owners
INT FRS 118	Transfer of assets from customers
Improvements to FRSs 2009	

The directors do not anticipate that the adoption of other FRS and INT FRS in future periods will have a material impact on the consolidated financial statements of the Group, except as described below:

Notes:
It is not required to list all FRS, INT FRS, or amendments to FRS that are issued but not effective. Only those relevant to the entity should be indicated.

FRS 8.30 does not explicitly state whether the cut-off for these disclosures should be the financial position date or the date of authorisation of financial statements. However, the disclosures under FRS 8.30 should be as near as practicable to the date of authorisation of the financial statements. FRS 8.30 FRS 8.31

The above list of FRS and INT FRS issued but not effective yet is complete as of 31 December 2009. The potential impact of any new or revised FRS and INT FRS after that date but before the issue of the financial statements should also be considered and disclosed.

Below are examples of disclosures:

<u>FRS 27 (amended 2009) and FRS 103 (revised 2009)</u>
(effective for annual periods beginning on or after 1 July 2009)

FRS 27 (amended 2009) and FRS 103 (revised 2009) will become effective for the Group's financial statements for the year ending 31 December 2010. FRS 103 (revised 2009) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. The revised FRS 103 will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

Notes (cont'd):

Amendments to FRS 39 Financial instruments: Recognition and measurement - Eligible hedged items
(effective for annual periods beginning on or after 1 July 2009)

The amendments to FRS 39 on eligible hedged items will become effective for the Group's financial statements for the year ending 31 December 2010. The amendments clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in 2 particular situations: (i) the designation of a one-sided risk in a hedged item; and)ii) the designation of inflation in particular situations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

INT FRS 117 Distributions of non-cash assets to owners
(effective for annual periods beginning on or after 1 July 2009)

INT FRS 117 will become effective for the Group's financial statements for the year ending 31 December 2010 and applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners, in which all owners of the same class of equity instruments are treated equally. This interpretation also applies to distributions that gives owners a choice of receiving either the non-cash assets or a cash alternative. INT FRS 117 requires all non-cash dividends to be accounted for at fair value. Any change in the fair value should be recognised directly in equity. The liability for non-cash dividend should be recognised when the dividend has been authorised and is no longer at the discretion of the entity. Specific disclosures are also required under the interpretation. The INT FRS 117 will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

INT FRS 118 Transfer of assets from customers
(effective for annual periods beginning on or after 1 July 2009)

INT FRS 118 which will become effective for the Group's financial statements for the year ending 31 December 2010, requires an entity who receive an item of property, plant and equipment from customers, to recognise the asset received from customers only if it meets the definition of an asset and it can exercise control over the transferred asset. The entity should record the transferred asset at its fair value on initial recognition. The interpretation also provides guidance on the accounting treatment of the resulting credit arising from the recognition of the transferred asset. In addition, cash contributions will only be accounted for under INT FRS 118 only if certain conditions are met. The INT FRS 118 will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements

It is not required to list all FRS, INT FRS, or amendments to FRS that are issued but not effective. Only those relevant to the entity should be indicated.

FRS 8.30 does not explicitly state whether the cut-off for these disclosures should be the financial position date or the date of authorisation of financial statements. However, the disclosures under FRS 8.30 should be as near as practicable to the date of authorisation of the financial statements. FRS 8.30 FRS 8.31

The above list of FRS and INT FRS issued but not effective yet is complete as of 31 December 2009. The potential impact of any new or revised FRS and INT FRS after that date but before the issue of the financial statements should also be considered and disclosed.

Notes (cont'd):
Below are examples of disclosures:

FRS 27 (amended 2009) and FRS 103 (revised 2009)
(effective for annual periods beginning on or after 1 July 2009)

FRS 27 (amended 2009) and FRS 103 (revised 2009) will become effective for the Group's financial statements for the year ending 31 December 2010. FRS 103 (revised 2009) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. The revised FRS 103 will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

The amended FRS 27 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be reognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with a gain or loss recognised in the profit or loss. The amendments to FRS 27 are not expected to have a significant impact on the consolidated financial statements.

Amendments to FRS 39 Financial instruments: Recognition and measurement - Eligible hedged items
(effective for annual periods beginning on or after 1 July 2009)

The amendments to FRS 39 on eligible hedged items will become effective for the Group's financial statements for the year ending 31 December 2010. The amendments clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in 2 particular situations: (i) the designation of a one-sided risk in a hedged item; and)ii) the designation of inflation in particular situations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

Amendments to INT FRS 109 Reassessment of embedded derivatives and Amendments to FRS 39 Financial instruments: Recognition and measurement - Embedded derivatives
(effective for annual periods ending on or after 30 June 2009)

The amendments to INT FRS 109 and FRS 39 on embedded derivatives will become effective for the Group's financial statements for the year ending 31 December 2010. The amendments requires entities to reassess whether an embedded derivative is required to be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss ("FVTPL") category, based on circumstances that existed on the later of (i) when the enity first became a party to the contract; and (ii) when there was a change in the terms of the contract that significantly modified cash flows. When the fair value of the separated embedded derivative cannot be measured reliably, the entire hybrid financial instrument remains in the FVTPL category. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

Improvements to FRSs 2009 will become effective for the Group's financial statements for the year ending 31 December 2010. These improvements contain amendments to various accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editoral amendments. The Group is in the process of assessing the impact of these amendments.

Notes (cont'd):

There are certain revised/amended IFRS and interpretations that have been issued internationally but have yet to be issued in Singapore as at 31 December 2009.

INT FRS 115	Agreements for the Construction of Real Estate

Further guidance will be provided when the revisewd/amended IFRS and interpretations are subsequently issued in Singapore.

Improvements to FRSs 2009 will become effective for the Group's financial statements for the year ending 31 December 2010. These improvements contain amendments to various accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editoral amendments. The Group is in the process of assessing the impact of these amendments.

There are certain revised/amended IFRS and interpretations that have been issued internationally but have yet to be issued in Singapore as at 31 December 2009.

INT FRS 115 Agreements for the Construction of Real Estate

Further guidance will be provided when the revisewd/amended IFRS and interpretations are subsequently issued in Singapore.

2(d) Summary of significant accounting policies FRS 1.117.b

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is given in Note 7. FRS 27.4

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated income statement from the effective date in which control is transferred to the Group or in which control ceases, respectively. FRS 27.24 FRS 27.30

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. FRS 103.4 FRS 103.37 FRS103.18

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated below. FRS 103.32

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Where accounting policies of a subsidiary do not conform with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group. FRS 27.28

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account. FRS 27.27, 28

Notes:

Where applicable:

The losses applicable to the minority in a subsidiary may exceed the minority interest in the equity of the subsidiary. The excess and any further losses applicable to the minority, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to make good the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the minority's share of losses previously absorbed by the majority has been recouped. FRS 27.35

Where applicable:

The financial statements of the subsidiaries have not been consolidated with the Company's financial statements as the Company itself is a wholly-owned subsidiary of XXX, incorporated in YYY, which prepares consolidated financial statements available for public use. Such financial statements are publicly available. The registered address of XXX is ZZZ.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows: FRS 16.30 FRS 16.50 FRS 16.73.a,b,c

Plant, machinery and survey equipment	5 to 10 years
Motor vehicles	5 to 10 years
Furniture, fittings and equipment	5 to 10 years

No depreciation is provided on freehold land and properties under construction.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. FRS 16.16.b,c FRS 39.98.b

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use. FRS 16.55

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Where applicable:
Grants received or receivable for the acquisition of property, plant and equipment are deducted from the cost of the assets acquired to which the grant relates in arriving at the carrying amount of the asset.

Alternatively, grants relating to assets, including non-monetary grants at fair value, could be presented in the balance sheet by setting up the grant as deferred income. FRS 20.24

Where applicable:

Land and buildings are stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the financial position date. FRS 16.31

When an asset is revalued, any increase in the carrying amount is credited directly to revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. FRS 16.39

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to retained earnings when the asset is de-recognised. FRS 16.40

Property, plant and equipment and depreciation (cont'd)

Notes:
Examples of accounting policy:

For government grants relating to purchase of property, plant and equipment:
"Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on the same basis as and over the expected lives of the related assets."

For change of useful life:
"During the financial year, the Company revised the estimated useful life of the property, plant and equipment to better reflect the estimated periods during which the property, plant and equipment will remain in effective service. The effect of this change in estimate was an increase in the net profit for the financial year and the net book value of property, plant and equipment by $xx,xxx and a corresponding decrease in the accumulated depreciation account by the same amount." FRS 16.51, 61

Where there are different measurement bases of gross carrying amounts, the gross carrying amount for each basis in each category of property, plant and equipment should be disclosed, for example, at cost or at valuation.

Where there are restoration costs relating to the site of property, plant or equipment, the accounting policy for the estimated costs of restoration must be disclosed.

Investment property

Investment properties include those portions of office buildings that are held for long term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the group's own occupation. FRS 40.8 FRS 40.5.10 FRS 40.75b, 8b

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and best-use basis. Changes in fair values are recognised in the income statement. FRS 40.20,30 FRS 40.75e FRS 40.35

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to the income statement. The cost of maintenance, repairs and minor improvement is charged to the income statement when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in the income statement. FRS 40.66 FRS 40.69

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell. FRS 40.57

Investment property (cont'd)

Notes:

FRS 40 allows a policy choice of accounting for investment property using either fair value model (as described above) or the cost model which is similar to the accounting for property, plant and equipment at cost less accumulated depreciation and impairment. FRS 40.75

- When judgement is required to determine the portions of investment property, owner-occupied property and property held for sale in the ordinary course of business, the entity shall disclose the criteria used to distinguish them and the judgements involved. FRS 40.75c FRS 1.122
- A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if and only if: FRS 40.6
  (a) the property will otherwise meet the definition of an investment property; and
  (b) the lessee uses the fair value model to account for its investment properties. Once this classification is selected for one such property, all properties classified as investment properties shall be accounted for using the fair value model.
- A reporting entity can choose to apply the cost model, provided it does not classify any land held under operating leases as investment property. The following accounting policy may be adopted: FRS 40.30, 34

  "Investment properties comprise significant portions of freehold office buildings that are held for long-term rental yields and/or for capital appreciation. Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using [a straight-line] method to allocate the depreciable amounts over the estimated useful lives of [ ] years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each financial position date. The effects of any revision are included in the income statement when the changes arise….."

When the cost model is applied, <u>the fair value of investment property shall be disclosed at each reporting date</u>. In the exceptional cases when an entity cannot determine the fair value of investment property reliably, it shall disclose: FRS 40.79e

(a) a description of the investment property;
(b) an explanation of why fair value cannot be determined reliably; and
(c) if possible, the range of estimates within which fair value is highly likely to lie.

Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing. FRS 38.72 FRS 38.74

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise. FRS 38.112

<u>Goodwill</u>

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. FRS 103.32

Intangible assets (cont'd)

Patents and licenses

Costs relating to patents and licenses which are acquired are capitalised and amortised on straight-line basis over their useful life of three to five years. FRS 38.118

Research and development costs

Research costs are expensed as incurred, except for development costs which relates to the design and testing of new or improved materials, products or processes which are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits. FRS 38.54

Development costs are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful life of 3 to 5 years. FRS 38.97 FRS 38.118

Capitalised costs that are directly attributable to the development phase are recognised as intangible assets provided that they meet the following recognition requirements: FRS 38.57

- demonstration of technical feasibility of the prospective product or processes for sale
- the intangible asset will generate probable economic benefits through sale
- sufficient technical, financial and other resources are available for completion
- the intangible asset can be reliably measured.

Directly attributable costs include direct raw material, employee costs incurred on product development with an appropriate portion of relevant overheads. However, until completion of the development of the products or processes, the assets are subject to impairment testing only. Amortisation commences upon the launch of the sales of the products or from the date the processes is put into use. FRS 38.66

Notes:

The amortisation period should reflect the best estimate of the period during which future economic benefits are expected to flow to the enterprise.

The amortisation method used should reflect the pattern in which the future economic benefits arising from goodwill are expected to be consumed. The straight-line method should be adopted unless there is persuasive evidence that another method is more appropriate in the circumstances.

The amortisation for each period should be recognised as an expense.

Computer software

Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their useful life of five years. FRS 38.118.a,b

Intangible assets (cont'd)
Computer software (cont'd)

Notes:
- If the recoverable amount is determined as "value-in-use", disclose the discount rate used in discounting cash flows to their present value.
- If recoverable amount is determined as net selling price, disclose the basis used to determine net selling price (such as whether selling price was determined by reference to an active market or in same other way).
- If the aggregation of assets for identifying the cash generating unit has changed since the previous estimate of recoverable amount, describe the current and former methods of aggregation and the reason for the change.
- If an intangible asset is amortised over more than 20 years, disclose the reasons including the factors that played a significant role in determining the useful life of the asset.
- The depreciable amount of an intangible asset should be allocated on a systematic basis over the best estimate of its useful life. There is a rebuttable presumption that the useful life of an intangible asset will not exceed twenty years from the date when the assets is available for use. Amortisation should commence when the asset is available for use.

Financial assets FRS 107.21

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable. FRS 39.9 FRS 39.50

All financial assets are recognised on their trade date - the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. FRS 107 AppB5c FRS 39.38

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each financial position date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. FRS 39.17, 20

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Financial assets (cont'd)

Financial assets at fair value through profit or loss — FRS 107.6.AppB5a

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the financial position date. — FRS 39.9, 45; FRS 1.66, 68

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statement. — FRS 39.46, 55.a

Held-to-maturity investments — FRS 107.6

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Company has the positive intent and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment are recognised in income statement. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the income statement. — FRS 39.9, 45; FRS 39.46.b; FRS 39.65

Loans and receivables — FRS 107.6

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the financial position date. These are classified as non-current assets. — FRS 39.9, 45; FRS 1.66, 68

Loans and receivables include trade and other receivables. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or writeback is recognised in the income statement.

Notes:

If Company factors its receivables: — FRS 39.20

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

Impairment losses for certain financial assets carried at cost shall not be reversed. Such financial assets are equity instruments with no reliable fair value measurement (and derivatives linked to such equity instruments). — FRS 39.66

Financial assets (cont'd)

Available-for-sale financial assets
Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the financial position date.

FRS 107.6
FRS 107.AppB5b
FRS 39.9.45
FRS 1.66, 68

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the income statement for the period.

FRS 39.46
FRS 39.55.b

When a decline in the fair value of an available-for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the income statement even though the financial asset has not been derecognised.

FRS 39.67

The amount of the cumulative loss that is removed from equity and recognised in income statement shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in income statement.

FRS 39.68

Impairment losses recognised in income statement for equity investments classified as available-for-sale are not subsequently reversed through income statement. Impairment losses recognised in income statement for debt instruments classified as available-for-sale are subsequently reversed in income statement if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

FRS 39.69
FRS 39.70

Impairment losses recognised in a previous interim period in respect of available for sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or financial position date.

INT FRS 110.8

Determination of fair value
The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

FRS 39 (AG72)
FRS 39 (AG73)
FRS 39 (AG74)
FRS 39.46.c

Derivatives 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. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

FRS 107.21
FRS 39.43, 47
FRS 39.71
FRS 39.86

Derivatives financial instruments and hedging activities (cont'd)

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives 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. FRS 39.88 FRS 107.22

The carrying amount of a derivative designated as 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. FRS 1.66, 69 FRS 107.AppB5c

Fair value hedge FRS 107.22

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. FRS 39.89

The Group has entered into forward foreign exchange contracts that are fair value hedges for foreign currency denominated receivables and payables. These derivatives qualify for hedge accounting.

Cash flow hedge

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the hedging reserve, while the ineffective portion is recognised in the income statement. FRS 107.22 FRS 39.95

Changes in the carrying amount of cash flow hedges are charged to the hedging reserve in equity. Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. When the hedged transaction results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. FRS 39.97 FRS 39.98.b

When a cash flow hedging instrument expires or sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to income statement. FRS 39.101

Net investment hedge

The Group has foreign currency borrowings that qualify as net investmen*t hedge in foreign operations. These hedging instruments are accounted for similarly to cash flow hedges.* FRS 107.22 FRS 39.102

Any gain or loss on the borrowings relating to the effective portion of the hedge is recognised in the currency translation reserve within equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in the currency translation reserve within equity are included in the income statement when the foreign operation is disposed of.

Development properties

Development properties are properties being constructed or developed for future sale. Costs capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties. FRS 23.10

Capitalisation of borrowing costs ceases on issue of Temporary Occupation Permit. The capitalisation rate is determined by reference to the actual rate payable on borrowings for development property, weighted as applicable. FRS 23.22

Development properties are initially stated at cost plus attributable profit less progress billings. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as an asset. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as a liability.

Unsold development properties FRS 2.9

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses. FRS 2.6

Sold development properties

Revenue and cost on development properties that have been sold are recognised using the percentage of completion method. The stage of completion is measured by reference to the development costs incurred to-date to the estimated total costs for the property. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

Subsidiaries

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control. FRS 27.13

Shares in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as 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. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of minority interest. FRS 103.4

Associates FRS 28

An associate is defined as a company, not being a subsidiary or jointly controlled entity, in which the Group has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. FRS 28.2

Investments in associates at company level are stated at cost. Allowance is made for any impairment losses on an individual company basis. FRS 28.11 FRS 28.31

The Group's share of the post-acquisition results of associates, based on the latest available audited financial statements, is included in the consolidated income statement using the equity method of accounting. In applying the equity method, unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. FRS 28.22, 24

Associates (cont'd)

When the Group's share of losses of an associate equals or exceeds the carrying amount of an investment, the Group ordinarily discontinues including its share of further losses. The investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the Group has guaranteed or otherwise committed, for example, in the forms of loans. When the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses recognised. FRS 28.29 FRS 28.30

Notes:

For entities who has joint ventures, to include:

"Joint ventures are those entities whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions."

If equity method of accounting is adopted for joint ventures, entities may include the term "joint ventures" in the method of accounting as set out below for associates. If proportionate consolidation is adopted, to include: FRS 31.57

"The Group's interest in joint ventures is accounted for in the consolidated financial statements using proportionate consolidation. Proportionate consolidation involves combining the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements." FRS 31.30,34

The Group's share of the net assets and post-acquisition retained profits and reserves of associates is reflected in the book values of the investments in the consolidated balance sheet.

Where the accounting policies of an associate do not conform with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group. FRS 28.27

On acquisition of the investment, any difference between the cost of acquisition and the Group's share of the fair values of the net identifiable assets of the associate is accounted for in accordance with the accounting policies on "Consolidation" and "Goodwill". FRS 28.23

When financial statements of associates with different reporting dates are used *(not more than three months apart)*, adjustments are made for the effects of any significant events or transactions between the investor and the associates that occur between the date of the associates' financial statements and the financial position date. FRS 28.25

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. FRS 2.9 FRS 2.36.a, 25

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. FRS 2.6

Construction work-in-progress

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contracts costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. Contract costs comprise materials, direct labour, sub-contractors' cost and an appropriate proportion of overheads. FRS 11.32.a FRS 11.31 FRS 11.22

The percentage of completion is based on architects' certification of construction work completed. FRS 11.39.c

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, irrespective of whether or not work has commenced. FRS 11.36

The aggregated costs incurred and the profit/(loss) recognised in each development property that has been sold are compared against progress billings up to the financial year end. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as due from customers on development properties, under "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on development properties, under "trade and other payables". FRS 11.43 FRS 11.44

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits *(and highly liquid investments which are readily convertible to cash and which are subject to an insignificant risk of changes in value)*. FRS 7.6 & 45

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of cash management.

Notes:

Bank overdrafts should be removed if they are not an integral part of the entity's cash management system and thus, not part of cash equivalents.

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. FRS 105. 6 & 15 FRS 105.25 FRS 105.22

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and: FRS 105.32

(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.

Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. FRS 32.35

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued. FRS 32.33

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company. S76G

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company. FRS 32.33

Notes:
FRS 32 requires directly attributable costs relating to equity transactions to be recognised in equity, but does not specify which equity account. Accordingly, these costs may also be recognised directly against retained earnings.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability. FRS 10.11 FRS 10.13

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Financial liabilities

The Group's financial liabilities include borrowings, redeemable preference shares, provisions, trade and other payables and dividend payable. FRS 107.21 FRS 32.11

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the income statement. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled. FRS 39.14 FRS 39.39

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method. FRS 32.43, 47

Financial liabilities (cont'd)
Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process. FRS 39.56

Borrowings which are due to be settled within 12 months after the balance sheet are included in current borrowings in the balance sheet even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the financial position date. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than 12 months after the financial position date are included in non-current borrowings in the balance sheet. FRS 1.61

5.5% secured bonds due 2011
Proceeds from the bond cum warrants issue are allocated separately between the value of the bonds and the value of the warrants. The fair value of the liability portion is determined using the market interest rate for an equivalent non-convertible bond; this amount is recorded as a non-current liability on the amortised cost basis until it is extinguished on conversion or maturity of the bonds. The remainder of the proceeds is ascribed to the 7,200,000 detachable warrants which are recognised as a capital reserve and an appropriate amount transferred to the share capital account as and when the warrants are exercised. The discount on the value of the bonds is amortised over the life of the bonds of 5 years and charged to the income statement using the effective interest rate method. FRS 32.26 FRS 107.27.a FRS 32.AG31.a

Redeemable preference shares FRS 32.18a
Preference shares, which are redeemable on a specific date or at the option of the shareholders on which carry non-discretionary dividend obligations, are classified as long term liabilities. The dividends on these preference shares are recognised in the income statement as interest expense. FRS 32.36

Notes:
Generally, preference share capital is classified as equity if it is non-redeemable or is redeemable but only at the option of the Company and the dividend payments are discretionary. Dividends thereon are recognised as distributions within equity.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. FRS 39.43, 47

Where applicable,

When convertible bonds are issued at fair value, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is recorded as a non-current liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is recognised and included in shareholders' equity. The carrying amount of the conversion option is not changed in subsequent periods. FRS 32.26 FRS 107.27.a

When a conversion option is exercised, the carrying amount of the conversion option will be taken to share capital. When the conversion option is allowed to lapse, the carrying amount of the conversion option will be taken to retained profits. FRS 32.AG32

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases). FRS 32.18, 28

Dividend distributions to shareholders are included in current financial liabilities when the dividends are payable. FRS 10.12

Financial liabilities (cont'd)

Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts 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. FRS 39.9

Financial guarantee contracts are initially recognised at their fair value plus transaction costs. FRS 39.43

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank. FRS 39.47.c

Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions. FRS 37.14 FRS 37.66

A provision for restructuring is recognised for the expected costs associated with the restructuring of the Group's activities which will entail the closure of the hotel and restaurant business. The provision is based on the best estimate of the direct expenditures to be incurred which are both necessarily entailed by the restructuring and not associated with the on-going activities of the Group. FRS 37.80

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made. FRS 37.59

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs. FRS 37.60

Leases

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation. FRS 17.7, 20 FRS 17.4 FRS 17.25

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment". FRS 17.27

Operating leases

Rentals on operating leases are charged to income statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the income statement when incurred. FRS 17.33 INT FRS 15.5

Leases (cont'd)

Contingent rents are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the income statement when incurred. FRS 17.35.d.i

Where the Group is the lessor,

Finance leases

Where assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method, which reflects a constant periodic rate of return.

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the financial position date. FRS 12.46

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 or taxable profit or loss at the time of the transaction. FRS 12.15

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. FRS 12.39

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. FRS 12.24, 34, 44

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 date of the financial position; and FRS 12.47

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities. FRS 12.51

Current and deferred income taxes are recognised as income or expense in the 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. FRS 12.58, 61, 66

Income taxes (cont'd)
Group tax relief is available for the Singapore incorporated holding company and all its Singapore incorporated subsidiaries with at least 75% equity ownership, directly or indirectly (excluding any foreign shareholdings in the ownership chain) held by Singapore incorporated companies within the Group. Current year's unabsorbed tax losses and capital allowances are available to be set off against taxable profits of profitable subsidiaries within the Group in accordance with the rules.

Current year unabsorbed capital allowances and trade losses of up to $100,000 incurred can be carried back and be set off against the assessable income of the year of assessment immediately preceding the year in which the capital allowance or trade loss arose. The loss carry-back will be given on due claim and subject to satisfaction of the substantial shareholding test and some business test.

Employee benefits
Pension obligations
The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the income statement in the period to which the contributions relate. FRS 19.36

If applicable, the Company also operates a number of defined benefit pension and other post retirement benefit plans. The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains and losses for each individual plan exceed 10% of the defined benefit obligation and the fair value of plan assets. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans. FRS 19.54, 58, 96 FRS 19.120.a

Employee leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the financial position date. FRS 19.10

Employee Share Option Scheme
The Company also has an employee share option plan for the granting of non-transferable options.

The Group issues equity-settled share-based payments to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each financial position date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period. FRS 102.2.a FRS 102.7, 8 FRS 102.16 FRS 102.19 FRS 102.20

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees. INT FRS 108.8, 10 INT FRS 108.12

Employee benefits (cont'd)

Employee Share Option Scheme (cont'd**)**

In the Company's separate financial statements, the fair value of options granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

Key management personnel FRS 24.9

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors *(and certain general managers)* are considered key management personnel.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Impairment of non-financial assets

The carrying amounts of the Company's and Group's non-financial assets subject to impairment are reviewed at each financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. FRS 36.9

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified. FRS 36.66

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows. FRS 36.6

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. FRS 36.10 FRS 36.9

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. FRS 36.59 FRS 36.104 FRS 36.110

Any impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to equity. FRS 36.60

Impairment of non-financial assets (cont'd)

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. FRS 36.124 FRS 36.114
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. FRS 36.117
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement. FRS 36.120

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or financial position date. FRS 36.124 INT FRS 110.8

Notes:
A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. FRS 36.6

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets shall be identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity shall use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating: FRS 36.IN10

(a) The future cash inflows used to determine the asset's or cash-generating unit's value in use; and
(b) The future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

FRS 36.72

Cash-generating units should be identified consistently from period to period from the same asset or type of assets, unless a change is justified.

FRS36.75

The carrying amount of a cash-generating unit should be determined consistently with the way the recoverable amount of the cash-generating unit is determined.

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. This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties. FRS 23 (8,12,14) FRS 39 (47)

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are required to be capitalised into the cost of the qualifying assets for annual periods beginning on or after 1 January 2009. Previously, FRS 23 Borrowing Costs allowed for an accounting policy choice between capitalising those borrowing costs or expensing them as incurred.

Where capitalising borrowing costs directly attributable to obtaining a qualifying asset constitutes a change in accounting policy (i.e. the entity used to expense those borrowing costs as incurred), an entity shall start capitalising those borrowing costs only for qualifying assets for which the commencement date for capitalisation is on or after the beginning of the first annual period beginning on or after 1 January 2009 (i.e. 1 January 2009 for calendar year-end entities).

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. FRS 1.117 FRS 18.14

Dividend income from investments is recognised gross when the right to receive the dividend has been established. FRS 18.30.c

Interest income is recognised on a time-apportioned basis using the effective interest rate method. FRS 18.30.a

Revenue recognition (cont'd)

Rental and related income from investment properties are recognised on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of total lease income. Penalty payments on early termination, if any, are recognised when incurred. Contingent rents are mainly determined as a percentage of tenant's revenue during the month and/or based on the landlord's traffic movement during the month. These leases are for terms of two to three years with options to review at market rates thereafter. FRS 17.50, 39 INT FRS 15.4

Revenue and profits from sale of development properties are recognised on the percentage of completion method based on architect's certification of construction work completed in respect of properties sold. Had income from sale of development properties been recognised on the completion of construction method, the effect on the current year financial statements are as follows: FRS 18.20 RAP 11

Increase/(decrease)	$
i) Retained profits as at 1.1.2009	xxx,xxx
ii) Revenue	(xxx,xxx)
iii) Profit for the year	xxx,xxx
iv) Development properties as at 1.1.2009	xxx,xxx
v) Development properties as at 31.12.2009	xxx,xxx

Revenue from project management is recognised based on the percentage of completion method over the period taken to complete the project. FRS 18.20

Revenue from general construction and interior works is recognised based on the percentage of completion method over the period taken to complete the work. FRS 11.39

Room revenue under the long-term advance booking plan is recognised as income on the earlier of actual utilisation of the rooms or on expiry of the owners' annual entitlement and the remaining balance is recorded in the balance sheet as deferred income. FRS 18.14, 20

FRS 18.20

Revenue from hotel and restaurant operations is recognised when services are rendered.

Notes:
Under RAP 11, property developers who continue to use the percentage of completion method ("POC") rather than the completed contract method ("COC") must provide additional disclosures as if the COC method had been applied. This is for Singapore FRS only. Accounts which comply with IFRS should use the COC method.

Functional currencies

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 of the Group and the Company are presented in Singapore Dollars, which is also the functional currency of the Company. FRS 21.8 FRS 1.51.d, e

Note:
The functional currency of an investment holding company should be consistent with its underlying subsidiaries since its results is largely influenced by the primarily economic environment of the subsidiaries.

Conversion of foreign currencies

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 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 financial position date are recognised in the income statement, unless they arise from borrowings in foreign currencies, 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 the profit or loss as part of the gain or loss on disposal of the foreign operation. FRS 21.21 FRS 21.23.a FRS 21.28 FRS 21.32 FRS 39.102

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. FRS 21.48 FRS 21.23.c

Group entities

The results and financial position of all the entities (*none of which has the currency of a hyperinflationary economy*) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows: FRS 21.39

(i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
(ii) Income and expenses are translated at average exchange rates (*unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions*); and
(iii) All resulting currency translation differences are recognised in the currency translation reserve in equity. FRS 1.79.b

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used. FRS 21.47 FRS 21.59

Alternatively, if functional currency is other than Singapore dollars:

The books of accounts of the Company are maintained in the functional currency which is the United States dollars. Other currencies are considered as foreign currencies.

Monetary assets and liabilities in foreign currencies are translated into US dollars at rates of exchange closely approximating those ruling at financial position date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the income statement in the period in which they arise. FRS 21.23.a FRS 21.21 FRS 21.28

As the shareholders are mainly residing in Singapore, the financial statements of the Company have been translated from US dollars to Singapore dollars for presentation purpose. Assets, liabilities and equity items other than the net profit or loss for the current period are translated at the rate of exchange ruling at the financial position date. Income and expense items are translated at the average exchange rate for the year. The resultant exchange differences are recognised directly in equity. FRS 21.53

Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the chief executive officer who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance. FRS 108.5

3 Principal activities and revenue

The principal activities of the Company consist of property development, investment holding and general construction works. The principal activities of the subsidiaries are as stated in Note 7. FRS 1.138.a

The Group is currently in the process of closing down its hotel and restaurant operations (Note 38 Statement of Operations by Segments and Note 30 Discontinued Operations) in an effort to focus on the Group's core activities.

Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax, are detailed as follows: FRS 18.35.b

The Group	**2009** **$**	2008 $
Property development	**197,569,526**	131,233,632
Property investment and investment holding	**4,879,429**	737,361
Others	**199,972**	200,100
	202,648,927	132,171,093

4 Intangible assets

The Group

	Goodwill $	Patent & licenses $	Development costs $	Computer software $	Total $	FRS 38.118
Cost						
At 1 January 2008	30,000	110,000	30,000	10,000	180,000	
Additions			-	-	-	
Disposal			-	-	-	
At 31 December 2008	30,000	110,000	30,000	10,000	180,000	FRS 38.118.c
Additions		30,000	-	-	30,000	FRS 38.118.e.i
Acquistion of subsidiary			-	-	-	
Disposal of subsidiary			-	-	-	
Disposal			(30,000)	-	(30,000)	FRS 38.118.e.ii
Currency translation differences			-	-	-	
At 31 December 2009	**30,000**	**140,000**	**-**	**10,000**	**180,000**	FRS 38.118.c
Accumulated amortisation/ impairment losses						
At 1 January 2008			25,000	5,000	30,000	
Amortisation for the year (Note 28)		23,000	5,000	2,000	30,000	
Impairment losses recognised/(reversed)			-	-	-	
At 31 December 2008		23,000	30,000	7,000	60,000	FRS 38.118c
Amortisation for the year (Note 28)		58,000	-	2,000	60,000	FRS 38.118.e.vi
Impairment losses recognised/(reversed) (Note 28)	10,000		-	-	10,000	FRS 38.118.c, e.iv
Disposals			(30,000)	-	(30,000)	FRS 38.118.e.ii
At 31 December 2009	**10,000**	**81,000**	**-**	**9,000**	**100,000**	
Net book value						
At 31 December 2009	**20,000**	**59,000**	**-**	**1,000**	**80,000**	
At 31 December 2008	**30,000**	**87,000**	-	3,000	120,000	

4 Intangible assets (cont'd)

Goodwill (cont'd)

Impairment tests for goodwill
Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to countries of operation and business segments.

A segment-level summary of the goodwill allocation is as follows:

FRS 36..134.a

	Group					
	2009			2008		
	Property development $'000	Other operations $'000	Total $'000	Property development $'000	Other operations $'000	Total $'000
Singapore	**-**	**18,000**	**18,000**	-	28,000	28,000
Other Asean countries	**2,000**	**-**	**2,000**	2,000	-	2,000
	2,000	**18,000**	**20,000**	2,000	28,000	30,000

The recoverable amount of a CGU was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the component parts business in which the CGU operates.

FRS 36.134.c

FRS 36..134.d.iii

Key assumptions used for value-in-use calculations:

FRS 36.134.d.i,iv,v

	2009			
	Property development		***Other operations***	
	Singapore	Other Asean	Singapore	Other Asean
Gross margin[1]	**30.0%**	**36.0%**	**28.0%**	**35.0%**
Growth rate[2]	**1.8%**	**2.1%**	**1.1%**	**2.4%**
Discount rate[3]	**7.3%**	**12.1%**	**7.5%**	**12.5%**

	2008			
	Property development		*Other operations*	
	Singapore	Other Asean	Singapore	Other Asean
Gross margin[1]	60.0%	56.0%	58.0%	55.0%
Growth rate[2]	5.8%	1.9%	5.1%	1.4%
Discount rate[3]	6.3%	12.8%	6.5%	13.5%

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

4 Intangible assets (cont'd)

Goodwill (continued)

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of the market development. The weighted average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. FRS 36.134.d.ii FRS 36.55

An impairment charge of $10,000 (2008: Nil) arises from the other operations CGU in Singapore segment following a decision to reduce the production output as a result of reducing customer demand. FRS 36.126.a FRS 36.130

The impairment test carried out as at 31 December 2009 for the other operations CGU in Singapore, which includes 90% of the goodwill recognised on the balance sheet has revealed that the recoverable amount of the CGU is only $18,900 or 5% higher than its carrying amount. This is the result of the significant pressure felt on selling prices and a sharp decrease in demand encountered as a result of the economic crisis. A further decrease in the growth margin by 1% or a decrease in the growth rate by 0.5% would result in the recoverable amount of the other operations CGU in Singapore to equal its carrying amount.[2] FRS 36.134.f

Amortisation expense included in the income statement is analysed as follows[1]:

The Group	**2009** **$**	2008 $
Cost of sales	**58,000**	28,000
Administrative expenses	**2,000**	2,000
	60,000	30,000

Notes:

(1) These disclosures are required only of entities that present expenses by function on the face of the income statement. FRS 38.118.d

(2) If a reasonably possible change in a key assumption on which management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount, disclose: FRS 36.134.f

a. The amount by which the unit's recoverable amount exceeds its carrying amount;
b. The value assigned to the key assumption;
c. The amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's recoverable amount to be equal to its carrying amount.

4 Intangible assets (cont'd)

Notes:

(a) Additional disclosures are required for intangibles acquired by way of government grant: FRS 38.122.c
- (i) the fair value initially recognised for these assets
- (ii) their carrying amount
- (iii) whether they are carried under the cost model or revaluation model

(b) Disclose the existence and carrying amounts of any intangible assets whose title is restricted or which are pledged as security for liabilities. FRS 38.122.d

(c) Disclose the amount of contractual commitments for the acquisition of intangible assets. FRS 38.122.e

(d) If intangible assets are carried at revalued amounts, the following should be disclosed: FRS 38.124
- (a) by class of intangible assets:
  - (i) the effective date of the revaluation;
  - (ii) the carrying amount of revalued intangible assets; and
  - (iii) the carrying amount that would have been included in the financial statements had the revalued class of intangible assets been measured after recognition using the cost model;
- (b) the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders; and
- (c) the methods and significant assumptions applied in estimating the assets' fair values.

(e) For an intangible asset assessed as having an indefinite useful life, an entity should disclose the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving these reasons, the entity should describe the factor(s) that played a significant role in determining that the asset has an indefinite useful life. FRS 38.122.a

(f) Describe any individual intangible asset that is material to the financial statements, including the carrying amount and remaining amortisation period. FRS 38.122.b

5 Property, plant and equipment

The Company	Plant, machinery and survey equipment $	Motor vehicles $	Furniture, fittings and equipment $	Total $	
					FRS 16.73
Cost					
At 1 January 2008	8,762,009	2,683,683	709,979	12,155,671	
Additions	-	-	-	-	
Disposals	-	-	-	-	
At 31 December 2008	**8,762,009**	**2,683,683**	**709,979**	**12,155,671**	FRS 16.73.d
Additions	**575,965**	**413,960**	**111,393**	**1,101,318**	FRS 16.73.e.i
Disposals	**(103,561)**	**(372,118)**	**-**	**(475,679)**	FRS 16.73.e.ii
At 31 December 2009	**9,234,413**	**2,725,525**	**821,372**	**12,781,310**	FRS 16.73.d
Accumulated depreciation/impairment loss					
At 1 January 2008	3,709,373	910,778	248,145	4,868,296	
Depreciation (Note 5.1)	1,171,408	148,118	60,673	1,380,199	
Impairment losses	-	-	-	-	
Disposals	-	-	-	-	
At 31 December 2008	**4,880,781**	**1,058,896**	**308,818**	**6,248,495**	FRS 16.73.d
Depreciation (Note 5.1)	**1,171,408**	**244,808**	**60,673**	**1,476,889**	FRS 16.73.e.vii
Impairment losses	**-**	**-**	**-**	**-**	FRS 16.73.e, e.ii
Disposals	**(88,561)**	**(327,118)**	**-**	**(415,679)**	FRS 16.73.d
At 31 December 2009	**5,963,628**	**976,586**	**369,491**	**7,309,705**	
Net book value					
At 31 December 2009	**3,270,785**	**1,748,939**	**451,881**	**5,471,605**	
At 31 December 2008	3,881,228	1,624,787	401,161	5,907,176	

5 Property, plant and equipment (cont'd)

The Group	Freehold land $	Plant, machinery and survey equipment $	Motor vehicles $	Furniture, fittings and equipment $	Total $	
						FRS 16.73
Cost						
At 1 January 2008						
Cost	2,000,000	8,762,009	2,555,526	3,940,849	17,258,384	
Additions	-	-	500,000	-	500,000	
Disposals	-	-	(371,843)	-	(371,843)	FRS 16.73.d
At 31 December 2008	**2,000,000**	**8,762,009**	**2,683,683**	**3,940,849**	**17,386,541**	
Exchange difference on translation	**-**	**-**	**-**	**5,409**	**5,409**	FRS 16.73.e.viii
Additions	**-**	**1,421,711**	**809,693**	**519,297**	**2,750,701**	FRS 16.73.e.i
Disposals	**-**	**(125,500)**	**(718,123)**	**(9,964)**	**(853,587)**	FRS 16.73.e.ii
Transfer to assets held for sale (Note 17)	**-**	**(721,500)**	**-**	**(60,010)**	**(781,510)**	FRS 16.77.d
At 31 December 2009	**2,000,000**	**9,336,720**	**2,775,253**	**4,395,581**	**18,507,554**	
Accumulated depreciation/impairment losses						
At 1 January 2008	-	3,763,132	947,329	393,629	5,104,090	
Depreciation	-	1,117,649	211,567	610,113	1,939,329	
Disposals	-	-	(100,000)	-	(100,000)	FRS 16.73.d
At 31 December 2008	**-**	**4,880,781**	**1,058,896**	**1,003,742**	**6,943,419**	
Exchange difference on translation	**-**	**-**	**-**	**5,504**	**5,504**	FRS 16.73.e.viii
Impairment losses recognised (Note 28)	**-**	**823,807**	**-**	**-**	**823,807**	FRS 16.73.e.v FRS 16.73.e.vii
Depreciation	**-**	**1,171,408**	**246,880**	**644,136**	**2,062,424**	FRS 16.73.e.ii
Disposals	**-**	**(88,561)**	**(327,118)**	**(5,059)**	**(420,738)**	
Transfer to assets held for sale (Note 17)	**-**	**(350,100)**	**-**	**(25,011)**	**(375,111)**	FRS 16.73.d
At 31 December 2009	**-**	**6,437,335**	**978,658**	**1,623,312**	**9,039,305**	
Net book value						
At 31 December 2009	**2,000,000**	**2,899,385**	**1,796,595**	**2,772,269**	**9,468,249**	
At 31 December 2008	2,000,000	3,881,228	1,624,787	2,937,107	10,443,122	

5 Property, plant and equipment (cont'd)

Depreciation expense

	The Company		The Group	
	2009	2008	**2009**	2008
	$	$	**$**	$
Depreciation expense charged to:				
Income statement (Note 28)	**760,171**	1,063,152	**1,345,706**	1,622,282
Construction work-in-progress (Note 12)	**716,718**	317,047	**716,718**	317,047
	1,476,889	1,380,199	**2,062,424**	1,939,329

Notes:
If additions during the year include capitalised borrowing costs and foreign exchange differences, these amounts must be disclosed. For borrowing costs, the rate of capitalisation should be disclosed as well.

(a) The net book value of hotel equipment and motor vehicles acquired under finance lease for the Group amounted to $266,612 (2008 - $302,863) and $70,000 (2008 - $85,000) respectively. FRS 17.31.a

(b) Motor vehicles costing $1,175,525 (2008 - $1,275,525) for the Company and $1,225,253 (2008 - $1,325,253) for the Group are registered in the names of certain directors and employees. These are held in trust for the Company and for the respective companies in the Group. FRS 16.74

(c) Freehold land of 2,000 sq. metres is located at 1 Thomas Road, Singapore held by a wholly-owned subsidiary. A third party is building a commercial property on the freehold land which has been rented to that third party for a period of 25 years for the specific business of that third party. SGX 1207.10

(d) The impairment losses represent the write-down of certain property, plant and equipment to recoverable amount due to the pending closure of the hotel and restaurant business and have been charged against the restructuring provision. The recoverable amount was determined at the cash generating unit level (hotel and restaurant business) and is based on the net selling price determined with respect to amounts received in recent transactions for similar assets. The carrying amount of property, plant and equipment which will be disposed of as part of the closure has been transferred to "Assets held for sale". Refer to Note 17 for further details. FRS 36.130.a FRS 36.130.c-d

(e) Where applicable: FRS 16.77.a-c
Freehold land and buildings of the Groop are revalued as at 31 December 2009 by XYZ (Property Consultants) Pte Ltd, a firm of independent professional valuers, at open market value on an existing use basis. The revaluation surplus amounting to $XXX (2008:$XXX) have been transferred to the revaluation reserve of the Group. The carrying amount of freehold land and buildings of the Group would have been $XXX (2008:$XXX) had the freehold land and buildings been carried at cost less depreciation and impairment losses. FRS 16.77.f SGX 1207.10

(f) Where applicable: FRS 16.74.a
Bank borrowings are secured on property, plant and equipment of the Group and the Company with carrying amounts of $XXX and $XXX respectively (2008: $XXX and $XXX) (Note 21).

5 Property, plant and equipment (cont'd)

Notes:

SFRS 16 paragraph 68A requires an entity that, in the course of its ordinary activities, routinely sells items of property, plant and equipment that it has held for rental to others shall transfer such assets to inventories at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets shall be recognised as revenue in accordance with FRS 18 *Revenue*. FRS 105 does not apply when assets that are held for sale in the ordinary course of business are transferred to inventories.

The SGX disclosures may be separated from the financial statements.

(a) Disclose unfulfilled conditions and other contingencies attaching to government's assistance that has been recognised.

(b) When relevant, FRS 16 encourages the disclosure of:
- (i) carrying amount of temporarily idle property, plant and equipment (which must be depreciated) ; FRS 16.79
- (ii) gross carrying amount of fully depreciated property, plant and equipment still in use;
- (iii) carrying amount of property, plant and equipment retired from active use and not classified as held-for-sale in accordance with FRS 105; and
- (iv) where the cost model is used, the fair value of property, plant and equipment when fair value is materially different from the carrying amount.

(c) Disclosure of expenditures on account of property, plant and equipment in the course of construction. FRS 16.74.b

(d) Disclosure of compensation from third parties of property, plant and equipment that were impaired, lost or given up that is included in the profit and loss. FRS 16.74.d

(e) For revalued property, plant and equipment, disclose:
- (i) the effective date of revaluation; FRS 16.77
- (ii) whether an independent valuer was involved;
- (iii) methods and assumptions applied;
- (iv) the extent to which fair value were determined by reference to active market or recent market transaction on arm's length terms or other valuation techniques;
- (v) the carrying amount of each class of property, plant and equipment that would have been included in the financial statements had the assets been carried under the cost model; and
- (vi) the revaluation surplus, indicating the movement for the period and restrictions on the distribution of the balance to shareholders.

6 Investment properties

	The Company		The Group		
	2009	2008	2009	2008	
	$	$	**$**	$	
At beginning of year	**4,800,430**	4,800,430	**19,191,449**	19,191,449	FRS 40.76
Acquisition during the year	**-**	-	**10,369,160**	-	
Net fair value loss recognised in the income statement	**(53,959)**	-	(53,959)	-	FRS 40.76
At end of year	**4,746,471**	4,800,430	**29,506,650**	19,191,449	

(a) The investment properties, all held by either the Company or by wholly-owned subsidiaries, comprise: SGX 1207.10

Location	Description	Area (sq. metres)	Tenure
80 Sea Road 48th Floor of Parade Court	9 office units, at valuation	1,038	99 years lease commencing 17 August 1999
Land Parcels Nos. 77 to 82 Pasir Potong Conservation Phase 2C	149 office units, at valuation	908.2	99 years lease commencing 28 September 1998
1 Park Road Malay Complex	1 residential apartment, at valuation	104	99 years lease commencing 25 March 1978
157 - 173 Hope Boulvard Capital City Republic of Crystan	203-room hotel	2,349	30 years lease commencing 25 September 2009

(b) Leasehold properties at Parade Court are mortgaged for long-term loans from a financial institution (Note 21.2). Leasehold properties at Pasir Potong are mortgaged for the 5.5% secured bonds 2011 (Note 21.3). FRS 40.75.g

(c) Investment properties are carried at fair values at the financial position date as determined by independent professional valuers. Valuations are made annually based on the properties' highest-and-best-use using the Direct Market Comparison Method. FRS 40.75.d

(d) Investment properties are leased to non-related parties under operating leases. FRS 17.56.c
FRS 17.57

(e) The following amounts are recognised in the income statement:

	The Company		The Group		
	2009	2008	**2009**	2008	
	$	$	**$**	$	
Rental income	**xxx**	xxxx	**xxx**	xxx	FRS 40.75.f.i
Direct operating expenses arising from investment properties that generated rental income	**xxx**	xxx	**xxx**	xxx	FRS 40.75.f.ii
Property tax and other direct operating expenses arising from an investment property that did not generate rental income	**xxx**	xxx	**xxx**	xxx	FRS 40.75.f.ii

6 Investment properties (cont'd)

Notes:
Under the amendment to FRS 40 that became effective 1 January 2009, investment property that is being constructed or developed for future use as investment property is accounted for as investment property.

An entity is encouraged, but not required, to determine fair value by reference to a valuation by an independent valuer who holds a recognised and relevant professional qualification and who has recent experience in the location and category of the investment property being valued. An entity should disclose the extent to which the fair value is based on a valuation by an appropriate independent valuer. If there has been no such valuation, that fact should be disclosed. FRS 40.75.e

Adjustment to fair value
When a valuation obtained for investment property is adjusted significantly for the purpose of the financial statements, for example to avoid double-counting for assets or liabilities that are recognised as separate assets and liabilities, the entity shall disclose a reconciliation between the valuation obtained and the adjusted valuation included in the financial statements, showing separately the aggregate amount of each type of significant adjustment. FRS 40.50 FRS 40.77

7 Subsidiaries

FRS 27.37.a

The Company	**2009** **$**	2008 $
Unquoted equity investments, at cost	**8,930,006**	5,730,006
Impairment losses	**(1,154,580)**	(1,154,580)
	7,775,426	4,575,426
Amounts owing by subsidiaries on long-term loan account	**7,597,870**	389,873
	15,373,296	4,965,299

The amounts owing by subsidiaries on long-term loan account are an extension of the Company's net investment in the subsidiaries. These are unsecured, interest-free and are not expected to be repaid within one year. Because they represent net investments, with indeterminable repayments, fair valuation is not appropriate.

The fair value of the non-current loan is $7,650,700 (2008 - $373,753) based on discounted cash flows using a discount rate determined based on the credit rating of that subsidiary. FRS 103.59.a FRS 103.60

On 1 December 2009, the Company acquired 100% of the issued share capital of Granthor International Pte Ltd for a cash consideration of $3,200,000. The fair value of the net assets acquired approximated their book value. The effect of the acquisition to the Group's financial position is disclosed in the consolidated cash flow statement (Note B). There were no intangibles assets identified which were previously not recorded in the subsidiary, after a purchase price allocation exercise had been performed. FRS 103.62

The subsidiary acquired during the year contributed $66,000 to Group's profit for the year. If acquisition had occurred on 1 January 2009, Group's revenue and profit would have been $203,228,927 and $2,008,563 respectively. The subsidiary's assets and liabilities at 31 December 2009 were $3,236,000 and $30,000 respectively.

7 Subsidiaries (cont'd)

The subsidiaries are:

FRS 24.14

Name	Country of incorporation/ principal place of business	Cost of investment		Percentage of equity held		Principal activities
		2009	2008	**2009**	2008	
		$	$			
Held by the Company						
Dalvey Investment Pte Ltd [(1)]	Singapore	**2,500,000**	2,500,000	**100%**	100%	Investment holding and project management
Quattro Investment Pte Ltd [(1)]	Singapore	**3,230,006**	3,230,006	**100%**	100%	Investment holding
Granthor International Pte Ltd [(1)]	Singapore	**3,200,000**	-	**100%**	-	Investment holding
Held by Dalvey Investment Pte Ltd						
Granthor Hotel (Pte.) Ltd [(1)]	Singapore	**-**	-	**51%**	51%	Investment holding and hotel operator
Ungale Restaurant Pte Ltd [(1)]	Singapore	**-**	-	**100%**	100%	Restaurateur
Held by Quattro Investment Pte Ltd						
Granthor Properties Sdn Bhd [(2)]	Malaysia	**-**	-	**90%**	90%	Property development
Granthor Ltd [(2)]	Republic Of Crystan	**-**	-	**70%**	-	Property development
		8,930,006	5,730,006			

(1) audited by Foo Kon Tan Grant Thornton LLP
(2) audited by members of Grant Thornton International Limited

Notes:
To disclose the name of the public accounting firms for Singapore incorporated subsidiaries for which the issuer has control and significant foreign incorporated subsidiaries.

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8 Associates

	The Company		The Group	
	2009	2008	**2009**	2008
	$	$	**$**	$
Unquoted equity investments, at cost	**41,716,168**	41,716,168	**47,038,000**	47,038,000
Share of post-acquisition profits and reserves	**-**	-	**3,136,410**	1,926,830
Exchange differences on consolidation	**-**	-	**(3,327,487)**	(3,223,714)
	41,716,168	41,716,168	**46,846,923**	45,741,116
Amounts owing by associates on long-term loan account	**7,584,625**	7,412,879	**10,129,681**	7,512,879
	49,300,793	49,129,047	**56,976,604**	53,253,995

FRS 32.60.b

FRS 28.37.b

The summarised financial information of associates are as follows:		
- Assets	**59,774,000**	36,918,000
- Liabilities	**46,401,000**	23,674,000
- Revenue	**55,865,000**	45,013,000
- Net profit	**12,888,500**	8,234,000
Share of associates' contingent liabilities	**788,500**	850,000
Contingent liabilities in which the Group is severally liable	**250,000**	250,000

FRS 28.40.a

FRS 28.40.b

Investment in associates include goodwill of $3,000,000 (2008 - $3,000,000).

8 Associates (cont'd)

The associates are: FRS 27.42.b

Name	Country of incorporation	Percentage of equity held		Principal activities
		2009	2008	
Large Sdn Bhd (1)	Malaysia	**30%**	30%	Property developer
Small (Singapore) Pte Ltd (2)	Singapore	**25%**	25%	Engineering
Tiny Investment Ltd (3)	Hong Kong	**20%**	20%	Investment holding
Minute Investment Pte Ltd (4)	Singapore	**50%**	50%	Property developer

(1) audited by member firm of Grant Thornton International
(2) audited by Albert Koh & Partners
(3) audited by Chan Fok Chan & Partners
(4) audited by Foo Kon Tan Grant Thornton LLP

Shares in associates are held directly except for Minute Investment Pte Ltd which is held by a wholly-owned subsidiary, Quattro Investment Pte Ltd.

The amounts owing by associates on long-term loan account are unsecured, bear interest at average rate of 5.4% (2008 - 4.5%) and are repayable in full in three years. The carrying value of these loans approximate their fair value at they bear interest at variable rates which approximate the borrowing rates for similar types of borrowing arrangements.

Notes:
- Disclosure of country of incorporation and principal activities is not required under FRS 28. Disclosure is made for additional information only.
- Disclosure of name of public accounting firms for Singapore associate and significant foreign-incorporated associate is required by SGX. SGX 717

9 Long-term investments

The amounts recognised in the balance sheets comprise the following categories of financial assets and related investments types:

The Company and The Group	**2009** $	2008 $	
Available for sale financial asset (Note 9.1)			
Quoted equity investments	**5,000**	5,000	FRS 107.8.d
Unquoted equity investments	**8,000**	8,000	
Net fair value gain transferred to equity	**1,200**	5,920	
	14,200	18,920	
Held-to-maturity investments (Note 9.2)			
Quoted debt instruments	**210,000**	10,000	
Unquoted debt instruments	**600,000**	-	FRS107.8.b
	810,000	10,000	
Long-term investments	**824,200**	28,920	

9 Long-term investments (cont'd)

9.1 Available-for-sale financial assets

Available-for-sale financial assets carried at fair value are as follows:

The Company and The Group	**2009** $ At fair value	2008 $ At fair value
Quoted equity investments	**6,200**	10,920
Unquoted equity investments	**8,000**	8,000
	14,200	18,920

FRS 107.8.d
FRS 107.27.b
FRS 107.29.b

The fair value of quoted equity investments is determined by reference to stock exchange quoted bid prices.

Unquoted equity investments comprise 5% equity interest in an unquoted company in Singapore. This company was incorporated in April 2006 to specialise in stem cell biotechnology. It does not have a history of profits and cash flows and is not similar in size and activity to any quoted entities. There is also no active market for the equity interest as the purchase agreement stipulated the requirement to sell all interests to the main shareholder, when the need arises. As such, it is not practicable to determine with sufficient reliability the fair value of the unquoted equity shares. However, the directors do not anticipate that the carrying amount of the unquoted equity investments will be significantly in excess of its fair value. FRS 107.7

9.2 Held-to-maturity investments

Quoted debt instruments which have a maturity value of $300,000 represent zero coupon bonds, with an effective interest rate of 6.88% per annum and mature on 31 December 2010. No interest payment will be received on the bonds until the date of maturity. FRS 107.8.b

Unquoted debt instruments representing straight bonds have a fixed interest rate of 6.20% per annum and mature on 31 December 2012. The company receives related interest payments at the last banking day of the calendar year. Management does not identify any potentially significant financial risk exposure. FRS 107.7

The maturity period of the debt instruments are as follows:

FRS 107.7

	2009 $	2008 $
Not later than one year	**-**	-
Later than one year and not later than five years	**210,000**	10,000

9 Long-term investments (cont'd)

9.2 Held-to-maturity investments (contd')

The carrying amounts and fair values of the debt investments at the balance sheet date are as follows: FRS 107.25

	The Group			
	2009		2008	
	$	**$**	$	$
	Carring amounts	**Fair values**	Carring amounts	Fair values
Quoted debt instruments	**210,000**	**220,000**	10,000	11,000
Unquoted debt instruments	**600,000**	**650,000**	-	-
	810,000	**870,000**	10,000	11,000

The fair value of quoted debt instrument is determined by reference to the quoted bid price on the stock exchange and is not materially different from its carrying value. FRS 107.27.b

As the unquoted debt instruments are not publicly traded, the fair values presented are determined by calculating present values of the cash flows anticipated until maturity of these financial assets. The underlying interest rate was determined by reference to an active market interest rate for an equivalent debt instrument as at the balance sheet date, as follows:

	The Group	
	2009	2008
Unquoted debt instruments	**6.0%**	-

FRS 107.29.a

or

There is no quoted market price for unquoted debt instruments, and accordingly a reasonable estimate of its fair value could not be made without incurring excessive costs. However, the company does not anticipate that the carrying amounts recorded at the financial position date would be significantly different from the value that would eventually be received or settled.

Notes:
Information such as in which countries the equity securities are listed, and the interest rates and maturity dates of the debt securities shall be disclosed if the information is material to enable the users to evaluate the nature and extent of risks arising from these financial assets. FRS 107.31

10 Deferred taxation

	The Company		The Group		
	2009	2008	**2009**	2008	
	$	$	**$**	$	
Deferred tax assets					
Balance at beginning	**-**	-	**450,000**	200,000	FRS 12.80.d
Transfer from income statement (Note 29)	**-**	-	**(150,000)**	250,000	FRS 12.80.c
Balance at end	**-**	-	**300,000**	450,000	
The balance comprises tax on excess of tax written down value of property, plant and equipment over net book value	**-**	-	**300,000**	450,000	FRS.12.82
Deferred tax liabilities					FRS12.81.g
Balance at beginning	**805,000**	360,000	**1,262,518**	642,431	
Transfer from income statement (Note 29)	**370,000**	445,000	**381,563**	620,000	
Charged to equity	**-**	-	**2,100**	**-**	
Exchange difference on translation	**-**	-	**(598)**	87	
Balance at end	**1,175,000**	805,000	**1,645,583**	1,262,518	

The balance comprises tax on the following temporary differences:

	Excess of net book value over tax written down value of property, plant and equipment	Fair value gains	Provisions	Total	
	$	$	$	$	FRS 12.81.g, i
The Company					
At 1 January 2009	805,000	-	-	805,000	
Charged/(credited) to income statement (Note 29)	370,000	-	-	370,000	
At 31 December 2009	**1,175,000**	**-**	**-**	**1,175,000**	
The Group					
At 1 January 2009	1,262,518	-	(450,000)	812,518	
Charged/(credited) to					
- income statement (Note 29)	381,563	-	150,000	531,563	
- equity	-	2,100		2,100	
Exchange difference on translation	(598)		-	(598)	
At 31 December 2009	**1,643,483**	**2,100**	**(300,000)**	**1,345,583**	

Deferred income tax debited against to equity is as follows:

	The Company		The Group		
	2009	2008	**2009**	2008	FRS 12.81.a
	$'000	$'000	**$'000**	$'000	
Fair value reserve	**-**	-	**2,100**	-	

10 Deferred taxation (cont'd)

FRS 12.81.e

Deferred tax assets have not been recognised in respect of the following items:

	The Group 2009 $	The Group 2008 $
Deductiable temporary differences	**50,000**	50,000
Tax losses	**100,000**	50,000
	150,000	100,000

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that fugure taxable profit will be available against which the Group can utilise the benefits.

Notes:
Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. FRS 12.74

11 Development properties

The Company and The Group		2009 $	2008 $
Land and other related cost		**32,164,700**	13,303,000
Development cost		**7,605,591**	-
Attributable profit		**-**	-
		39,770,291	13,303,000
Less:	Progress billings	**(800,000)**	(500,000)
	Allowance for foreseeable losses	-	-
		38,970,291	12,803,000
Less:	Due from customers on development projects	**(5,000)**	(3,000)
		38,965,291	12,800,000

FRS 2.36.b

Interest of $217,053 (2008 - $Nil) was capitalised during the financial year at an average rate of 3.75% p.a. (2008 - Nil) based on actual borrowing costs. FRS 23.29.b

These comprise freehold properties totalling 4,500 sq. metres at Lot 117 in Section 49, Yishun, Singapore. The Group is constructing residential apartments with a gross floor area of 10,020 sq metres. As at 28 February 2009, the construction is approximately 25% completed and the expected completion date is 30 November 2009. The Company and the Group have sole interest in the properties.

Alternatively, disclose as follows:

Details of development properties are as follows: SGX 1207.10

Location	*Description of development*	*Tenure/ Group's interest in property*	*Site area*	*Estimated gross floor area*	*Stage of completion/ Expected date of completion*

11 Development properties (cont'd)

Had the completion of construction method been adopted, the financial effects as required under Recommended Accounting Practice 11, Pre-completion Contracts for the Sale of Development Property, are as follows: RAP 11.10

The Company and The Group	**2009** **$**	2008 $
(a) Consolidated Income statement		
Increase/(decrease) in profit after taxation from continuing operations arising from:		
- decrease in sales of development properties	**(xxx)**	(xxx)
- decrease in cost of development properties sold	**xxx**	xxx
- (increase)/decrease in taxation expense	**(xxx)**	xxx
	xxx	(xxx)
Increase/(decrease) in basic/diluted earnings per share from continuing operations (cents)	0.xx	(0.xx)
(b) Balance sheets		
Increase/(decrease) in retained profits:		
- At beginning of year	**(xxx)**	-
- Net profit	**xxx**	xxx
- At end of year	**xxx**	(xxx)
Increase/(decrease) in development properties:		
- At beginning of year	**(xxx)**	-
- At end of year	**xxx**	(xxx)
Increase/(decrease) in income tax liabilities:		
- At beginning of year	**(xxx)**	**-**
- At end of year	**(xxx)**	(xxx)

Notes:
Disclosed if company is SGX listed <u>and</u> investment properties, development properties and developed properties for sale are >15% of group NTA or contribute >15% of group operating profit before tax. The disclosures required are description and location, stage of completion at date of financial statements, expected completion date, existing use, site and gross floor area and percentage of interest in the property. SGX 1207.10

12 Construction work-in-progress

The Company and The Group	2009 $	2008 $	
Construction costs	**6,106,071**	5,348,857	
Attributable profit	**2,408,547**	2,307,206	
	8,514,618	7,656,063	FRS 11.42.a
Progress billings	**(4,201,551)**	(4,011,663)	FRS 11.42.a
	4,313,067	3,644,400	FRS 11.42.b
Contract revenue recognised during the year	**189,888**	198,776	
			FRS 11.40.a
Presented as:			
Due from customers on construction contracts	**4,313,067**	3,644,400	
Due to customers on construction contracts	**-**	-	
	4,313,067	3,644,400	FRS 11.42.a FRS 11.42.b
Advances received on construction contracts (Note 23)	**2,012,141**	1,429,684	
Retentions on construction contracts (Note 14)	**1,283,798**	3,664,359	FRS 11.40.b
Included in work-in-progress are the following:			FRS 11.40.c
Interest expense - bank loan [capitalised at 4% p.a. (2008 - 7% p.a.)]	**142,021**	100,409	
Director's remuneration	**-**	60,000	
Depreciation of property, plant and equipment (Note 5)	**716,718**	317,047	FRS 23.26.b

Notes:
The determination of amounts due to and from customers on construction contracts shall be made on a contract-by-contract basis. These balances shall not be set off against each other. These balances are monetary items in nature and will need to be translated at closing rates at the balance sheet date if they are denominated in foreign currencies.

FRS 11.42

FRS 21.23.a

13 Inventories

	The Company		The Group		
	2009 $	2008 $	**2009 $**	2008 $	
					FRS 2.37
Raw materials	**106,071**	348,857	**130,969**	367,425	
Work-in-progress	**798,449**	988,337	**812,869**	592,311	
Finished goods	**2,498,246**	2,011,605	**2,458,879**	2,453,678	
	3,402,766	3,348,799	**3,402,717**	3,413,414	
Cost of inventories included in cost of sales	**100,115,642**	71,011,593	**114,749,334**	76,111,424	

In 2009, $22,000 of a write-down of inventories was reversed to the income statement due to the recovery of selling price of finished goods.

FRS 2.36.d

FRS 2.36.f, g

Inventories of $Xx (2008: $Xx) of the Group and $Xx (2008: $Xx) of the Company have been pledged as security for bank overdrafts of the Group and the Company (note 21).

FRS 2.36.h

14 Trade and other receivables

FRS 1.74
FRS 107.8.c

		The Company		The Group	
		2009	2008	2009	2008
		$	$	$	$
Trade receivables					
- Ultimate holding company		**308,086**	1,137,507	**304,333**	1,136,703
- Subsidiaries		**692,336**	-	**-**	-
- Others		**23,520,189**	32,075,544	**23,095,417**	33,743,493
		24,520,611	33,213,051	**23,399,750**	34,880,196
Allowance for impairment of trade receivables					
Balance at beginning		**(54,361)**	-	**(54,361)**	-
Allowance for the year		**-**	(54,361)	**-**	(54,361)
Allowance utilised		**-**	-	**-**	-
Balance at end		**(54,361)**	(54,361)	**(54,361)**	(54,361)
Net trade receivables	(i)	**24,466,250**	33,158,690	**23,345,389**	34,825,835
Other receivables					
Loan to ultimate holding company		**10,000,000**	10,000,000	**10,000,000**	10,000,000
Staff loans		**96,416**	127,491	**97,467**	127,491
Deposits		**302,607**	300,762	**360,952**	361,237
Prepayments		**-**	-	**241,420**	64,458
Retention monies for work-in-progress (Note 12)		**1,283,798**	3,664,359	**1,283,798**	3,664,359
		11,682,821	14,092,612	**11,983,637**	14,217,545
Allowance for impairment of other receivables					
Balance at beginning		**(353,465)**	-	**(353,465)**	-
Allowance for the year		-	(353,465)	**-**	(353,465)
Allowance utilised		**58,419**	-	**58,419**	-
Balance at end		**(295,046)**	(353,465)	**(295,046)**	(353,465)
Net other receivables	(ii)	**11,387,775**	13,739,147	11,688,591	13,864,080
Total	(i) + (ii)	**35,854,025**	46,897,837	**35,033,980**	48,689,915

FRS 24.17, 18
FRS 1.54.h
FRS 107.37.b
FRS 107.16
FRS 36.126
FRS 24.17.a
FRS 107.37.b
FRS 107.16

The immediate and ultimate holding company is Granthor Plc, incorporated in England, United Kingdom. The loans are unsecured, interest-free and repayable on demand.

S201.10
FRS 1.126.c

Outstanding balances with subsidiaries and ultimate holding company are unsecured. There is no allowance for doubtful debts arising from the outstanding balances.

FRS 24.17.b, c

Notes:
Other receivables should be broken down in its various categories as far as possible. The same applies to other payables.

When financial assets are impaired by credit losses and the entity records the impairment in a separate allowance account rather than directly reducing the carrying amount of the asset, it shall disclose a reconciliation of changes in that account during the period of each class of financial assets.

FRS 107.16

14 Trade and other receivables (cont'd)

Trade and other receivables are denominated in the following currencies *(If foreign currency portions are significant)*: FRS 107.31 FRS 107.34a, c

	The Company		The Group	
	2009	2008	**2009**	2008
	$	$	**$**	$
Singapore dollar	**20,518,413**	34,752,928	**18,218,113**	34,752,928
United States dollar	**15,087,358**	11,986,043	**16,567,613**	13,778,121
Others	**248,254**	158,866	**248,254**	158,866
	35,854,025	46,897,837	**35,033,980**	48,689,915

Notes:
Inter-company loans that meet the definition of financial instruments are within the scope of FRS 39. Where loans are not on normal commercial terms, for examples at no or low interest rates, the required accounting depending on the terms, conditions and circumstances of the loan. It is therefore necessary to ascertain the terms and conditions:-

a) Loan repayable on demand should be recognised initially at the loan amount by both parties. Discounting is not material.;
b) Loan forming part of the net investment in subsidiaries can be considered outside the scope of FRS 39; FRS 39
c) Repayable within a fixed term, this would fall under the scope of FRS 39 and fair valued accordingly;
d) Loan with no stated date for repayment, this could be capital contribution or in substance a repayable on demand;
e) Loan between the fellow subsidiaries, would be under the Scope of FRS 39.

The credit risk for trade receivables based on the information provided to key management is as follows: FRS 107.34.a

	The Company		The Group	
	2009	2008	**2009**	2008
	$	$	**$**	$
By geographical areas				
Singapore	**12,546,033**	20,114,077	**12,513,247**	20,812,352
The People's Republic of China	**7,004,056**	7,535,011	**5,300,734**	8,007,424
Malaysia	**3,578,890**	3,454,784	**3,873,922**	3,945,853
Other countries	**1,391,632**	2,109,179	**1,711,847**	2,114,567
	24,520,611	33,213,051	**23,399,750**	34,880,196

The ageing analysis of trade receivables past due but not impaired is as follows: FRS 107.37.a

	The Company		The Group	
	2009	2008	2009	2008
	$	$	$	$
Past due 0 to 3 months	**14,740,116**	13,102,147	**12,534,694**	19,676,463
Past due 3 to 6 months	**6,034,566**	10,170,458	**6,347,824**	7,824,300
Past due over 6 months	**3,691,568**	9,886,085	**4,462,871**	7,325,072
	24,466,250	33,158,690	**23,345,389**	34,825,835

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 3 months. These receivables are mainly arising by customers that have a good credit record with the Group. FRS 107.36(c)

15 Short-term investments

The Company and the Group	2009 $	2008 $
Financial assets at fair value through profit or loss (Note 15.1)		
Quoted equity investments	**18,000**	10,000
Fair value gain included in income statement	**1,750**	800
	19,750	10,800
Available-for-sale financial assets (Note 15.2)		
Convertible bonds	**26,400**	26,400
Equity securities	**33,500**	-
Fair value gain transferred to equity	**2,010**	-
	61,910	26,400
Short-term investments in financial assets	**81,660**	37,200

FRS 107.27.b
FRS 107.31
FRS 107.8.a, d
FRS 107.20.a.ii

FRS 32.22

15.1 Financial assets at fair value through profit or loss

The fair value of quoted equity investments is determined by reference to stock exchange quoted bid prices.

Financial assets at fair value through profit or loss are as follows: FRS 107.8.a

The Company and the Group	2009 $ At fair value	2008 $ At fair value
Designated as held for trading:		
Quoted equity investments - SGX Singapore	**19,750**	10,800

15.2 Available-for-sale financial assets

Available-for-sale financial assets at fair value are as follows: FRS 107.27.b

The Company and The Group	2009 $ At fair value	2008 $ At fair value
Convertible bonds	**32,300**	26,400
Equity securities	**29,610**	-
	61,910	26,400

Management intends to dispose of the investments within 12 months of the financial position date. The amounts presented for the convertible bond and equity securities have been determined directly by reference to published price quotations in active markets.

The convertible bond is exposed to a cash flow interest rate risk due to its floating interest rate. The current effective interest rate is 5.4% and the next contractual repricing date is scheduled for 30 June 2009. Interest payments are due every six months. The convertible bond matures on 30 June 2010. FRS 107.34.a

Conversion or repayments of the bond is at the company's discretion. Conversion ratios are yet to be determined by the issuer of the convertible bond. Upon repayment, the management scheduled to receive the nominal value of the convertible bond, amounting to $35,000. FRS 107.31

Equity securities mainly consist of investments in companies listed on the Singapore Exchange. These financial assets are subject to financial risk exposure in terms of price risk.

16 Cash and bank balances

	The Company		The Group	
	2009	2008	**2009**	2008
	$	$	**$**	$
Fixed deposits	**8,503,348**	34,329,847	**9,181,548**	34,350,847
Cash and bank balances	**421,505**	645,693	**967,637**	942,229
	8,924,853	34,975,540	**10,149,185**	35,293,076

For the purpose of the consolidated cash flow statement, the year end cash and bank balances comprise the following: FRS 7.45

The Group	Note	**2009**	2008
		$	$
Fixed deposits		**9,181,548**	34,350,847
Cash and bank balances		**967,637**	942,229
Less: Bank overdraft (unsecured)	21.4	**(1,273,222)**	(1,082,888)
		8,875,963	34,210,188

FRS 7.8

Bank balances amounting to $350,000 (2008 - $560,200) and fixed deposits amounting to $4,800,500 (2008 - $25,800,000) for the Company are in project accounts. As required by the Ministry of National Development, the project accounts are maintained with financial institutions for a housing development project undertaken by the Company. The operation of project accounts is restricted to the specific project and governed by rules and regulations stipulated by the Ministry.

Cash and bank balances are denominated in the following currencies *(If foreign currency portions are significant)*: FRS 107.31
FRS 107.34.a, c

	The Company		The Group	
	2009	2008	**2009**	2008
	$	$	**$**	$
Singapore dollar	**1,324,853**	1,123,378	**1,870,985**	1,419,714
United States dollar	**7,550,000**	33,852,162	**8,228,200**	33,873,362
Others	**50,000**	-	**50,000**	**-**
	8,924,853	34,975,540	**10,149,185**	35,293,076

The fixed deposits have an average maturity of 2 months (2008 - 3 months) from the end of the financial year with the following weighted average effective interest rates:

FRS 107.31

	The Company		The Group	
	2009	2008	**2009**	2008
Singapore dollar	**2.5%**	2.0%	**2.5%**	2.0%
United States dollar	**5.0%**	4.5%	**5.0%**	4.5%
Others	**2.5%**	-	**2.5%**	-

Notes:
If bank overdrafts are secured, this should be indicated together with details of the terms of securities and assets pledged. FRS 107.14

If fixed deposits are pledged to secure borrowings, guarantees, they should not form part of cash and cash equivalents. These should be shown separately on the face of the balance sheet. FRS 7.48

17 Discontinued operations

On 21 November 2009, the Group publicly announced the decision of its Board of Directors to discontinue the hotel and restaurant operations and dispose of the business by selling assets and settling its liabilities piecemeal. The disposal is consistent with the Group's long-term strategy to concentrate on its profit making business by focusing on its core operations and disposing of the hotel and restaurant business which has been underperforming over the last few years (refer to Note 17 Operating Segments). FRS 105.41.a, b, d

In connection with the decision to discontinue the hotel and restaurant operations, the Group recorded a provision for restructuring of $2,500,000 to cover the estimated costs that will be incurred in relation to the closure of the hotel and restaurant business. It includes $755,000 for employee severance, $1,265,000 for existing leasehold and other contractual obligations and $480,000 for the write-down to estimated salvage value of assets that are available for immediate disposal. The $755,000 portion of the charge relates to employee terminations scheduled for 31 March 2009 and reflects the costs of eliminating approximately 85 positions after considering attrition and redeployment within the Group. Refer to Note 24 Provisions. FRS 105.41.c FRS 37.85.a

Details of the assets in disposal group classified as held-for-sale are as follows: FRS 105.38

	2009
	$
Property, plant and equipment	**406,399**
Inventories	**249,123**
Trade and other receivables	**2,300,300**
	2,955,822

FRS 105.38

Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows:

Trade and other payables	**1,500,000**

The revenues, expenses and results from the ordinary operations of the hotel and restaurant business for the year ended 31 December are as follows:

The Group	**2009** **$**	2008 $
Sales revenue	**678,660**	3,107,785
Operating costs	**(1,377,558)**	(4,455,634)
Provision for restructuring	**(2,500,000)**	-
Loss from operating activities	**(3,198,898)**	(1,347,849)
Finance costs	**-**	-
Loss before taxation from discontinued operations	**(3,198,898)**	(1,347,849)
Taxation expense	**-**	-
Loss after taxation from discontinued operations	**(3,198,898)**	(1,347,849)

FRS 105.33.b

FRS 12.81.h.ii

17 Discontinued operations (cont'd)

The net cash flow attributable to the hotel and restaurant business are as follows: FRS 105.33.c

The Group	**2009** $	2008 $
Operating activities	**(456,000)**	(567,000)
Investing activities	**398,000**	(351,400)
Financing activities	**(105,000)**	133,800
Net cash outflows	**(163,000)**	(784,600)

FRS 105.34

Details of assets already disposed of in relation to discontinued operations are:

Proceeds from disposal of non-current assets	**2,300,000**	-
Carrying amount of assets	**(2,020,000)**	-
Pre-tax gain on disposal	**280,000**	-
Income tax expense	**(68,600)**	-
Gain on disposal after taxation	**211,400**	-

FRS 35.33.b
FRS 12.81.h.i

Notes:

(a) The disclosures requires classification as a discontinued operation at the earlier of the dates of (i) that the entity actually has disposed of the operation; or (ii) the operation meets the criteria to be classified as held for sale. FRS 105.32

Major classes of assets and liabilities classified as held for sale may be disclosed on the face of balance sheets or in the note to the financial statements FRS 105.38

(b) The nature and amount of any adjustments relating to the disposal of discontinued operations in prior periods are classified and disclosed separately. FRS 105.35

(c) The analysis of the single amount on the face of the inform statements, the major classes of assets and liabilities and the cash flow information is not required for a newly acquired subsidiary that is classified as held for sales on acquisition. FRS 105.33.b, c

18 Share capital FRS 1.76.a

The Company and The Group

	No. of ordinary shares		Amount	
	2009	2008	**2009** $	2008 $
Issued and fully paid, with no par value				
Balance at beginning of year	**118,000,000**	72,000,000	**70,882,005**	35,000,000
Bonus issue by way of capitalising retained profits	**-**	28,000,000	**-**	14,000,000
Issue of shares by exercise of share options at $3.60 per share	**12,000**	-	**43,000**	-
Issue of ordinary shares	**1,988,000**	18,000,000	**1,994,000**	21,882,005
Balance at end of year	**120,000,000**	118,000,000	**72,919,005**	70,882,005

FRS 1.76, 97
FRS 1.78

18 Share capital (cont'd) FRS 1.76.a

The Company and The Group

During the financial year, the Company issued 1,988,000 (2008 - 18,000,000) ordinary shares for a total consideration of $1,994,000 (2008 - $9,000,000) for cash to provide funds for the expansion of the Group's operations. The newly issued shares rank pari passu in all respects with the previously issued shares. FRS 1.76.a

The holders of ordinary shares (excluding treasure shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets. FRS 1.76.a.v

Notes:

(a) For other than ordinary shares, state rate of dividend and whether participating or cumulative or convertible. FRS 1.76.a.v

(b) For each class of share capital also disclose:
   (i) the rights, preferences and restrictions attaching to that class, including restrictions on the distribution of dividends and the repayment of capital; FRS 1.76.a
   (ii) shares in the enterprise held by the entity itself or by subsidiaries or associates of the entity; and
   (iii) shares reserved for issued under options and sales contracts, including the terms and amounts

(c) If the enterprise is without share capital (eg. a partnership), disclose information equivalent to that required above, showing movements during the period in each category of equity interest and the rights, preferences and restrictions attaching to each category of equity interest. FRS 1.77

19 Treasury shares FRS 32.34

The Company and The Group

	No. of ordinary shares		Amount	
	2009	2008	**2009**	2008
	$	$	**$**	$
At beginning of year	**-**	-	**-**	-
Repurchased during the year	**1,418,000**	-	**1,418,000**	-
Balance at end of year	**1,418,000**	-	**1,418,000**	-

The Company acquired 1,418,000 of its own shares through purchase on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $1,418,000 and has been deducted from the shareholders' equity. The shares are held as "treasury shares". *The Company intends to reissue these shares to executives who exercise their share options under the Employee Share Option Scheme.* FRS 1.76.a

20 Reserves

	The Company		The Group		
	2009	2008	**2009**	2008	
	$	$	**$**	$	FRS 1.97.c
Capital reserve (Note 21.3)	**5,156,250**	5,156,250	**5,156,250**	5,156,250	
Exchange fluctuation reserve	**-**	-	**362,074**	(53,971)	
Share option reserve	**-**	-	**79,246**	60,324	
Fair value reserve	**7,510**	5,920	**3,210**	5,920	
Other reserve	**3,984,400**	3,984,400	**3,984,400**	3,984,400	
Retained profits	**22,579,047**	25,939,919	**25,265,148**	29,159,283	
	31,727,207	35,086,489	**34,850,328**	38,312,206	
Represented by:					
Distributable	**22,579,047**	25,939,919	**25,265,148**	29,159,283	
Non-distributable	**9,148,160**	9,146,570	**9,585,180**	9,152,923	FRS 1.76.b
	31,727,207	35,086,489	**34,850,328**	38,312,206	

Capital reserve arises from the issue of 5.5% secured bonds 2011 and the reserve represents the value ascribed to the attached warrants.

Exchange fluctuation reserve arises from the translation of the financial statements of foreign entities whose functional currencies are different from the functional currency of the Company.

Share option reserve represents the equity-settled share options granted to employees (Note 34). The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

Fair value reserve arises from surplus on revaluation of available-for-sale investments held as at the financial position date.

Other reserve is compensation received on expropriation of an associate.

21 Borrowings

	The Company		The Group		
	2009	2008	**2009**	2008	FRS 1.74
	$	$	**$**	$	
Non-current					
Obligations under finance leases (Note 21.1)	**-**	-	**12,259**	106,983	FRS 1.62, 64
Bank loans (Note 21.2)	**-**	-	**361,111**	708,333	
3.5% secured bonds 2011 (Note 21.3)	**23,096,250**	22,453,750	**23,096,250**	22,453,750	
	23,096,250	22,453,750	**23,469,620**	23,269,066	
Current					
Obligations under finance leases (Note 21.1)	**-**	-	**94,723**	95,520	
Bank loans (Note 21.2)	**-**	-	**12,063,333**	11,721,667	FRS 1.64
Other bank borrowings (Note 21.4)	**1,273,222**	1,082,888	**2,599,451**	2,649,036	FRS 1.61
	1,273,222	1,082,888	**14,757,507**	14,466,223	

21 Borrowings (cont'd)

21.1 Obligations under finance leases

The Group	**2009** **$**	2008 $	
Minimum lease payments payable:			
Due not later than one year	**107,740**	108,648	FRS 17.31.b.i
Due later than one year and not later than five years	**13,954**	121,694	FRS 17.31.b.ii
Due later than five years	**-**	-	FRS17.31.b.iii
	121,694	230,342	
Less: Finance charges allocated to future periods	**(14,712)**	(27,839)	
Present value of minimum lease payments	**106,982**	202,503	
Present value of minimum lease payments:			
Due not later than one year	**94,723**	95,520	
Due later than one year and not later than five years	**12,259**	106,983	
Due later than five years	**-**	-	
	106,982	202,503	

FRS 17.31.a

The Group leases hotel equipment and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. The finance lease obligations are secured by the underlying assets (Note 5a). FRS 17.47.f

Notes:
If applicable,
Disclose contingent rents recognised as an expenses for the period. FRS 17.31.c

Disclose the total of future minimum sublease payments expected to be received under non-cancellable subleases at the financial position date. FRS 17.31.d

Disclosure should be made of the lessee's material leasing arrangements including, but not limited to, the following: FRS 17.31.e
(i) the basis on which contingent rent payments are determined;
(ii) the existence and terms of renewal or purchase options and escalation clauses; and
(iii) restrictions imposed by lease arrangements such as those concerning dividends, additional debt, and further leasing.

21 Borrowings (cont'd) FRS 1.64

21.2 Bank loans

The Group	2009 $	2008 $	
			FRS 1.60
Loans	**12,424,444**	12,430,000	
Amount repayable within one year	**(12,063,333)**	(11,721,667)	FRS 107.31
Amount repayable after one year	**361,111**	708,333	

The loans were extended for another 12 months and are repayable in 13 equal monthly instalments of $1,105,800 commencing 15 January 2009.

FRS 107.14

The loans are secured by:
(a) a mortgage of the investment properties of a subsidiary [Note 6(b)];
(b) fixed and floating charges on all assets of the subsidiary; and
(c) joint and several guarantee of the Company and two directors of the subsidiary.

The amount repayable within one year is included under current liabilities whilst the amount repayable after one year is included under non-current liabilities.

Interest is repriced every 3 months. After taking into account the interest rate swaps, the outstanding bank loans of the Group exposed to interest rate were as follows: FRS 107.31

	2009 $	2008 $	
At fixed rates	**6,076,101**	6,089,678	
At floating rates	**6,018,485**	6,014,328	
	12,094,586	12,104,006	
Fair value of non-current bank loans	**12,018,485**	12,014,328	FRS 107.25

Notes:
For long-term liabilities, the following should also be disclosed, if applicable: FRS 107.14.b

(a) covenants
(a) subordinations
(b) conversion features
(c) amortised discount or premium

Loans should be classified as a current liability when it is expected to be settled in the normal course of the enterprise's operating cycle or is due to be settled within twelve months of the financial position date. FRS 1.63

An enterprise should continue to classify its long-term interest-bearing liabilities as non-current, even when they are due to be settled within twelve months of the financial position date if:
(d) the original term was for a period of more than twelve months; and
(e) an agreement to re-finance, or to reschedule payments on a long term basis, is completed before the financial position date.

21 Borrowings (cont'd)

21.3 5.5% secured bonds 2011

The Company and The Group FRS 107.17 FRS 32.28

(a) In 2006, the Company issued $25 million principal amount of 5.5% secured bonds due 2011. The bonds were constituted under a trust deed dated 1 July 2006.

(b) Unless previously redeemed or purchased and cancelled by the Company, the bonds will be redeemed at their principal amount on the fifth anniversary of the date of issue of the bonds.

(c) Interest on the bonds is payable semi-annually.

(d) The following financial covenants apply to these bonds:
 (i) consolidated total borrowings of the Group shall not exceed 150% of its consolidated tangible net worth;
 (ii) consolidated total borrowings of the Group shall not exceed 250% of consolidated tangible net worth; and
 (iii) consolidated tangible net worth of the Group will not at any time be less than $74 million.

(e) The bonds are secured by a mortgage of the investment properties of a subsidiary [Note 6(b)] and certain leasehold properties of the immediate and ultimate holding company, Granthor Plc, valued at approximately $29 million.

21.4 Other bank borrowings

	The Company		The Group	
	2009	2008	**2009**	2008
	$	$	**$**	$
Bank overdraft (unsecured)	**1,273,222**	1,082,888	**1,273,222**	1,082,888
Revolving credit (secured)	**-**	-	**1,326,229**	1,566,148
	1,273,222	1,082,888	**2,599,451**	2,649,036

The Group
The revolving credit is guaranteed by a financial institution. This is secured by a fixed charge on investment properties of a subsidiary (Note 6) and assignment of rental proceeds from the properties and personal guarantees from two directors of the Company. It is repayable on demand. FRS 107.14

21 Borrowings (cont'd)

Notes:

For companies with various types of loans and credit facilities obtained from banks, the description of each type should be shown by way of notes with corresponding amounts. The security pledged, interest rate, repayment terms and any other terms and conditions should be included. FRS 107.7 FRS 107.31

For example, the revolving "credit" of $1,326,229 may comprise:

	Note	2009 $	2008 $
Revolving loan	(a)	**500,000**	500,000
Term loan	(b)	**450,000**	550,000
Renovation loan	(c)	**376,229**	516,148
		1,326,229	1,566,148

(a) The revolving loan is repayable in 2 equal instalments of $250,000 each on 15.1.2009 and 31.5.2009 respectively. Interest is charged at 4.25% (2008 - 6.5%) per annum. The revolving loan is guaranteed by the Company.

(b) The term loan facility for $2,000,000 is granted to a subsidiary. The loan is repayable in half-yearly payments of $500,000 each. Interest is charged at 6.5% (2008 - 6.75%) per annum, 1.75% above the bank's cost of funds. This term loan is secured by:
(i) first legal mortgage over land and property of the subsidiary;
(ii) first fixed and floating charge on all present and future assets of the subsidiary; and FRS 39.9
(iii) corporate guarantee provided by the Company.

(c) The renovation loan is repayable on 12.2.2009. Interest is charged at 6.5% (2008 - 6.5%) per annum. This renovation loan is secured by:
(i) a mortgage of the leasehold properties of a subsidiary;
(ii) fixed and floating charges on all the assets of the subsidiary; and
(iii) joint and several guarantee of the Company and two directors of the subsidiary.

21.5 Currency risk

Total borrowings are denominated in the following currencies *(If foreign currency portions are significant)*: FRS 107.31 FRS 107.34.a, c

	The Company		The Group	
	2009	2008	**2009**	2008
	$	$	**$**	$
Singapore dollar	**9,803,348**	4,787,485	**9,803,348**	4,787,485
United States dollar	**14,066,124**	18,749,153	**27,923,779**	32,947,804
Others	**500,000**	-	**500,000**	**-**
	24,369,472	23,536,638	**38,227,127**	37,735,289

21 Borrowings (cont'd)

21.6 Effective interest rates

FRS 107.7, 31

The weighted average effective interest rates of total borrowings at the financial position date are as follows:

	The Company		The Group	
	2009	2008	**2009**	2008
Bank overdraft	**6.5%**	4.0%	**6.5%**	4.0%
3.5% secured bonds	**5.5%**	5.5%	**5.5%**	5.5%
Bank loans	**6.8%**	6.5%	**6.8%**	6.5%
Obligations under finance leases	**5.0%**	5.0%	**5.0%**	5.0%
Revolving credit	-	-	**4.3%**	6.5%

21.7 Carrying amounts and fair values

The carrying amounts of current borrowings approximate their fair value. The carrying amounts and fair values of non-current borrowings are as follows:

FRS 107.25
FRS 107.29.a

	The Company		The Group	
	Carrying amounts	Fair values	Carrying amounts	Fair values
	$	$	$	$
2009				
3.5% secured bonds	23,096,250	22,956,000	23,096,250	22,956,000
Bank loans	-	-	361,111	360,000
Obligations under finance leases	-	-	12,259	12,259
2008				
3.5% secured bonds	22,453,750	22,400,000	22,453,750	22,400,000
Bank loans	-	-	708,333	710,000
Obligations under finance leases	-	-	106,983	102,590

The fair values are determined from the discounted cash flows analysis, using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at the financial position date. No adjustment has been made to fair values as the differences between the carrying amounts and fair values are not significant to the Company or the Group.

FRS 107.27.a, b

21.8 Undrawn borrowing facilities *(This disclosure is encouraged but not mandatory)*

FRS 7.50.a

The Company and the Group have the following undrawn borrowing facitlities:

	The Company		*The Group*	
	2009	*2008*	***2009***	*2008*
	$	*$*	***$***	*$*
At fixed rates				
- Expiring within one year	***5,000,000***	*6,000,000*	***8,000,000***	*8,000,000*
At floating rates				
- Expiring within one year	***4,000,000***	*4,000,000*	***5,000,000***	*5,000,000*
- Expiring beyond one year	***2,000,000***	*2,000,000*	***2,000,000***	*2,000,000*
	11,000,000	*12,000,000*	***15,000,000***	*15,000,000*

Included in interest-bearing loans and borrowings at 31 December 2009 was a borrowing of US$400,000 (2008 - US$360,000) which has been designated as hedge of the net investments in the Malaysia operations and is being used to hedge the Group's exposure to foreign currency risk on the investments. Gain or loss on the retranslation of this borrowing is transferred to the foreign currency translation reserve to offset any exchange differences on translation of the net investments in the operations.

22 Redeemable preference shares

The Company and The Group

On 4 January 2005, the Company issued 5 million convertible redeemable preference shares amounting to $5,000,000. The shares are redeemable on 3 January 2015 or by the Company at any time before that date. The shares pay dividends at 5% per annum. The dividend rights are cumulative. FRS 32.15 FRS 32.18.a FRS 107.31AppB22

The fair value of the redeemable preference shares at 31 December 2009 was $4,980,000 (2008 - $4,950,000), and is not materially different from the carrying value. FRS 107.37.c

Notes:
Disclose the amount of any cumulative preference dividends not recognised.

23 Trade and other payables

FRS 1.74

	Note	The Company 2009 $	The Company 2008 $	The Group 2009 $	The Group 2008 $
Trade payables					
- Subsidiaries		**4,919,498**	7,432,192	**-**	-
- Others		**19,173,306**	15,589,191	**25,519,319**	24,549,985
Accruals		**945,719**	673,416	**1,430,002**	947,325
		25,038,523	23,694,799	**26,949,321**	25,497,310
Advances received from construction contracts	12	**2,012,141**	1,429,684	**2,012,141**	1,429,684
Employee leave entitlement		**50,000**	40,000	**50,000**	40,000
Deposits received		**136,055**	537,722	**204,359**	687,722
Directors' fees		**3,007,500**	1,607,500	**3,007,500**	1,607,500
Employee benefits		**305,000**	210,000	**305,000**	210,000
Advance billings		**58,316**	853,572	**89,035**	256,491
Financial guarantee contracts		**160,000**	-	**-**	-
Unclaimed cheques		**-**	-	**55,870**	50,613
Others		**447,698**	543,729	**35,746**	33,671
		6,176,710	5,222,207	**5,759,651**	4,315,681
		31,215,233	28,917,006	**32,708,972**	29,812,991

FRS 24.17.c FRS 24.22

FRS 11.40b

Outstanding balances with subsidiaries are unsecured. FRS 24.17.b

Further details of liquidity risks on trade and other payables are disclosed in Note 38.2.

24 Provisions

	The Company		The Group		
	2009	2008	**2009**	2008	
	$	$	**$**	$	FRS 1.75.d
Provision for rectification work	-	-	**500,000**	**-**	
Provision for dismantlement, removal and restoration	-	-	-	-	FRS 37.84.e
Restructuring provisions	**-**	-	**755,000**	-	
	-	-	**1,255,000**	**-**	

As discussed more fully in Note 17, a restructuring provision was recorded in 2009 in connection with the discontinuance of the hotel and restaurant business. Movement in the restructuring provisions during 2009 is presented in the following table. Utilisation of the restructuring provision includes $1,265,000 for existing leasehold and other contractual obligations and $480,000 for the write down to estimated salvage value of assets that are available for immediate sale. The restructuring is expected to be completed by June 2010. FRS 37.85.a

Provision for rectification work relates mainly to obligations under construction contracts completed during the year ended 31 December 2009. The provision is based on estimates made from historical data associated with rectification work on contracts of similar nature. The Group expects to incur the liability over the next one year.

	Restructuring	Rectification	FRS 37.84
The Group	$	$	
Balance at beginning	-	-	
Provision during the year	2,500,000	500,000	
Amount utilised during the year	(1,745,000)	-	
Balance at end	755,000	500,000	

Where applicable:

Provision for dismantlement, removal or restoration is the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

Movements in this provision are as follows:

	2009	*2008*
	$	*$*
Balance at beginning	***x***	*x*
Movement during the year	***x***	
Balance at end	***x***	*x*

24 Provisions (cont'd)

Notes:

(a) When disclosure of some or all of the information related to the provision can be expected to prejudice seriously the position of enterprise in relation to a dispute with other parties, the disclosures required by FRS 37.84-89 need not be provided. Instead, disclose the general nature of the dispute and the fact and reason why the information has not been disclosed. FRS 37.92 FRS 37.84

(b) Comparatives of the movements in provisions are not required. Disclose any increase during the period in the discounted amount of a provision arising from the passage of time and the effect of any change in the discount rate.

(c) An enterprise should disclose the following for each class of provision: FRS 37.85
 (i) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;
 (ii) an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an enterprise should disclose the major assumptions made concerning future events; and
 (iii) the amount of any expected reimbursement, stating the amount if any asset that has been recognised for that expected reimbursement.

(d) Disclose contingent liabilities and contingent assets arising from warranty costs, claims, penalties, possible losses etc. in accordance with FRS 37.86 and FRS 37.89. Where any of the information required by FRS 37.86 and FRS 37.89 is not disclosed because it is not practicable to do so, that fact should be stated. FRS 37.91

25 Other income

The Group	2009 $	2008 $	
Amortisation of bond discount	**642,500**	557,500	
Exchange gain	**356,940**	501,948	
Interest income	**1,571,766**	945,077	FRS 21.41.a
Profit on disposal of property, plant and equipment	**68,096**	75,879	FRS 18.30.a
	2,639,302	2,080,404	FRS 1.87.c

26 Other items

The Group	2009 $	2008 $	FRS 1.86, 87
Net gain on disposal of an associate	**-**	3,088,420	
Loss in a subsidiary arising from a fire	**(317,723)**	-	
	(317,723)	3,088,420	

27 Finance costs

The Group	2009 $	2008 $	FRS 1.81.b
Interest expense			FRS 7.32
- bonds	**875,000**	437,500	
- loans	**755,699**	1,025,243	
- overdrafts	**10,109**	7,292	
- finance leases	**13,127**	11,492	
- dividend on preference shares	**250,000**	250,000	
	1,903,935	1,731,527	

28 Profit from continuing operations before taxation

The Group	Note	2009 $	2008 $	
Profit from continuing operation before taxation has been arrived at after charging:				
Amortisation of intangible assets	4	**60,000**	30,000	
Contingent rental from operating lease - factory		**30,007**	28,611	FRS 1.93
Depreciation of property, plant and equipment	5	**1,345,706**	1,622,282	
Directors' fee - directors of the Company		**70,000**	60,000	FRS 1.93
Exchange loss		**104,326**	342,828	FRS 21.52
Fair value loss on investment properties	6	**53,959**	-	FRS 36.126.a
Goodwill written off		**-**	15,444	
Impairment losses of property, plant and equipment	5	**823,807**	-	
Impairment losses of intangible assets	4	**10,000**	-	FRS 36.126.a
Cost of inventories included in cost of sales *(disclose this for income statement by function only)*		**126,218,092**	81,521,547	FRS 1.86
Non-audit fees paid to				
- Auditor of the Company (tax compliance)		**25,280**	53,250	
- Other auditors		**4,000**	-	SGX1207.6.a
Operating lease rentals - factory and warehouse				
Preliminary and pre-operation expenses expensed off		**158,697**	-	FRS 17.35.c
Property, plant and equipment written off		**10,435**	-	
Provision for restructuring	24	**2,500,000**	-	
Research costs expensed		**50,000**	-	FRS 1.86
Staff costs				FRS 1.83
Directors:				SGX 1207.1
Directors' remuneration other than fee				FRS 19.47
- directors of the Company		**2,795,178**	2,993,082	
- directors of a subsidiary		**92,280**	88,365	
- professional fee paid to a firm in which a director is a member		**5,000**	-	
- CPF contributions		**60,000**	60,000	FRS 19.46
- employee benefits under post retirement benefit plans - domestic			**50,000**	
Key management personnel (other than directors)				
- Salaries, wages and other related costs		**200,000**	160,000	FRS 19.47
- CPF contributions		**40,000**	30,000	FRS 24.16
Other than directors and key management personnel:				
- Salaries, wages and other related costs		**24,832,438**	17,733,481	
- CPF contributions		**391,000**	358,000	
- Employee benefits under pension plans				
- domestic				
- overseas				FRS 19.46
- Employee benefits under post retirement benefit plans - domestic		**150,000**	107,000	
				FRS 19.120
		29,377,896	22,075,928	
Fair value gains on financial assets at fair value through profit or loss	15	**(950)**	(800)	FRS 107.20.a.i

Notes:
When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items should be disclosed separately. FRS 1.86

Disclose the aggregate amount of research and development expenditure recognised as an expense during the period. FRS 38.126

29 Taxation

The Group	**2009** $	2008 $	
Current taxation - continuing operations	**87,383**	1,051,268	FRS 12.80.a
Current taxation - discontinued operations	-	-	FRS 12.80.c
	87,383	1,051,268	
Deferred taxation (Note 10)			
Origination and reversal of temporary differences	**576,703**	370,000	FRS 12.80.c, d
Reduction in tax rate	**(45,140)**	-	
	531,563	370,000	
Underprovision of current taxation in respect of prior years	**2,706**	7,560	
	621,652	1,428,828	

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on profits as a result of the following: FRS 12.81c

The Group	**2009** $	2008 $	
Profit from continuing operations	**5,079,113**	9,342,037	
Loss from discontinued operations	**(3,198,898)**	(1,347,849)	FRS 16.42
Profit before taxation	**1,880,215**	7,994,188	
Tax at statutory rate of 17% (2008 -18%)	**319,637**	1,438,954	
Tax effect on non-deductible expenses	**817,184**	272,559	
Tax effect on non-taxable income	**(440,235)**	(475,745)	
Change in tax rate of 1% (2008 - Nil)	**(45,140)**	-	
Utilisation of deferred tax assets on temporary differences not recognised in previous years	**-**	(200,000)	
Underprovision of current taxation in respect of prior years	**2,706**	7,560	
Deferred tax assets on temporary differences not recognised	**17,000**	433,000	
Singapore statutory stepped income exemption	**(10,500)**	(10,500)	
Differences in foreign tax rates	**(39,000)**	(37,000)	
	621,652	1,428,828	

29 Taxation (cont'd)

Other notes may be appropriate depending on the individual circumstances as follows:

Where group relief is utilised

FRS 12.80.a

	2009 $	2008 $
Current taxation	***111,000***	-
Utilisation of deferred tax assets on temporary differences not recognised in previous year	***(89,000)***	-
Group relief utilised	***(22,000)***	-
Deferred taxation [Note (xx)]	***45,000***	-
	45,000	-
Underprovision of current taxation in respect of prior years	***1,190***	-
	46,190	-

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on Company's losses as a result of the following:

FRS 12.81.c

	2009 $	2008 $
Loss before taxation	***(328,024)***	*(545,352)*
Tax at statutory rate of 17% (2008 - 18%)	***(55,764)***	*(98,163)*
Tax effect on non-deductible expenses	***152,264***	-
Tax effect on non-taxable income	***(20,000)***	*(1,930)*
Singapore statutory stepped income exemption	***(10,500)***	-
Deferred tax assets on temporary differences not recognised	**-**	*100,093*
Utilisation of deferred tax assets on temporary differences not recognised in previous year	***(89,000)***	-
Group relief utilised	***(22,000)***	-
	45,000	-

During the financial year, the Singapore corporate tax rate was reduced from 18% to 17% for the year of assessment 2009 and onwards.

The Group

Subject to agreement with the relevant tax authorities, the Group has unabsorbed capital allowances and tax losses of $A,000 (2008 - $B,000) and $C,000 (2008 - $D,000) respectively available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. The related tax benefits of $E,000 (2008 - $F,000) have not been recognised in the financial statements (have been recognised to the extent stated in Note 22).

Notes:

For FRS 12, an explanation of the relationship between tax expense (income) and accounting profit in either or both of the following forms should be disclosed:

(i) a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the application tax rate(s), disclosing also the basis on which the applicable tax rate is computed.; or FRS 12.81.c.i

(ii) a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing the basis on which the applicable tax rate is computed. FRS 12.81.c.ii

30 Other comprehensive income after tax

FRS 1.90

Disclosure of tax effects relating to each component of other comprehensive income:		**2009** **$**	
	Before tax	Tax expense	Net of tax
Available-for-sale financial assets	(2,7	-	(2,710)
Currency translation differences	416,0	-	416,045
	413,3	-	413,335

		2008 **$**	
	Before tax	Tax expense	Net of tax
Available-for-sale financial assets	6,883	(963)	5,920
Currency translation differences	(35,931)	-	(35,931)
	(29,048)	(963)	(30,011)

31 Dividends

FRS 1.137.a

The Company and The Group	**2009** **$**	2008 $
Ordinary dividends paid or payable		
- final tax-exempt (one-tier) dividend paid in respect of the previous financial year of 3.45 cents (2008 - 2.22 cents) per share	**3,260,000**	1,776,000
- interim tax-exempt (one-tier) dividend payable in respect of the current financial year of 0.74 cents (2008 - Nil) per share	**888,000**	-
	4,148,000	1,776,000

FRS 1.95
FRS 12.81.i

At the Annual General Meeting on 31 March 2010, a final tax-exempt (one-tier) dividend of 0.74 cents per share amounting to $888,000 will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 31 December 2010.

FRS 1.125.a
FRS 10.12

32 Earnings per share

The Group

The earnings per share is calculated based on the consolidated profits on the weighted average number of shares in issue of 118,840,000 (2008 - 106,200,600) shares during the financial year. FRS 33.10

Fully diluted earnings per share was calculated on the consolidated divided by 127,200,000 (2008 - 113,400,600) ordinary shares. The number of ordinary shares is calculated based on the weighted average number of shares in issue during the financial year adjusted for the effects of all dilutive share options and contingently issuable shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the year or if later, the date of the issue of the potential ordinary shares. FRS 33.12, 31 FRS 33.20

The following tables reflects the Income statements and share data used in the computation of basic and diluted earnings per share from continuing operations for the years ended 31 December: FRS 33.70.b

	2009 $	2008 $
Weighted average number of ordinary shares for the purposes of basic earnings per share	**xxx,xxx**	xxx,xxx
Effect of dilutive potential ordinary shares:		
Share options	**xxx**	x,xxx
Convertible bonds	**xxx**	x,xxx
Convertible preference shares	**xxx**	x,xxx
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**127,200,000**	113,400,600

FRS 33.70.a

Earnings figures are calculated as follows:

	2009 $	2008 $
Profit for the year attributable to members of the Company	**xxx,xxx**	xxx,xxx
Less:		
Profit for the year from discontinued operation	**(xx,xxx)**	(x,xxx)
Earnings for the purposes of basic earnings per share from continuing operations	**xx,xxx**	xx,xxx
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds/ preferences shares (net of tax)	**x,xxx**	-
Earnings for the purposes of diluted earnings per share from continuing operations	**xx,xxx**	xx,xxx

The basic and diluted loss per share from discontinued operations are calculated by dividing the "Loss from discontinued operation" by the "Weighted average number of ordinary shares for basic earnings and loss per share computation" and "Weighted average number of ordinary shares adjusted for the effect of dilution" respectively.

32 Earnings per share (cont'd)

Notes:

(a) Earning per share information to be presented by entities whose ordinary shares or potential ordinary shares are publicly traded and by entities that are in the process of issuing ordinary shares or potential ordinary shares in public securities markets. If other entities choose to disclose EPS information in financial statements that comply with FRS, such disclosures should comply fully with the requirements of FRS 33. FRS 33.2

(b) When both the consolidated financial statements and separate financial statements of the parents are presented, disclosures relating to earnings per share need only be provided on a consolidated basis. An entity that chooses to disclose earnings per share based on its separate financial statements shall present such information only on the face of its separate financial statements. FRS 33.4

(c) Basic and diluted earnings per share are required to be disclosed even if negative (loss per share). FRS 33.69

33 Contingent liabilities (unsecured)

FRS 37.92
FRS 37.86

The following are unsecured contingent liabilities not provided for in the financial statements:

The Company
The Company has given letters of financial support for the following subsidiaries with a total net deficit of approximately of $5 million (2008 - $2.5 million) to continue to operate as a going concern and to meet their respective obligations as and when they fall due:

1. Granthor Hotel (Pte.) Ltd; and
2. Ungale Restaurant Pte Ltd

The Group
A subsidiary has received a claim for damages of $853,098 (2008 - $853,098) from a purchaser of a unit of freehold residential property which had been completed and sold. The directors of the Company are disputing the claim. They have sought legal advice and are of the opinion that no material loss will arise.

Notes:

(1) If contingent liabilities are secured, the nature and amount of the security should be disclosed as well.

(2) Unless the possibility of any outflow in settlement is remote, an enterprise should disclose for each class of contingent liability at the financial position date a brief description of the contingent liability and, where practicable: FRS 37.36 - 52
  (a) an estimate of its financial effect, measured under FRS 37(36-52);
  (b) an indication of the uncertainties relating to the amount or timing of any outflow; and
  (c) the possibility of any reimbursement.

(3) When the disclosures required by FRS 37(86) and (89) cannot be provided because it is impracticable to do so, that fact should be disclosed.

(4) When disclosure of some or all of the information required by FRS 37(86) and (89) can be expected to be prejudice seriously the position if the enterprise in relation to a dispute with other parties, such disclosures need not be provided. Instead, disclose the general nature of the dispute, and the fact and reason why the information has not been disclosed. FRS 37.92

34 Employee benefits

The Company

Employee share option scheme

The Company has an employee share incentive plan for the granting of non-transferable options to directors and other full-time eligible executive officers. Options are granted for terms of 5 years to purchase the Company's ordinary shares at not less than the market value of the shares at the date of grant. The options are exercisable beginning on the first anniversary of the date of the grant. FRS 102.45.a

Information with respect to the number of options granted under the Company's employee share option plan is as follows: FRS 102.45.b

	Options 2009	Weighted average exercise price 2009 $	Options 2008	Weighted average exercise price 2008 $	
Outstanding at the beginning of year	169,000	3.35	140,000	3.62	FRS 102.45.b.i
Granted	110,000	3.30	132,000	3.50	FRS 102.45.b.ii
Forfeited	(67,000)	3.51	(500)	3.70	FRS 102.45.b.iii
Expired	(6,000)	3.70	(102,500)	3.70	FRS 102.45.b.v
Exercised(1)	(12,000)	3.60	-	-	FRS 102.45.b.iv
Outstanding at end of the year	**194,000**	**3.37**	169,000	3.54	FRS 102.b.vi
Exercisable at year end	**34,000**	**3.61**	10,000	3.70	FRS 102.b.vii

(1) Consideration received from options exercised during the year was $43,200 (2008 - $Nil). FRS 102.45.d

The following table summarises information about options outstanding and exercisable at 31 December 2009.

	Outstanding		Exercisable	
Option Price	Options	Average Life(2)	Options	Average Option Price
3.70	4,000	2.5	4,000	3.70
3.60	30,000	3.5	30,000	3.60
3.50	50,000	4.5	-	-
3.30	110,000	5.5	-	-
Total	**194,000**	**4.87**	**34,000**	**3.61**

(2) Weighted-average contractual life remaining in years. FRS102.47.a

The fair value of share options as at the date of grant, is estimated by an external valuer using a binomial model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used for the years ended 31 December 2009 and 31 December 2008 are shown below.

	2009	2008
Weighted average share price	**$3.66**	$3.90
Weighted average exercise price	**$3.30**	$3.50
Expected volatility	**40%**	35%
Expected option life	**4**	4
Risk free rate	**3.5%**	3.0%
Expected dividend yield	**2%**	3.2%
Fair value at measurement date	**$1.60**	$1.43

34 Employee benefits (cont'd)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Other than stated, no other features of the option grant were incorporated into the measurement of fair value.

The Company and The Group

FRS 19.120A.b

Post employment benefit plans

The Company has several non-contributory defined benefit pension plans covering substantially all of its employees. Retirement benefits are based on years of credited service, the highest average compensation (as defined), and the relevant government benefits which vary from plan to plan reflecting applicable local practices and legal requirements.

The Company also offers post retirement health care and life insurance benefits to all eligible domestic retired employees. Retirees share in the cost of their health care benefits through service-related contributions and salary-related deductibles. Retiree life insurance benefits are non-contributory.

The following tables summaries the components of net benefit expense recognised in the consolidated income statement and the funded status and amounts recognised in the consolidated balance sheet. FRS 19.122

Net benefit expense

	Pension Plans				Post Retirement Benefit Plans		
	Domestic Plans		Overseas Plans		Domestic Plans		
	2009	2008	**2009**	2008	**2009**	2008	
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	
Benefits earned during the year	**848**	602	**225**	181	**255**	207	FRS 19.120A.g.i
Interest cost on benefit obligation	**379**	325	**66**	60	**210**	187	FRS 19.120A.g.ii
Expected return on plan assets	**(695)**	(613)	**(91)**	(80)	**(322)**	(296)	FRS 19.120A.g.iii
Net actuarial loss	**3**	4	**1**	6	**7**	9	FRS 19.120A.g.v
Past service cost	**11**	11	**-**	-	**-**	-	FRS 19.120A.g.vi
Curtailment loss	**13**	-	**2**	-	**-**	-	FRS 19.120A.g.vii
Net benefit expense	**559**	329	**203**	167	**150**	107	
Actual return on plan assets	**768**	689	**-**	-	**315**	284	

Benefit liability

FRS 19.120A.f

	Pension Plans				Post Retirement Benefit Plans		
	Funded Domestic Plans		Unfunded Overseas Plans		Domestic Plans		
	2009	2008	**2009**	2008	**2009**	2008	
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	
Benefit obligation	**8,121**	7,120	**380**	285	**1,392**	1,220	FRS 19.120A.f.i
Plan assets	**(7,981)**	(6,995)	**-**	-	**(811)**	(882)	FRS 19.120A.f.ii
Unfunded benefit obligation	**140**	125	**380**	285	**581**	338	
Unrecognised net actuarial (losses)/gains	**(30)**	(25)	**27**	20	**(12)**	(8)	
Unrecognised past service cost	**(80)**	(75)	**-**	-	**-**	-	
Benefit liability	**30**	25	**407**	305	**569**	330	
Benefit liability:							
Current	**13**	12	**181**	124	**111**	75	
Non-Current	**17**	13	**226**	181	**458**	255	
	30	25	**407**	305	**569**	330	

34 Employee benefits (cont'd)

The Company and The Group

Activity in the benefit liability during the year ended 31 December was as follows:

FRS 19.120A.e

	Pension Plans				Post Retirement Benefit Plans	
	Domestic Plans		Overseas Plans		Domestic Plans	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Benefit liability, beginning of year	**25**	32	**305**	293	**330**	-
Transitional liability recognised in accumulated profits	**-**	7	**-**	34	**-**	128
Benefit expense	**535**	298	**203**	167	**328**	232
Contributions	**(530)**	(312)	**(135)**	(180)	**(89)**	(30)
Acquisitions	**-**	-	**30**	-	**-**	-
Foreign exchange impact	**-**	-	**4**	(9)	**-**	-
Benefit liability end of year	**30**	25	**407**	305	**569**	330

Included in pension plan assets are ordinary shares of Company with a fair value of $745,000 (2008 - $680,000) and an office building occupied by the Company with a fair value of $860,000 (2008 - $850,000).

The principal assumptions used in determining pension and post retirement benefit obligations for the Company's plans are shown below: FRS 19.120A.n

	2009	2008
	%	%
Discount rate		
Domestic plans	**6.8**	6.6
Overseas plans	**7.1**	7.0
Rate of return on assets	**8.4**	8.1
Future compensation increases		
Domestic plans	**4.9**	4.6
Overseas plans	**4.7**	4.4
Future pension increases		
Domestic plans	**2.8**	2.3
Overseas plans	**2.3**	2.1
Health care cost increase rate	**7.9**	8.2
Future changes in maximum government health care benefits	**1.3**	0.9

Changes in the fair value of plan assets are as follows:

FRS 19.120A.e

	2009	2008
The Group	**$**	$
Opening fair value of plan assets	**118,828**	108,095
Expected return	**10,443**	9,503
Actuarial gains	**300**	995
Contributions by employer	**18,429**	14,440
Exchange difference	**438**	(914)
Benefits paid	**(23,345)**	(13,291)
Closing fair value of plan assets	**125,093**	118,828

34 Employee benefits (cont'd)

The fair value of plan assets at the financial position date is analysed as follows:

The Group	**2009** **$**	2008 $
Equity instruments	**3,182**	4,629
Debt instruments	**34,096**	38,735
Property	**29,717**	18,226
Other assets	**58,098**	57,238
	125,093	118,828

The history of the plan for the current and prior years is as follows:

FRS 19.120A.p

The Group	**2009** **$**	2008 $
Present value of defined benefit obligation	**180,512**	177,395
Fair value of plan assets	**(125,093)**	(118,828)
Deficit	**55,419**	58,567
Experience adjustments on plan liabilities	**1,862**	784
Experience adjustments on plan assets	**300**	684

The Group expects to contribute approximately $16 million to its defined benefit plan in 2009.

35 Related party transactions

FRS 24.17, 22

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties:

FRS 24.20.c

The Group	**2009** **$**	2008 $
Management fee paid to ultimate holding company	**334,597**	337,858

Notes:
If there have been transaction between the related parties, the reporting entity should disclose the nature of the related party relationship as well as the type of transactions and the elements of the transactions necessary for an understanding of the financial statements.

FRS 24.17

36 Commitments

FRS 16.74.c

36.1 Capital commitments

FRS 16.74

	The Company		The Group	
	2009	2008	**2009**	2008
	$	$	**$**	$
Capital expenditure contracted but not provided for in the financial statements	**-**	-	**29,066,700**	-
Capital expenditure approved by the directors but not contracted for	**260,000**	-	**260,000**	-

Notes:
Disclose the amount of contractual commitments for the acquisition of intangible assets.

FRS 38.122.e

36.2 Operating lease commitments (non-cancellable)

(A) Where Company and Group are the lessees

FRS 17.35.a

At the financial position date, the Company and the Group were committed to making the following rental payments in respect of non-cancellable operating leases of factory and warehouse premises with an original term of more than one year:

	The Company		The Group	
	2009	2008	**2009**	2008
	$	$	**$**	$
Not later than one year	**99,480**	21,465	**262,596**	198,245
Later than one year and not later than five years	**398,200**	-	**942,457**	721,465
Later than five years	**58,200**	-	**58,000**	-

FRS 17.35.b, d

The leases on the Company's and the Group's factory and warehouse premises on which rentals are payable will expire on 31 December 2010 and 15 June 2017, subject to an option to renew for another 30 years, and the current rent payable on the leases are $16,071 and $20,521 per month respectively which are subject to revision on renewal.

The percentage rent payable in respect of factory premises is the sum equivalent to 7% of the monthly revenue in excess of $2,700,000.

Notes:
Lessees should also make the following disclosures for operating leases:

(a) the total minimum lease payments expected to be received under non-cancellable subleases at the financial position date FRS 17.35.b
(b) lease and sublease payments recognised in income for the period, with separate amounts for minimum lease payments, contingent rents, and sublease payments FRS 17.35.c
(c) a general description of the lessee's significant leasing arrangements including, but not limited to basis of contingent rent payments, existence and terms of renewal or purchase options and escalation clauses, and restrictions imposed by lease agreements for example concerning dividends, additional debt, and further leasing. FRS 17.35.d

36 Commitments (cont'd)

36.2 Operating lease commitments (non-cancellable) (cont'd)

(B) Where Company and Group are the lessors FRS 17.56.c

At the financial position date, the Company and the Group had the following rental income under non-cancellable lease for commercial premises with a term of more than one year:

	The Company		The Group		
	2009	2008	**2009**	2008	FRS 17.56.a
	$	$	**$**	$	
Lease which expires:					
Not later than one year	**154,800**	131,671	**170,800**	155,800	
Later than one year and not later than five years	**91,587**	37,200	**125,200**	137,200	
Later than five years	**-**	-	**-**	-	

The leases on the Company's and the Group's commercial premises on which rentals are received will expire on 31 December 2010 with renewals at the then prevailing rates.

36.3 Other commitments

	The Company		The Group		
	2009	2008	**2009**	2008	FRS 31.55.b
	$	$	**$**	$	
Investment in joint venture	**200,000**	200,000	**200,000**	200,000	
Uncalled capital contribution in associate	**200,000**	-	**200,000**	-	
	400,000	200,000	**400,000**	200,000	

37 Operating segments

FRS 108

For management purposes, the Group is organised into the following reportable operating segments as follows:- FRS 108.22

1) The property development segment relates to the development of properties for sale.
2) The property investment and investment holding segment is the business of investing in properties for rental.
3) The other operations segment include project and property management, estate agent and general construction and interior works.

The hotel and restaurant segment was discontinued during the year.

There are no operating segments that have been aggregated to form the above reportable operating segments.

The chief executive officer monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements. FRS 108.27.b

Group financing and income taxes are managed on a group basis and are not allocated to operating segments. FRS 108.27.a

Sales between operating segments are carried out at arm's length.

37 Operating segments (cont'd)

	Property development		Property investment and investment holding		Others Operations		Elimination		Total continuing operations		Hotel and restaurant (Discontinued)		Total Operations	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$	$	**$**	$	**$**	$	$	$	**$**	$	**$**	$	**$**	$
Revenue														
External sales	**197,569,526**	131,233,632	**4,879,429**	737,361	**199,972**	200,100	-	-	**202,648,927**	132,171,093	**678,660**	3,107,785	**203,327,587**	135,278,878
Inter-segment sales	**-**	-	**-**	-	**-**	10,000	-	(10,000)	**-**	-	**-**	-	**-**	-
Total revenue	**197,569,526**	131,233,632	**4,879,429**	737,361	**199,972**	210,100	-	(10,000)	**202,648,927**	132,171,093	**678,660**	3,107,785	**203,327,587**	135,278,878
Result														
Segment result	**5,633,526**	11,125,258	**736,925**	(407,327)	**126,896**	51,315	-	-	**6,497,347**	10,769,246	**(3,198,898)**	(1,347,849)	**3,298,449**	9,421,397
Unallocated corporate expenses									**(223,879)**	(177,288)	**-**	-	**(223,879)**	(177,288)
Operating profit									**6,273,468**	10,591,958	**(3,198,898)**	(1,347,849)	**3,074,570**	9,244,109
Finance cost									**(1,903,935)**	(1,731,527)	**-**	-	**(1,903,935)**	(1,731,527)
Share of net profits of associates	**1,019,558**	468,042	**190,022**	449,648	**-**	-	-	-	**1,209,580**	917,690	**-**	-	**1,209,580**	981,606
Income taxes									**(621,652)**	(1,428,828)	**-**	-	**(621,652)**	(1,428,828)
Net profit/(loss)									**4,957,461**	8,413,209	**(3,198,898)**	(1,347,849)	**1,758,563**	7,065,360

37 Operating segments (cont'd)

	Property development		Property investment and investment holding		Others Operations		Total continuing operations		Hotel and restaurant (Discontinued)		Total Operations	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$	$	**$**	$	**$**	$	**$**	$	**$**	$	**$**	$
Other information												
Segment assets	**73,604,389**	58,184,012	**50,031,176**	36,674,087	**1,119,727**	1,179,078	**124,755,292**	96,037,177	**-**	3,593,623	**124,755,292**	99,630,800
Associates	**56,076,604**	52,453,995	**-**	-	**900,000**	800,000	**56,976,604**	53,253,995	**-**	-	**56,976,604**	53,253,995
Segment liabilities	**48,320,788**	49,554,534	**30,633,508**	21,483,231	**685,092**	690,689	**79,639,388**	71,728,454	**-**	2,105,100	**79,639,388**	73,833,554
Capital expenditure	**1,029,726**	-	**11,970,274**	3,997,783	**299,264**	77,648	**13,299,264**	4,075,431	**-**	-	**13,299,264**	4,075,431
Depreciation of property, plant and equipment	**-**	-	**362,350**	500,000	**716,718**	517,047	**1,079,068**	1,017,047	**-**	137,823	**1,079,068**	1,154,870
Amortisation of intangible assets	**-**	-	**-**	-	**60,000**	40,000	**60,000**	40,000	**-**	-	**60,000**	40,000
Impairment of intangible assets	**-**	-	**-**	-	**10,000**	-	**10,000**	-	**-**	-	**10,000**	-
Impairment of property, plant and equipment recognised	**-**	-	**823,807**	-	**-**	-	**823,807**	-	**-**	-	**823,807**	-
Property, plant and equipment written off	**-**	-	**-**	-	**10,435**	-	**10,435**	-	**-**	-	**10,435**	-
Provision for restructuring	**-**	-	**-**	-	**-**	-	**-**	-	**2,500,000**	-	**2,500,000**	-

37 Operating segments (cont'd)

37.2 Geographical segments

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows: FRS 108.33

Revenue	2009 $	2008 $
Singapore	**202,230,692**	131,870,593
Other Asean countries	**418,235**	300,500
Total continuing operations	**202,648,927**	132,171,093
Discontinued operations		
- Hotel & Restaurant operations	**678,660**	3,107,785
	203,327,587	135,278,878

FRS 108.33.a

Non-current assets	2009 $	2008 $
Singapore	**90,253,203**	81,781,251
Other Asean countries	**5,778,300**	1,227,315
	96,031,503	83,008,566

FRS 108.33.b

Other Asean countries include Malaysia, Vietnam and Indonesia.

Revenue of approximately $23,460,000 (2008 - $20,478,000) are derived from a single external customer. These revenue are attributable to the Singapore property development segment. FRS 108.34

Reportable segments' assets are reconciled to total assets as follows:

	2009 $	2008 $
Segment assets	**124,755,292**	99,630,800
Elimination	**(468,278)**	(386,271)
Assets associated with disposal group	**406,399**	-
Investments in associates	**56,976,604**	53,253,995
Deferred tax assets	**300,000**	450,000
Financial instruments	**905,860**	66,120
Fixed deposits	**9,181,548**	34,350,847
	192,057,425	187,365,491

FRS 108.27.c

37 Operating segments (cont'd)

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2009	2008	
	$	$	FRS 108.27.d
Segment liabilities	**79,639,38**	73,833,55	
Elimination	**(246,78**	(835,27	
Income tax liabilities	**3,167,1**	3,919,5	
Dividend payable	**888,**		
	83,447,73	76,917,82	

Notes:

(a) An entity is required to present segment information if its securities are publicly traded, or if it is in the process of issuing equity or debt securities in public securities markets. Other entities may choose to present segment information, but must comply with FRS 108. If entities that are not required to apply FRS 108 chooses to disclose information about segments that does not comply with this FRS, such information shall not be described as segment information FRS 108.2 FRS 108.3

(b) An entity shall report separately information about an operating segment that meets any of the following quantitative thresholds: FRS 108.13
- reported revenue (including sales to external customers and intersegment) is 10% or more of the combined revenue of all operating segments;
- absolute amount of reported profit or loss is 10% or more of the greater, in absolute amount, of (i) combined reported profit of all operating segments that did not report a loss and (ii) combined reported loss of all the operating segments that reported a loss;
- assets are 10% or more of teh combined assets of all operating segments.

(c) If total external revenue reported by operating segments is less than 75% of total revenue, additional operating segments shall be identified as reportable segments until at least 75% of total revenue is reported. FRS 108.15

(d) Operating segments that do not meet the quantitative thresholds may be aggregated to produce a reportable segment only if the operating segments have similar economic characteristics and are similar in:-: FRS 108.14
- the nature of the products and services;
- the nature of the production processes;
- the type or class of customers for their products and services;
- the methods used to distribute their products and services; and
- where applicable, the nature of teh regulatory environment.

(e) FRS 108 requires an entity to report the revenue from external customers for each product and service. The amount of revenue should be based on the financial information used to produced the financial statements. If the Group's reportable segments are based on business units, no additional disclosure is required. FRS 108.32

38 Financial risk management objectives and policies

FRS 107.7, 31

The Company and the Group have documented financial risk management policies. These policies set out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance. The Company and the Group use financial instruments such as interest rate swaps and forward foreign exchange contracts to hedge certain risk exposures. FRS 107.31 - 33

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies, evaluates and hedges financial risks in close co-operation with the Company's and the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below. FRS 107.33.c FRS 107.40.c

Or

The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

Notes:

FRS 107 requires an entity to disclose qualitative and quantitative information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date, including the entity's policies and processes for accepting, measuring, monitoring and controlling such risks. In addition, an entity is required to disclose any change in the qualitative information from the previous period and explain the reasons for the change. FRS 107.33.a FRS 107.IG17

The Standard further requires the disclosure of summary quantitative data about an entity's exposure to financial risk (e.g. credit risk, liquidity risk, market risk etc.) that is based on the information provided internally to key management personnel of the entity (as defined in FRS 24, Related Party Disclosures), e.g. the Board of directors or CEO. As such, the disclosures would be defined by the actual information used by management in managing financial risks, which may be different from those disclosed in this illustration. FRS 107.34.a

In addition, if the above-mentioned quantitative data disclosed as at the financial position date are unrepresentative of the entity's exposure to risk during the period, the entity shall provide further information that is representative e.g. an entity might disclosed the highest, lowest and average amount of risk to which it was exposed during the period to meet the disclosure requirement. FRS 107.35 FRS 107.IG20

The identification of concentrations of risk requires judgement taking into account the circumstances of the entity. Apart from country and industry sectors, other measures of credit risk concentrations may include credit rating or other measures of credit quality, limited number of individual counterparties, or groups of closely related counterparties. FRS 107.AGB8 FRS 107.IG18

If the entity prepares a sensitivity analysis such as value-at-risk that reflects interdependencies between risk variables (e.g. interest rates and exchange rates) and uses it to manage financial risks, it may use that value-at-risk sensitivity analysis in place of the analysis specified in FRS 107.40. FRS 107.41

38 Financial risk management objectives and policies (cont'd)

38.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. The Company's and the Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Company and the Group adopt the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company and the Group adopt the policy of dealing only with high credit quality counterparties. FRS 107.33.b

The Company's and the Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure. FRS 107.33.c

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the [*Head of Credit Control*] based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Company and at group level by the [*Head of Credit Control*]. The Company's and the Group's trade receivables comprise 3 debtors (2008 - 3 debtors) and 5 debtors (2008 - 5 debtors) respectively that represented 60% of trade receivables. FRS 107.34.c

<u>Exposure to credit risk</u> FRS 107.36.a, b

As the Company and the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2009	2008
	$'000	$'000
Corporate guarantees provided to banks on subsidiaries' loans	**12,424,444**	12,430,000

The Company's and the Group's major classes of financial assets are bank deposits and trade receivables. Cash is held with financial institutions of good standing/established financial institutions/reputable financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 14. FRS 107.36.b

Or

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Company's and the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

38 Financial risk management objectives and policies (cont'd)

38.2 Liquidity risk

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's and the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. FRS 107.33.a, b

FRS 107.34
FRS 107.39.a

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cashflows:

	Less than 1 year $	Between 2 and 5 years $	Over 5 years $	Total $
Group				
At 31 December 2009				
Non-derivative financial liabilities				
Trade and other payables	**32,708,972**	**-**	**-**	**32,708,972**
Borrowings	**14,757,507**	**23,469,620**	**-**	**38,227,127**
Redeemable preference shares	**-**	**-**	**5,000,000**	**5,000,000**
	47,466,479	**23,469,620**	**5,000,000**	**75,936,099**
At 31 December 2008				
Trade and other payables	29,812,991	-	-	29,812,991
Borrowings	14,466,223	23,269,066	-	37,735,289
	44,279,214	23,269,066	-	67,548,280
Company				
At 31 December 2009				
Non-derivative financial liabilities				
Trade and other payables	**31,215,233**	**-**	**-**	**31,215,233**
Borrowings	**1,273,222**	**23,096,250**	**-**	**24,369,472**
Redeemable preference shares	**-**	**-**	**5,000,000**	**5,000,000**
Financial guarantee contracts	**160,000**	**-**	**-**	**160,000**
	32,648,455	**23,096,250**	**5,000,000**	**60,744,705**
At 31 December 2008				
Trade and other payables	28,917,006	-	-	28,917,006
Borrowings	1,082,888	22,453,750	-	23,536,638
	29,999,894	22,453,750	-	52,453,644

The Company and the Group ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Finance Division aims at maintaining flexibility in funding by keeping committed credit facilities available as disclosed in Note 21.8.

Or

FRS 107.35

The Group maintains sufficient level of cash and cash equivalents and has available adequate amount of committed credit facilities from financial institutions and obtains written continuing financial support from the shareholders/holding Company to meet its working capital requirements. FRS 107.39b

38 Financial risk management objectives and policies (cont'd)

38.2 Liquidity risk (cont'd)

Notes:
1. An entity shall disclose:- FRS 107.39
(a) A maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities; and
(b) A maturity analysis for derivative financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows.
(c) A description of how it manages the liquidity risk inherent in (a) and (b).

2. In preparing the maturity analyses for financial liabilities, an entity uses its judgement to determine an appropriate number of time bands. FRS 107.B11

3. Contractual cash flows are undiscounted and therefore may not agree with the carrying amounts in the statement of financial position FRS 107.B14

38.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's and the Group's financial instruments will fluctuate because of changes in market interest rates. FRS 107.33.a, b

The Company's and the Group's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to related parties and investments in debt securities. The Company and the Group do not hedge its investment in fixed rate debt securities as they have active secondary or resale markets to ensure liquidity. The Company's loans at floating rate given to related parties form a natural hedge for its non-current floating rate bank loan. All of the Company's and the Group's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2008 - less than 6 months) from the financial position date.

The Company's and the Group's policy is to manage interest costs using a mix of fixed and floating rate debts. The Group's policy is to keep 50% to 70% (2008 - 50% to 70%) of its loans and borrowings at fixed rates of interest. To manage this mix in a cost-efficient manner, the Company and the Group enter into interest rate swaps. At the financial position date, after taking into account the effect of an interest rate swap, approximately 67% (2008 - 58%) of the Group's borrowings are at fixed rates of interest. FRS 107.33.b FRS 107.34.a

<u>Sensitivity analysis for interest rate risk</u> FRS 107.40
At the financial position date, if SGD interest rates had been 75 (2008 - 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $20,000 (2008 - $18,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, higher/lower interest income from floating rate loans to related parties and lower/higher positive fair value of an interest rate swap, and the Group's other reserve in equity would have been $30,000 (2008 - $30,000) higher/lower, arising mainly as a result of an increase/decrease in the fair value of fixed rate debt securities classified as available-for-sale.

The Company and the Group are not exposed to any cash flows risk as it does not have any monetary financial instruments with variable interest rates.
Or
The Group has no interest-bearing financial instruments, hence, is not exposed to any movements in market interest rates.

38 Financial risk management objectives and policies (cont'd)

38.3 Interest rate risk

Notes:
Interest rate risk arises on interest-bearing financial instruments recognised in the balance sheet (e.g. loans and receivables and debt instruments issued) and on some financial instruments not recognised in the balance sheet (e.g. some loan commitments). FRS 107.B22

Sensitivity analysis for market risk - FRS 107 introduces disclosure of sensitivity analysis for each type of market risk to which an entity is exposed at the report date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date. These analyses shall be provided for the whole of an entity's business. However, an entity may also 'drill down' to provide different types of sensitivity analysis for different classes of financial instruments. FRS 107.B18

The sensitivity analysis should be based on changes in the risk variable that were reasonably possible at the reporting date having considered the economic environments in which the entity operates, the type of market risk concerned and the time frame over which the assessment is being made i.e. the period until the entity will next present the analysis e.g. next annual reporting period. A reasonably possible change should not include remote or 'worst case' scenarios or 'stress test'.

An entity should also disclose the methods and assumptions used in preparing the sensitivity analysis, and changes from the previous period in the methods and assumptions used, including the reasons for such changes. FRS 107.40.b, c

Instead of the sensitivity analysis illustrated, FRS 107 permits an entity to use a sensitivity analysis that reflects interdependencies between risk variables, such as a value-at-risk methodology, if it uses this analysis to manage its exposure to financial risks. This applies even if such a methodology measures only the potential for loss and does not measure the potential for gain. In such cases, the entity should also disclose an explanation of the method and objective of the analysis (e.g. whether the model relies on Monte Carlo simulations), the main parameters and assumptions used (e.g. the holding period and confidence level), and limitations that may result in the information disclosed not fully reflecting the fair value of assets and liabilities involved. FRS 107.41

When the sensitivity analyses disclosed are unrepresentative of a risk inherent in a financial instrument (e.g. because the financial position date exposure does not reflect exposure during the financial year), the entity shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative, including additional disclosures regarding the risk inherent in that financial instrument. FRS 107.42

38 Financial risk management objectives and policies (cont'd)

38.4 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies. FRS 107.33.b

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of group entities, primarily Singapore Dollar (SGD), Malaysian Ringgit (Ringgit) and Renminbi (RMB). The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD). Approximately 23% (2008 - 25%) of the Group's sales are denominated in foreign currencies whilst almost 80% (2008 - 83%) of costs are denominated in the respective functional currencies of the group entities. The Group's trade receivable and trade payable balances at the financial position date have similar exposures. FRS 107.33.a FRS 107.34.b

The Company and the Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the financial position date, such foreign currency balances (mainly in USD) amount to $xx,000 and $xx,000 for the Group and the Company respectively. FRS 107.33.a FRS 107.34.b

FRS 107.33.b

The Group requires all of its operating entities to use forward currency contracts to eliminate the currency exposures on any individual transactions in excess of $100,000 for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

FRS 107.33.b

At 31 December 2008, the Group had hedged 75% (2008 - 68%) and 70% (2008 - 65%) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the financial position date, extending to March 2008.

<u>Sensitivity analysis for foreign currency risk</u> FRS 107.40

The following table demonstrates the sensitivity to a reasonably possible change in the USD, RMB and Ringgit exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax and equity.

		The Group			
		2009		2008	
		$		$	
		Profit net of tax	**Equity**	Profit net of tax	Equity
USD	- strengthened 3% (2008 - 3%)	**-30**	**-54**	-30	-50
	- weakened 3% (2008 - 3%)	**+30**	**+54**	+30	+50
RMB	- strengthened 4% (2008 - 4%)	**+57**	**+88**	+66	+96
	- weakened 4% (2008 - 4%)	**-57**	**-88**	-66	-96
Ringgit	- strengthened 3% (2008 - 4%)	**+49**	**+85**	+68	+82
	- weakened 3% (2008 - 4%)	**-49**	**-85**	-68	-82

Or

The Group operates and sells its products/services in several countries other than Singapore and transacted in foreign currencies. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to United States Dollars, Euro and Japanese Yen. However, the Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

38 Financial risk management objectives and policies (cont'd)

38.4 Foreign currency risk (cont'd)

Notes:
An entity shall provide sensitivity analysis for the whole of its business but may provide difference types of sensitivity analysis for different classes of financial instruments. A sensitivity analysis shall be disclosed for each currency to which an entity has significant exposure. FRS 107.40.a

38.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices. FRS 107.27.c

The Group is exposed to market price risks arising from its investment in equity investments quoted on the SGX-ST in Singapore classified as held-for-trading and available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

Market price sensitivity
At the financial position date, if the Straits Times Index ("STI") had been 2% (2008 - 2%) higher/lower with all other variables held constant, the Group's profit net of tax would have been $88,000 (2008 - $78,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's other reserve in equity would have been $66,000 (2008 - $77,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale. FRS 107.40.a, b

The Group's sensitivity to market prices has not changed significantly from the prior year.

Or

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

39 Capital management

The Group's objectives when managing capital are: FRS 1.124A

(a) To safeguard the Group's ability to continue as a going concern;
(b) To support the Group's stability and growth; and
(c) To provide capital for the purpose of strengthening the Company's risk management capability; and
(d) To provide an adequate return to shareholders.

39 Capital management (cont'd)

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. *The Group currently does not adopt any formal dividend policy.*

FRS 1.124B.a.i

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the balance sheet.

FRS 1.124B.a.ii

The Group's goal in capital management is to maintain a capital-to-overall financing structure (defined as total equity and borrowings) ratio of 1:6 to 1:4.

FRS 1.124B.a.iii

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

FRS 1.124B.a

From time to time, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily, the shares purchased are intended to be used for issuing shares under the Group's share option programme. Buy and sell decisions are made on a specific transaction basis by the Board; the Group does not have a defined buy-back plan.

FRS 1.124B.c

There were no changes in the Group's approach to capital management during the year.

FRS 1.124B.a

The Company and its subsidiaries are not subject to externally imposed capital requirements.

FRS 1.124B.d

Disclosure of covenant imposed:
Granthor has honoured its covenant obligations, including maintaining capital ratios, since the subordinated loan was taken out in 2008

Notes:

<u>This publication illustrates the capital risk disclosure for a reporting entity that monitors its capital using a gearing ratio</u>. Other entities may use different and/or more complex methods to monitor capital. An entity decides, in the light of its circumstances, which measures are more suitable to monitors its capital and how much detail it should disclose. FRS 1.IG5

The disclosures in respect of capital management should be based on the information provided internally to key management personnel of the entity, e.g., the entity's board of directors or chief executive. FRS 1.124B

When applicable, an entity should describe changes in quantitative and qualitative data about its objectives, policies and processes for managing capital as compared to the prior period, a statement of whether it has complied with externally imposed capital requirements and any instances of non-compliance. FRS 1.124B.a - e

An entity may manage capital in a number of ways and be subject to a number of different capital requirements. When an aggregate disclosure of capital requirements and how capital is managed would not provide useful information or distorts a financial statement user's understanding of an entity's capital resources, the entity should disclose separate information for each capital requirement to which the entity is subject. FRS1.124C

40 Financial instruments

Fair values
The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values. FRS 107.25 FRS 107.29.a

However, the Company and the Group do not anticipate that the carrying amounts recorded at financial position date would be significantly different from the values that would eventually be received or settled.

(to edit as appropriate)

The fair value of publicly traded derivatives and securities is based on quoted market prices at the financial position date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at financial position date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt securities. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments. FRS 107.27.b

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward foreign exchange market rates at the financial position date. FRS 107.27.a

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. FRS 107.29.a

It is not practicable to estimate the fair value of the following financial assets without incurring excessive costs:

(i) unquoted equity securities, due to the absence of quoted market prices; and

(ii) non-current loans to fellow subsidiary, due to the absence of agreed repayment terms between the parties involved.

However, the Company and the Group do not anticipate that the carrying amounts recorded at financial position date would be significantly different from the values that would eventually be received or settled.

Notes:
Where financial assets are carried at greater than fair value, the carrying amount and fair value of either the individual assets or appropriate grouping of these assets should be disclosed. The reasons for not reducing the carrying amounts including the nature of the evidence that provides the basis for management's belief that the carrying amount will be recovered must also be disclosed.

40 Financial instruments (cont'd)

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Amendments to FRS 107.27A, B

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

The Company and The Group

	Level 1 $	Level 2 $	Level 3 $	Total $
At 31 December 2009				
Available-for-sale financial assets				
- Equity investments	**35,810**	**-**	**8,000**	**43,810**
- Convertible bonds	**32,300**	**-**	**-**	**32,300**
Financial assets at fair value through profit or loss	**19,750**	**-**	**-**	**19,750**

	Level 1 $	Level 2 $	Level 3 $	Total $
At 31 December 2008				
Available-for-sale financial assets				
- Equity investments	10,920	-	8,000	18,920
- Convertible bonds	26,400	-	-	26,400
Financial assets at fair value through profit or loss	10,800	-	-	10,800

The fair value of financial instruments traded in active markets (such as available-for-sale equity investments and convertible bonds) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

40 Financial instruments (cont'd)

The fair value of financial instruments that are not traded in an active market (for example, unlisted equity investments) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each financial position date. Such instruments are included in Level 3.

The following table presents the changes in Level 3 instruments: FRS 107p27B

The Company and The Group

	Available-for-sale financial assets $	Financial assets at fair value through profit or loss $	Total $
At 1 January 2008	8,000	-	8,000
Transfers into Level 3	-	-	-
Purchases of Level 3 securities	-	-	-
Gains and losses recognised in profit or loss	-	-	-
At 31 December 2008	**8,000**	**-**	**8,000**
Transfers into Level 3	**-**	**-**	**-**
Purchases of Level 3 securities	**-**	**-**	**-**
Gains and losses recognised in profit or loss	**-**	**-**	**-**
At 31 December 2009	**8,000**	**-**	**8,000**
Total gains or losses for the period included in profit or loss for assets held			
- for the year ended 31 December 2008	-	-	-
- for the year ended 31 December 2009	-	-	-

(to edit as appropriate)

During the financial year ended 31 December 2009, the Group transferred an available-for-sale equity instruments from Level 1 into Level into Level 3 as the financial instruments eencountered significant financial difficulties which resulted in a significant increase in discount rate use for the valuation model, due to increased counterparty credit risk which is not based on observable inputs. FRS 107.27B.c.iv

40 Financial instruments (cont'd)

Notes:

1. For fair value measurements recognised in the statement of financial position, an entity discloses the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety. FRS 107.27B

2. An entity discloses, for fair value measurements in Level 3 of the fair value hierarchy, a reconciliation from beginning balances to the ending balances, disclosing separately changes during the period attributable to: FRS 107.27B.c - e
   - Total gains or losses for the period recognised in profit or loss, and a description of where they are presented in the statement of comprehensive income
   - Total gains or losses recognised in other comprehensive income
   - Purchases, sales, issues and settlements, each type of which disclosed separately
   - Transfers into or out of Level 3 and the reasons for those transfers. For significant transfers, transfers into Level 3 are disclosed separately from transfers out of Level 3.

   In addition, an entity discloses for fair value measurements in Level 3:
   - Total gains or losses for the period recognised in profit or loss, and a description of where they are presented in the statement of comprehensive income, for assets and liabilities held at the reporting date.

A sensitivity analysis disclosing the effect of fair value changes, if significant, that would result if one or more of the inputs would be changes to a reasonably possible alternative assumption, including how the effect was calculated.

41 Prior year adjustment

In 2009, the Company discovered that, plant and machinery, which were acquired in January 2007, for a cost of $2,500,000, has not been depreciated. The Company's accounting policy is to depreciate the cost of plant and machinery over 5 years on a straight line basis. The correction of error has been accounted for retrospectively in accordance with FRS 8. The effects of the correction of the above error are disclosed below: FRS 8.42

	$
Retained profits as at 1 January 2008 as previously reported	27,955,917
Correction of error	(500,000)
Retained profits as at 1 January 2008, as restated	27,455,917
Profit before taxation as previously reported	9,842,037
Correction of error	(500,000)
Profit before taxation, as restated	9,342,037
Retained profits as at 31 December 2008 as previously reported	18,295,218
Correction of error	(1,000,000)
Retained profits as at 31 December 2008, as restated	17,295,218
Net book value of property, plant and equipment	
As at 1 January 2008 as previously reported	12,654,294
Correction of error	(500,000)
As at 1 January 2008, as restated	12,154,294
Net book value of property, plant and equipment	
As at 31 December 2008 as previously reported	11,443,122
Correction of error	(1,000,000)
As at 31 December 2008, as restated	10,443,122

42 Prior year adjustment (cont'd)

The correction of the above error has no material impact on the earnings per share.

Notes:

FRS 8.28.f.ii

1. An entity shall correct prior period errors retrospectively by:-
   (a) Restating the comparative amounts for the prior periods presented in which the error occurred; or
   (b) If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. FRS 8.42

2. The following shall be disclosed:
   (i) Nature of the prior period error;
   (ii) For each prior period presented, to the extent practicable, the amount of the correction for (a) for each financial statement line item affected; and (b) for basic and diluted earnings per share, if FRS 33 is applicable. FRS 8.49.a - d
   (iii) The amount of the correction at the beginning of the earliest prior period presented; and
   (iv) If retrospective restatement is impracticable, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

43 Events after financial position date

FRS 10.21

The Company and The Group

Subsequent to financial position date, the Company acquired the remaining 10% share capital of Granthor Properties Sdn Bhd it did not already own for a consideration of $2,000,000.

Appendix 1 – Additional Illustrative Disclosures

Early adoption of FRS 27 (amended 2008) Consolidated and Separate Financial Statements and FRS 103 (revised 2008) Business Combinations

FRS 27 (amended 2008) and FRS 103 (revised 2008) are applicable for annual periods beginning on or after 1 July 2009. The following is an illustration assuming these 2 revised standards had been adopted early for the year ended 31 December 2009.

Extracts of summary significant accounting policies illustrating changes in accounting policies:

X. Summary of significant accounting policies

X.X Change in accounting policies

FRS 8.28.f

On 1 January 2009, the Group early adopted FRS 103 (Revised 2008) Business Combinations and FRS 27 (amended 2008) Consolidated and Separate Financial Statements for all business combinations occurring in the financial year starting 1 January 2009.

The revised standards continue to apply the acquisition method to business combinations, with key significant changes as follows:

- All forms of consideration are recognised at fair value at acquisition date, whether payment is proable or not;
- Non-controlling interest, previously known as minority interest, may be measured at fair value or at the non-controlling interest's share of recognised net assets, on a combination by combination basis.
- A previously held interest in the acquiree is remeasured on the business combination to fair value, with a gain or loss recognised in the profit or loss.
- Certain transactions, including share-based payments and pre-existing relationships, may be separated from the business combination.
- Transaction costs are expensed and are not included in the business combination accounting.
- The effects of all transactions with non-controlling interests are required to be recorded in equity if there is no change in control and these transactions no longer result in goodwill or gain or loss.

Effect for the effect of the acquisition method applied for the business combination as disclosed in note X, the change in the above accounting policies did not result in any significant impact on the financial statements.

Extracts of accounting policies:

X. Accounting policies

X.X Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Goup. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are 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 either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transfered, 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 Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Extracts of notes to financial statements

The following illustration has been modified from the acquisition as set out in the main text of the illustrative financial statements in order to show the effects of the adoption of FRS 27 (amended 2008) and FRS 103 (revised 2008)

X. Acquisition of subsidiary and non-controlling interests

Business combination

On 1 December 2009, the Group obtained control of Granthor International Pte Ltd, a property investment company operating in Indoneisa, by acquiring 65 per cent of the shares and voting interests in the company. As a result, the Group's equity interest in Granthor International Pte Ltd increased from 25 per cent to 90 per cent. FRS 103.B64.a FRS 103.B64.c

The acquisition is expected to provide the Group with an increased share of the property investment market through access to the acquiree's portfolio of properties. The Group also expects to reduce costs through economies of scale. FRS 103.B64.d

The subsidiary acquired during the year contributed revene of $16,900,000 and profit for the year of $66,000. If the acquisition had occurred on 1 January 2009, the Group's revenue and profit would have been $203,228,927 and $2,008,563 respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2009. FRS 103.B64.q

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred

FRS 103.B64.f

	$
Cash	2,400,000
Equity instruments (1,500,000 ordinary shares)	800,000
Contingent consideration	500,000
Total consideration transferred	3,700,000

The fair value of the ordinary shares issued was based on the listed share price of the Group at 1 December 2009 of $0.53 per share.

Contingent consideration

The Group has agreed to pay the selling shareholders additional consideration of $900,000 if the acquiree's cumulative profit before tax over the next three financial years exceeds $18 million. The Group has included $500,000 as contingent consideration related to the additional consideration, which represents its fair value at the acquisition date. The fair value of the contingent consideration was calculated by applying the income approach using the probability-weighted expected contingent consideration and a discount rate of 8%. FRS 103.B64.f.iv FRS 103.B64.g FRS 103.B67.b.iii

X. Acquisition of subsidiary and non-controlling interests (cont'd)

Business combination (cont'd)

Notes:

1. An entity discloses and explains any gain or loss recognised in the current reporting period that: FRS 103.B67.e
   - relates to the identifiable assets acquired or liabilities assumed in a business combination that was effected in the current or the previous reporting period
   - is of such size, nature or incidence that disclosure is relevant to an understanding of the combined entity's financial performance

2. If the specific disclosures pursuant to the requirements of FRS 103 (revised 2008) and other FRSs are not sufficient to enable users of the financial statements to evaluate the nature and financial effects of business combinations effected in the current period, or any adjustments recognised in the current period relating to business combinations effected in prior periods, then an entity should disclose additional information. FRS 103.63

3. If the intital accounting for an acquisition was based on provisional values, and those provisional values are adjusted within 12 months of the acquisition date, then comparative information is restated, including recognition of additional depreciation, amortisation or other profit or loss effect resulting from finalising the provisional values, if any. In this case, the entity should disclose adjustments to amounts recognised for prior period business combinations that were determined provisionally. FRS 103.45

4. For contingent consideration arrangements and indemnification assets, an entity discloses the amount recognised at the acquisition date, a description of the arrangement and basis for deermining the amount, and an estimate of the range of outcomes or, if a range cannot be estimated, disclosure of this fact and the reasons why a range cannot be estimated. If the maximum payment amount is unlimited, then the entity should disclose this fact. FRS 103.B64.g

X. Acquisition of subsidiary and non-controlling interests (cont'd)

Business combination (cont'd)

Identifiable assets acquired and liabilities asssumed FRS 103.B64.i

	$
Property, plant and equipment	2,000,000
Intangible assets	50,000
Trade and other receivables	1,500,000
Cash and cash equivalents	200,000
Trade and other payables	(450,000)
Contingent liability	(100,000)
Total net identifiable assets	3,200,000

The following fair values have been determined on a provisional basis: FRS 103.B67.a.i, ii
The fair value of intangible assets has been determined by management provisionally pending completion of an independent valuation. FRS 103.B64.j FRS 103.B67.c

- The contingent liability of $100,000 has been recognised for a pending lawsuit in which the entity is a defendant. This relates to a claim for contractual penalties made by one of Granthor International's customers. It is expected that the courts will have reached a decision on this case by end 2010. The recognised fair value of $100,000 is based on the expected outcome of the claim, taking into account independent legal advice on the underlying contract. Ther are no reimbursement rights related to this obligation.

Goodwill
Goodwill was recognised as a result of the acquisition as follows:

	$
Total consideration transferred	3,700,000
Fair value of non-controlling interest	400,000
Fair value of previous interest in the acquiree	250,000
Less: Fair value of identifiable net assets	(3,200,000)
Goodwill	1,150,000

FRS 103.B64.o

The fair value of the non-controlling interest in Granthor International Pte Ltd, an unlisted company, was estimated by applying an income approach. The fair value estimates are based on:

- An assumed discount rate of 8%;
- An assumed terminal value based on a range of earnings multiples between 3 to 5 times; and FRS 103.B64.p
- Long-term sustainable growth rate of 2%.

The remeasurement to fair value of the Group's existing 25% interest in the acquiree resulted in a gain of $98,000, which has been recognised as other income in the Group's statement of comprehensive income. FRS 103.B64.e, k

The goodwill is attributable mainly to the acquired customer base and economies of scale expected from combining the operations of Granthor International and the Group. None of the goodwill recognised is expected to be deductible for income tax purposes. FRS 103.B64.l, m

Transactions separate from the acquisition
The Group incurred acquisition-related costs of $80,000 relating to external legal fees and due diligence costs. These costs have been included in administrative expenses in the Group's statement of comhensive income.

X. Acquisition of subsidiary and non-controlling interests (cont'd)

Business combination (cont'd)

Notes:

1. At the acquisition date, an entity recognises a contingent liability assumed in a business combination only if it represents a present obligation arising from a past event and its fair value can be reasonably estimated. FRS 103.23

   Contingent liabilities that are present obligations are recognised in the acquisition accounting because they meet the definition of a liability, even if it is not probable that an outflow of resources will be required to settle the obligation. A possible obligation is not recognised under FRS 37 because it is not a liability.

2. An acquirer shall measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. In this illustration, non-controlling interest is measured at fair value. In the case when non-controlling interest is measured at its proportionate share of the acquiree's identifiable net assets, goodwill will be calculated as follows:- FRS 103.19

	$
Total consideration transferred	3,700,000
Non-controlling interest's proportionate share of acquiree's identifiable net assets (10% of $3,200,000)	320,000
Fair value of previous interest in the acquiree	250,000
Less: Fair value of identifiable net assets	(3,200,000)
Goodwill	1,070,000

3. For transactions that are not part of what the acquirer and the acquire exchanged in the business combination, an entity discloses for each transaction it entered into in connection with a business combination, a description of the transaction and how it is accounted for, the amounts recognised and in which line item in the financial statements, and the valuation method used to determine the settlement amount if the transaction is the effective settlement of a pre-existing relationship.

Acquisition of non-controlling interest

In June 2009, the Group acquired an additional 15% interest in Granthor Ltd for $450,000 in cash, increasing its ownership from 55% to 70%. The carrying amount of Granthor Ltd' net assets in the Group's financial statements on the date of the acquisition was $2,500,000. The Group recognised a decrease in non-controlling interest of $375,000 and a decrease in retained earnings of $75,000.

The following summarises the effect of changes in the Group's ownership interest in Granthor Ltd:-

	$
Group's ownership interest at beginning of year	1,350,000
Effect of increase in Group's ownership interest	375,000
Share of comprehensive income	900,000
Group's ownership interest at end of year	2,625,000

X. Acquisition of subsidiary and non-controlling interests (cont'd)

Business combination (cont'd)

Notes:

1. Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the controlling and non-controlling interest is adjusted to reflect the changes in their relative interests in the subsidiary, and any difference between the fair value of the consideration paid or received and the amount by which the non-controlling interest is adjusted is recognised directly in equity and attributed to the owners of the parent.

FRS 27.30, 31

FRS 27.32

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