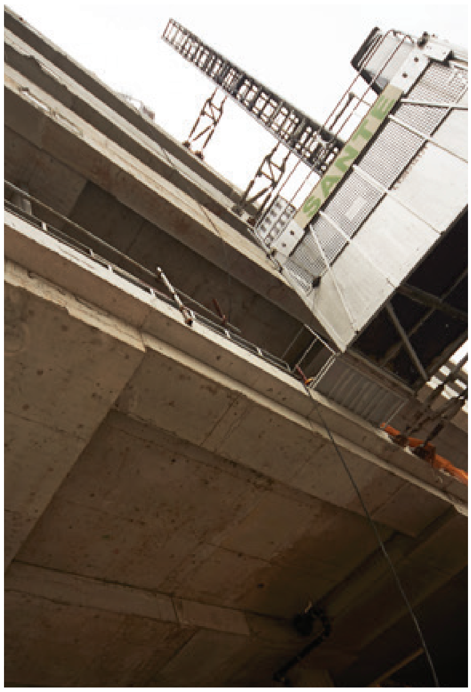

FULFILLING **FIFTEEN**

SIM LIAN GROUP LIMITED

Annual Report 2015

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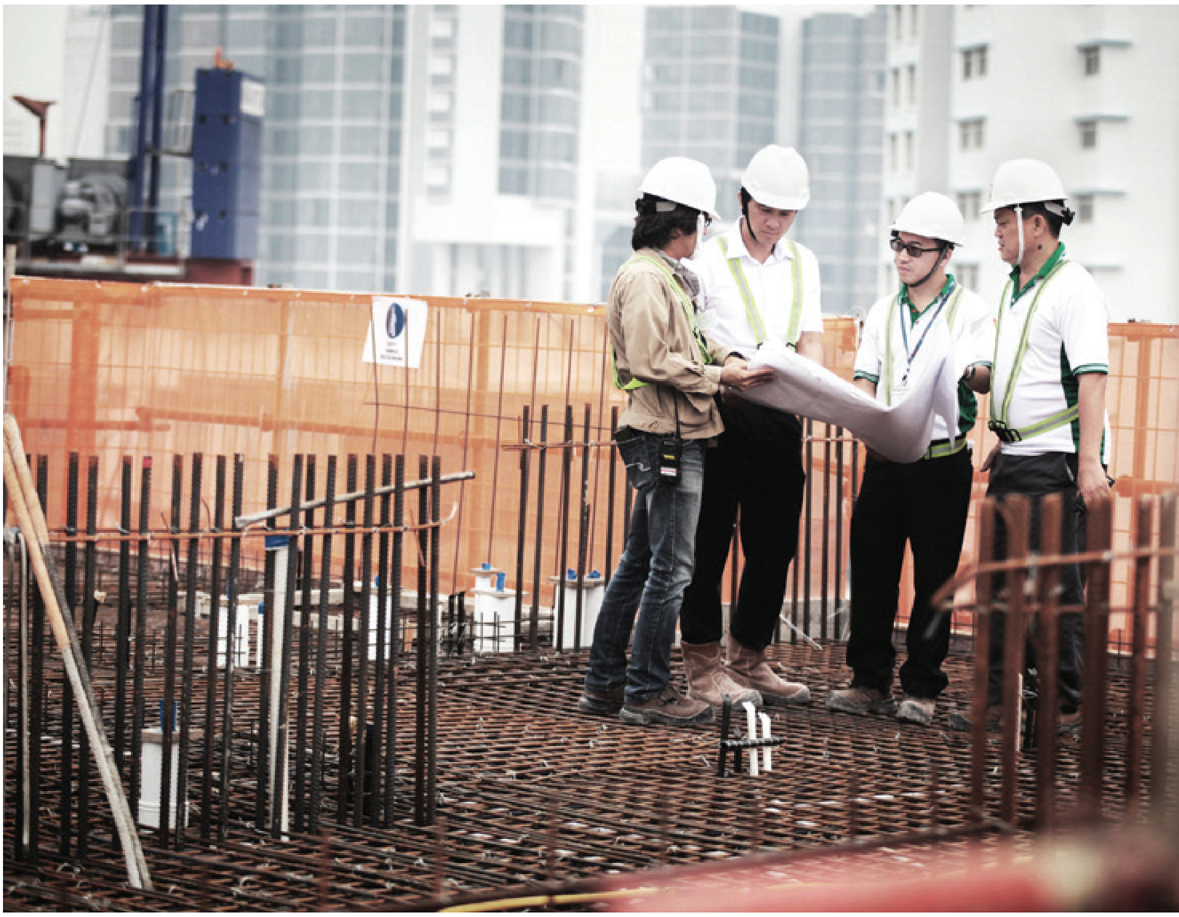
As we celebrate Singapore's 50^{th} birthday this year, we also reflect on Sim Lian Group's journey in the last 15 years and how far we have come. And it has been a truly Fulfilling Fifteen years for us all. Starting - like so many - from humble beginnings, we have grown from strength to strength. We have and will continue to take pride in giving form to visions, turning dreams into reality and setting foundations of trust. Our achievements through the years is a testament to the team's dedication to our mission of Creating Space, Creating Homes.



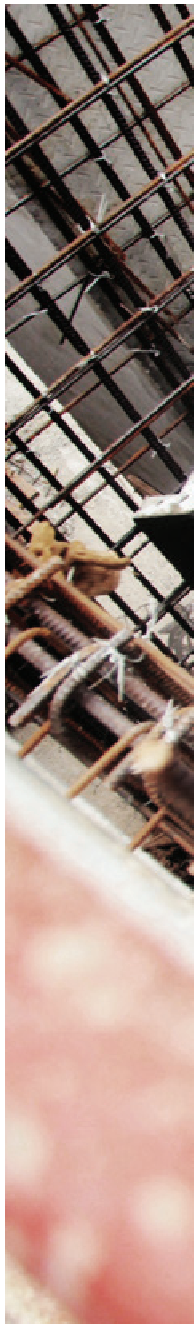
It all begins with a plan

For every project, our planners, engineers, architects and project management team spend hours behind-the-scenes meticulously pouring over calculations, material selection and design specifications. We are committed to meeting the needs of our buyers and tenants alike.

It takes a team

We know that together, we are greater than the sum of our parts and it is as a team that we achieve more. We collaborate to innovate, problem solve, refine and monitor the progress of each and every project. Every member brings to the table more than their expertise and experience, but more importantly, a shared aspiration to bring quality homes and spaces to our customers.


PANEL



Toil and sweat

For everything great and small, there is a beginning. For us, it is more than a foundation of brick and mortar, it is also about building the future. Brick by brick, our workers lay down the building blocks that transform blueprints into reality and aspirations into achievements.


Clean and Green.

The details matter

The success of each and every one of our projects is not just a matter of construction, engineering or architectural expertise, but also one of dedicated collaboration. Working together at every stage of the design and construction process, the team ensures safe work processes and quality outcomes. Each milestone is something to take pride in.

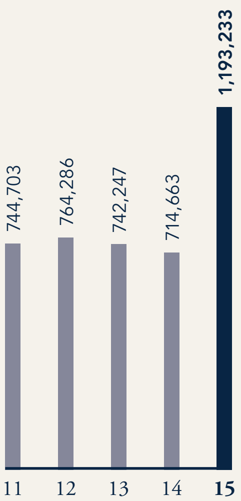
Realising dreams

What do your dreams look like? Our showflats offer a glimpse of what a home could be. Each is thoughtfully and tastefully designed so our customers can experience warmth, comfort, serenity and a place to truly feel at ease in. It is not just about sharing an idea, but transforming bricks and beams to a home where hopes and dreams are fulfilled.

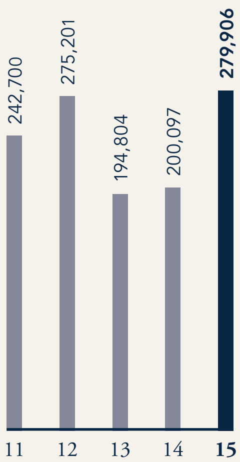

VISION
EXCHANGE

FIVE YEARS FINANCIAL HIGHLIGHTS

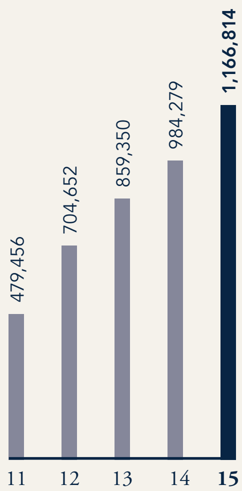
REVENUE ($'000)



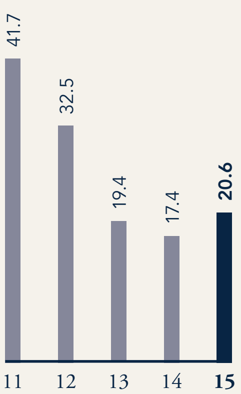
PROFIT BEFORE INCOME TAX ($'000)



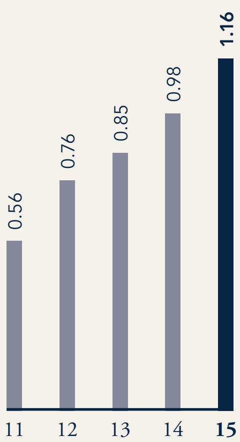
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY ($'000)



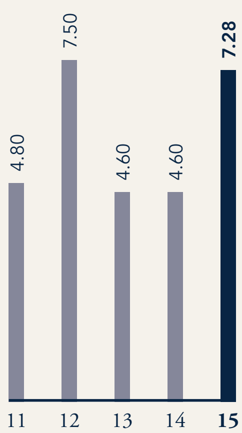
RETURN ON EQUITY (%)



NET ASSET VALUE PER SHARE ($)



DIVIDENDS PER SHARE (CENTS)



	FY2011	FY2012	FY2013	FY2014	FY2015
Revenue ($'000)	744,703	764,286	742,247	714,663	1,193,233
Profit before income tax ($'000)	242,700	275,201	194,804	200,097	279,906
Profit attributable to owners of the Company ($'000)	200,149	229,092	166,852	170,980	240,365
Equity attributable to owners of the Company ($'000)	479,456	704,652	859,350	984,279	1,166,814
Total assets ($'000)	1,518,287	1,684,241	1,781,625	2,029,250	1,648,225
Net debt equity ratio	1.37	0.44	0.01	(0.06)	(0.03)
Return on equity (%)	41.7	32.5	19.4	17.4	20.6
Net asset value per share ($)	0.56	0.76	0.85	0.98	1.16
Earnings per share [(1) (2) (3)] ($)	0.23	0.26	0.17	0.17	0.24
Dividends per share (cents)	4.80	7.50	4.60	4.60	7.28

(1) Earnings per share for FY2011 is calculated based on the profit attributable to owners of the Company divided by the weighted average number of shares of 851,833,710 after adjustment for the bonus issue of one Bonus Share for every two existing ordinary shares in the capital of the Company held by shareholders of the Company in FY2011.

(2) Earnings per share for FY2012 is calculated based on the profit attributable to owners of the Company divided by the weighted average number of shares of 889,391,344 after the allotment of 73,903,732 new shares to eligible shareholders who have elected to participate in the Scrip Dividend Scheme in FY2012.

(3) Earnings per share for FY2013 is calculated based on the profit attributable to owners of the Company divided by the weighted average number of shares of 967,900,129 after the allotment of 80,153,024 new shares to eligible shareholders who have elected to participate in the Scrip Dividend Scheme in FY2013.

CHAIRMAN'S STATEMENT

It has been 15 fulfilling years since we listed on the Singapore Exchange and Sim Lian Group would not be where we are today without you; our valued shareholders, investors, customers, management, staff and business partners. Your trust, support and commitment continue to inspire us every day.

From our humble beginnings as a local construction company, Sim Lian Group has now evolved into a diversified property development, investment and construction group with presence in Singapore, Malaysia and Australia.

And despite the challenging operating environment in Singapore's property market in the past year, I am happy to share that we achieved yet another set of positive results in the financial year ended 30 June 2015 (FY2015). This year, the Group recorded a profit before income tax of $279.9 million, a 40% increase from FY2014. Revenue grew by 67% to $1.2 billion for FY2015. Our earnings per share also went up from 17.0 cents to 23.9 cents for the year, and net asset value per share rose to $1.16 compared to $0.98 as at 30 June 2014. Growth is largely attributed to the completion of numerous property projects on landbanks acquired in 2010 and 2011.

LOOKING AHEAD

Moving forward, we remain resolute in providing value to shareholders by driving quality, long-term growth, and doing so with prudence especially amidst uncertain times.

It is also our priority to build a stable base of recurring income to smoothen fluctuating profits and this is reflected in our continued efforts to expand the company's property investment portfolio. We made another successful acquisition in Perth, Western Australia this year, and we are constantly looking out for more such strategic investments.

Sim Lian Group will be launching new projects in the near future; namely, executive condominiums (ECs) in Choa Chu Kang and Anchorvale Crescent in Sengkang. We also look forward to completing several projects ever the next two years. This includes two in Singapore, Hillion Mall and Hillion Residences (Hillion), our first integrated development in Singapore, and Vision Exchange, our first development primarily focused on commercial spaces, as well as KL Trillion, a mixed-use development in Kuala Lumpur, Malaysia.

To date, Sim Lian Group has undertaken more than 100 construction projects, 25 development projects and three acquisitions across three countries. While we expect the operating environment to remain challenging, we are confident that Sim Lian Group is well-placed to continue our steady progress into the future.

You have our commitment that Sim Lian Group will remain unrelenting in our pursuit of strategic opportunities locally and abroad to ensure the Group's continued growth.

From our humble beginnings as a local construction company, Sim Lian Group has now evolved into a diversified property development, investment and construction group with presence in Singapore, Malaysia and Australia.

DIVIDENDS

In appreciation of our valued stakeholders and positive results for the year, the Board recommends a first and final dividend of 7.28 cents per ordinary share for the financial year in review, an increase of more than 50% from the previous year. This is the 15th consecutive year of annual dividend payment since our listing in October 2000.

The proposed dividends are subject to shareholders' approval at the Annual General Meeting scheduled for 27 October 2015.

PROPERTY DEVELOPMENT DIVISION

Our largest business contributor, the property development division recorded $914.3 million revenue in FY2015, 80% higher than the $506.7 million in FY2014. This increase is primarily due to the completion of several development projects within the year.

Our private residential properties are accounted for on percentage of completion method while our Singapore industrial development, overseas projects and EC developments are accounted for on completion of contract method. This follows from our adoption of the INT FRS 115 *Agreements for the Construction of Real Estate* and its Accompanying Note effective 1 July 2010.

TOP of Parc Vera, A Treasure Trove and The Tampines Trilliant

Private condominium projects Parc Vera and A Treasure Trove, and The Tampines Trilliant EC were completed and obtained their respective Temporary Occupation Permits (TOP) in FY2015.

All three developments are centrally located and in close proximity to key transportation nodes within their neighbourhoods with easy access to the city. Parc Vera is 100% sold, and more than 99% of the units at both A Treasure Trove and The Tampines Trilliant have also been taken up.

Upcoming TOP of KL Trillion

Slated to obtain TOP in FY2016, KL Trillion is Sim Lian Group's pioneer project in Malaysia's capital and also the Group's largest across the Causeway.

This freehold mixed-use development consists of one block of 33-storey Grade A office and two 39-storey blocks of serviced residences atop a five-level retail and office podium. The preferred choice amongst both local buyers and foreign investors, more than 50% of the serviced residences in Tower B and office units released for sale have been sold to date.

Updates on Hillion

The Group's first integrated development is progressing steadily to receive its TOP in 2017.

Located at the heart of Bukit Panjang, Hillion is also Singapore's first mixed-use development in the west integrating residential units with a retail mall, a bus interchange, as well as MRT and LRT stations.

The LRT station is currently operational, and the MRT stations is scheduled to begin operations at the end of 2015.

This will be followed by Hillion Mall which is slated to obtain TOP in the first quarter of 2017. The four-storey mall will offer a variety of lifestyle, shopping and dining options for all.

Hillion Residences, a 99-year leasehold private condominium, is expected to receive its TOP in 2017.

Updates on Vision Exchange

Vision Exchange, Sim Lian Group's first development primarily focused on commercial spaces, is expected to achieve TOP by 2017, and more than 70% of the 452 units released have been sold to date with the remaining units to be released in phases.

The 99-year leasehold development is located at the heart of Jurong Gateway which will be the largest commercial hub

CHAIRMAN'S STATEMENT

in Singapore outside the city centre. This is part of the government's vision to transform Jurong Lake District into a vibrant, economically competitive area which is both resource-efficient and environmentally-friendly. Adding to the attributes of this development is the easy accessibility from the terminus of the future Singapore-Kuala Lumpur high-speed rail.

Vision Exchange continues to attract a wide range of buyers, from businessmen, professionals, entrepreneurs and investors, who have purchased units either for their own business or as a property investment.

New landbanks in Choa Chu Kang Drive and Anchorvale Crescent

As part of our continued growth in Singapore's residential property market, the Group continuously seek to replenish its landbanks.

In FY2015, Sim Lian Group was awarded tenders for two land parcels for EC housing developments.

The two land parcels, in Choa Chu Kang Drive and Anchorvale Crescent in Sengkang, were acquired in September 2014 and February 2015 respectively, and are ideally situated near key transportation nodes, schools and a range of shopping, dining and entertainment options.

We are also hopeful of the positive impact following the recent announcement to raise income-ceiling for buyers of EC units as our two EC projects are scheduled for launch in 2016.

PROPERTY INVESTMENT DIVISION

The property investment division contributed $22.1 million to the Group's revenue in FY2015, a significant increase from $6.6 million in FY2014, reflecting the Group's focus on building a stable base of recurring income as part of our diversification strategy. We expect this division to grow as we actively seek opportunities in Singapore and abroad.

Contributing to this growth are the two property investments in Australia, namely the five investment-grade shopping malls with popular supermarket chain Woolworths Supermarkets as anchor tenant, as well as a freehold commercial property located on 50 Margaret Street in the financial precinct of Sydney's Central Business District (CBD).

Acquisition of commercial property in Perth

Sim Lian Group continues to expand our portfolio of property investments, adding a third property acquisition with the purchase of a freehold modern Grade A office commercial complex at 59 Albany Highway in Perth, Western Australia.

Strategically located on the south-western side of the Albany Highway at the eastern entry point to Perth's CBD, the development is also in close proximity to the Victoria Park bus interchange which provides direct routes to the CBD and transfers to major CBD train stations.

The property has a total net lettable area (NLA) of approximately 12,813 square metres with 1,404 square metres comprising ground floor retail/office spaces, and the remaining 11,409 square metres spread over two separate towers.

CONSTRUCTION DIVISION

The construction division contributed $229.0 million to the Group's revenue, an increase of 33% from the $172.4 million in FY2014 attributed mainly to an increase in percentage of work done.

Construction works for two Build-To-Order (BTO) projects, namely in Sengkang and Jurong West are progressing well and on schedule for completion in 2016 and 2017 respectively.

In FY2015, we secured a new contract for the proposed erection of a six-storey business park development with a basement car park and ancillary facilities located at Ayer Rajah

You have our commitment that Sim Lian Group will remain unrelenting in our pursuit of strategic opportunities locally and abroad to ensure the Group's continued growth.

Crescent Extension and is scheduled to be completed in 2016. This new project brings the Group's outstanding order book as at 30 June 2015 to approximately $566.6 million.

We will continue to remain strategic in our approach, pursuing tenders which provide reasonable margins and ensuring that we deliver quality workmanship across all our projects.

OTHER BUSINESSES

Contributing $27.8 million to revenue is Sim Lian Group's supporting businesses comprising trading of industrial lubricants and leasing of mobile sanitation. These businesses complement our core focus on property and construction and continue to contribute positively.

MARKET OUTLOOK

We expect the challenging operating environment in Singapore's property market to persist, given that the cooling measures have not been lifted and particularly with more public and private residential units coming on stream. There are noticeably more private properties completed than was initially projected by the Urban Redevelopment Authority (URA) at the start of the year.

Overall, we expect the nation's housing glut to worsen going into 2016 before starting to ease in 2017 as the government continues to hold back on land sales.

APPRECIATION

Reflecting on how Sim Lian Group has grown and evolved over the years, I am moved and sincerely grateful for everybody's support and contributions towards our continued success.

Thank you for trusting in us as we continue to journey forward together.

KUIK AH HAN
Executive Chairman
22 September 2015

2

PORTFOLIO HIGHLIGHTS

Evolving in tandem with market conditions over the years, the Group remains committed to creating quality living and working spaces that make smart investments for individuals, families and businesses.

4

1 Parc Vera
2 Vision Exchange
3 The Tampines Trilliant
4 Hillion Mall
5 A Treasure Trove
6 A Treasure Trove

BOARD OF DIRECTORS

KUIK AH HAN

Executive Chairman

Date of first appointment:
1 June 2000
Date of last re-appointment:
28 October 2014

The founder of the Group, Mr. Kuik Ah Han has led Sim Lian Group Limited ("SLG" and collectively with its subsidiaries, the "Group") as its Executive Chairman since its incorporation. He continues to helm the Group after its subsequent listing on the Singapore Exchange in 2000, directing strategic planning, direction setting and corporate development within the Group. He is responsible for much of the success that the Group enjoys today.

Present directorships in other listed companies:
Nil

Past directorships in other listed companies held over the preceding 3 years:
Nil

KUIK THIAM HUAT

Non-Executive Deputy Chairman

Date of first appointment:
1 June 2000
Date of last re-appointment:
25 October 2013

Mr. Kuik Thiam Huat held the post of Managing Director at SLG since 2000. He had relinquished the position of Managing Director with effect from 1 January 2010. Mr. Kuik has also been Deputy Chairman of the Group since 2004.

With effect from 1 July 2014, Mr. Kuik relinquished his position as an Executive Director of the Company and has been re-designated as the Non-Executive Deputy Chairman of the Board.

In recognition of his 30 over years of experience in the construction industry, Mr. Kuik has been appointed an Advisor to the Group with effect from 1 July 2014, subject to a yearly renewal of such appointment. Mr. Kuik's contract has been renewed for an additional term of one year till 30 June 2016.

Present directorships in other listed companies:
Nil

Past directorships in other listed companies held over the preceding 3 years:
Nil

KUIK SIN PIN

Group Chief Executive Officer

Date of first appointment:
21 September 2000
Date of last re-appointment:
25 October 2012

An Executive Director of SLG since 2000, Mr. Kuik Sin Pin was appointed Deputy Managing Director of SLG in 2004. Mr. Kuik was appointed Group Chief Executive Officer and relinquished the position of Deputy Managing Director, both with effect from 1 January 2010. He is responsible for the overall operations of the Group and for developing business opportunities.

Mr. Kuik holds a Bachelor of Engineering (Honours) degree from the National University of Singapore.

Present directorships in other listed companies:
Nil

Past directorships in other listed companies held over the preceding 3 years:
Nil

KUIK SING BENG

Executive Director

Date of first appointment[1]:
25 October 2007
Date of last re-appointment:
25 October 2013

Mr. Kuik Sing Beng joined the Group in 1991 and has held various positions in the Group. Mr. Kuik, Managing Director of the Group's Property Development Division, spearheaded its setup in 2000.

Mr. Kuik holds a Bachelor of Science degree in Business Administration from the University of San Francisco, USA.

Present directorships in other listed companies:
Nil

Past directorships in other listed companies held over the preceding 3 years:
Nil

[1] Initially appointed on 21 September 2000 and stepped down on 19 October 2004.

BOARD OF DIRECTORS

KUIK SIN LENG[1]

Executive Director

Date of first appointment:
25 October 2007
Date of last re-appointment:
28 October 2014

An Executive Director of the Group, Ms. Kuik manages the administrative, marketing and finance operations of the Group's Property Development Division. She also directs the Group's corporate communication and investor relations functions. Prior to joining the Group in 1995, she held the posts of Product Manager and Risk Manager at Citibank, NA.

Ms. Kuik holds a Bachelor of Arts degree from the University of Michigan, Ann Arbor, USA.

Present directorships in other listed companies:
Nil

Past directorships in other listed companies held over the preceding 3 years:
Nil

DR. SIM LOO LEE

Lead Independent and Non-Executive Director

Date of first appointment:
1 January 2003
Date of last re-appointment:
25 October 2013

Appointed a Director of SLG in 2003, Dr. Sim Loo Lee was an Associate Professor at the Department of Real Estate, National University of Singapore. Dr. Sim was appointed Lead Independent Director of SLG in November 2009.

Dr. Sim is a barrister-at-law of Lincoln's Inn, UK, and an advocate and solicitor of the Supreme Court in Singapore. She is also a member of the Singapore Academy of Law. Dr. Sim was formerly a consultant with the Singapore Economic Development Board and the Urban Redevelopment Authority.

Dr. Sim holds a Bachelor of Arts (Honours) degree from the National University of Singapore, a Bachelor of Laws (Honours) degree from the University of London, UK, a Master of Science degree from the London School of Economics, UK, and a PhD from the National University of Singapore.

Present directorships in other listed companies:
Nil

Past directorships in other listed companies held over the preceding 3 years:
Nil

[1] Stepped down as executive director with effect from 2 October 2015.

TAN HONG BAK

Independent and Non-Executive Director

Date of first appointment:
1 August 2002
Date of last re-appointment:
28 October 2014

Mr. Tan Hong Bak joined the Board of SLG in 2002. Mr. Tan brings with him 20 years of experience in public accounting. Prior to his retirement in 1999, he managed his own accounting practice.

Mr. Tan is a member of the Institute of Singapore Chartered Accountants, a Fellow of the Association of Chartered Certified Accountants and an associate of the Chartered Institute of Management Accountants. He holds a Bachelor in Business Administration degree from the National University of Singapore.

Present directorships in other listed companies:
Nil

Past directorships in other listed companies held over the preceding 3 years:
Nil

ROBSON LEE TECK LENG

Independent and Non-Executive Director

Date of first appointment:
18 September 2002
Date of last re-appointment:
25 October 2012

Mr. Robson Lee Teck Leng was appointed a Director of SLG in 2002. Mr. Lee is currently a partner in Gibson, Dunn & Crutcher LLP, a global law firm with 18 offices across the United States, Europe, the Middle East, Asia and South America. Before joining Gibson, Dunn & Crutcher LLP in 2015, Mr. Lee was a partner of Shook Lin & Bok LLP's corporate finance and international finance practice and had been with the firm from 1994 to March 2015. Mr. Lee was also a partner in Shook Lin & Bok LLP's China practice, focusing on cross-border corporate transactions in the PRC.

Mr. Lee is a member of the Board of Governors of Hwa Chong Institution, a director and secretary to the board of directors of Singapore Chinese High School, as well as legal adviser to the Hwa Chong Alumni Association and the Singapore Plastic Industry Association. He was conferred the Bronze and Silver Service to Education Awards by the Ministry of Education respectively in 2004 and 2010. Mr. Lee has been appointed a member of the Appeal Advisory Panels ("AAPs"), constituted under the Business Trusts Act (Cap. 31A), Financial Advisers Act (Cap. 110), Insurance Act (Cap. 142), Securities and Futures Act (Cap. 289), and Trust Companies Act (Cap. 336), by the Deputy Prime Minister and Minister-in-charge of the Monetary Authority of Singapore. His term of appointment is from 1 October 2015 to 30 September 2017.

Mr. Lee graduated from the National University of Singapore in 1993 with a Bachelor's degree in Law (2nd Class Upper Honours), and was admitted as a solicitor in England and Wales in 2008. He is a member of the Singapore Academy of Law, and the Law Society of Singapore.

Present directorships in other listed companies:
Sheng Siong Group Ltd.
Best World International Ltd
Matex International Ltd
Serial System Ltd
OKH Global Ltd.
Man Wah Holdings Ltd

Past directorships in other listed companies held over the preceding 3 years:
Green Build Technology Limited

KEY MANAGEMENT PERSONNEL

WAN CHEE HONG

Executive Director of Sim Lian Construction (Co.) Pte. Ltd. ("SLC")

Mr. Wan Chee Hong was appointed Executive Director of SLC in 2004. Prior to that, he served as Executive Director of Sim Lian Group Limited (2000 – 2004).

Mr. Wan first joined SLC in 1986 as a Contracts Manager and was appointed General Manager of SLC in 1990. Today, as its Executive Director, he oversees SLC's contracts administration and ensures the quality compliance of its projects. Operating through various subsidiaries within the Group, he also steers the development of projects in Malaysia.

Mr. Wan holds a Bachelor of Science (Honours) degree in Building Technology from the University of Manchester Institute of Science and Technology in the United Kingdom. He is a member of the Royal Institute of Chartered Surveyors, UK, and the Singapore Institute of Surveyors and Valuers.

ANG LAY HUA

Group Financial Controller and Joint Company Secretary

As Group Financial Controller and Joint Company Secretary, Ms. Ang Lay Hua oversees the Group's finance, accounting and corporate secretarial functions.

Before joining the Group in July 2006, Ms. Ang accrued a decade of financial management experience in two public listed companies. The two companies were in the manufacturing and freight and logistics industries.

She also served for four years in the Audit and Business Advisory Services Division of Price Waterhouse (now known as PricewaterhouseCoopers LLP).

Ms. Ang holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University. She is a Fellow of the Institute of Singapore Chartered Accountants and the Singapore Association of the Institute of Chartered Secretaries and Administrators.

HUANG DONG SHENG

General Manager of Sim Lian Construction (Co.) Pte. Ltd. ("SLC")

Mr. Huang first joined SLC in 1992 as Deputy Project Manager and was appointed Assistant General Manager of SLC in 2006, and was subsequently promoted to General Manager of SLC in 2010.

Today, as the General Manager of SLC, he oversees the Group's construction project operations and is responsible for the compliance requirements in quality, safety, health and environmental aspects of the projects. He also oversees the human resource administration and training of the construction division.

Mr. Huang holds a Bachelor of Engineering (Civil) degree and Master of Science (Building Science) degree, both from the National University of Singapore.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kuik Ah Han
Executive Chairman

Kuik Thiam Huat
Non-Executive Deputy Chairman

Kuik Sin Pin
Group CEO

Kuik Sing Beng
Executive Director

Kuik Sin Leng
Executive Director

Dr. Sim Loo Lee
Lead Independent Director

Tan Hong Bak
Independent Director

Robson Lee Teck Leng
Independent Director

AUDIT COMMITTEE

Tan Hong Bak
Chairman

Robson Lee Teck Leng
Dr. Sim Loo Lee

COMPENSATION & REMUNERATION COMMITTEE

Robson Lee Teck Leng
Chairman

Tan Hong Bak
Dr. Sim Loo Lee

NOMINATING COMMITTEE

Dr. Sim Loo Lee
Chairman

Robson Lee Teck Leng
Tan Hong Bak

COMPANY SECRETARIES

Ang Lay Hua
Zalili Yunus

REGISTERED OFFICE

205 Upper Bukit Timah Road #02-01
Singapore 588181
Tel : 63036200
Fax : 67696617
Website : www.simlian.com.sg

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
a member of Boardroom Limited
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

JOINT AUDITORS

Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Partner-in-charge
Seah Gek Choo
(appointed on 28 October 2010)

UHY Lee Seng Chan & Co
300 Beach Road
#34-03/05, 07
The Concourse
Singapore 199555

Partner-in-charge
Lee Sen Choon
(appointed on 28 October 2010)

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

Malayan Banking Berhad

RHB Bank Berhad

The Hongkong and Shanghai Banking Corporation Limited

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CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining high standards of corporate governance, in line with the principles set out in the Code of Corporate Governance 2012 (the "2012 Code") and the best practices on dealings in securities pursuant to the Listing Manual issued by the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual"). There is no major deviation from conforming to the principles and guidelines of the 2012 Code. Reasons have been provided in this report for non-compliance of the specific principles and guidelines of the 2012 Code. Generally, the Company has achieved the objectives of the principles and conform to the guidelines in the 2012 Code. The policies and practices adopted by the Group are set out in this report in order that investors can be kept informed.

(A) BOARD MATTERS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board of Directors as at the date of this report comprises:

Mr. Kuik Ah Han	(Chairman)
Mr. Kuik Thiam Huat	(Non-Executive Deputy Chairman)
Mr. Kuik Sin Pin	(Group Chief Executive Officer)
Mr. Kuik Sing Beng	(Executive Director)
Ms. Kuik Sin Leng	(Executive Director)
Dr. Sim Loo Lee	(Lead Independent Director)
Mr. Tan Hong Bak	(Independent Director)
Mr. Robson Lee Teck Leng	(Independent Director)

The principal functions of the Board of the Company include:-

- setting the business direction for the Company;
- dealing with matters brought up by the Audit Committee in relation to, in particular, the Group's system of internal controls, including financial, operational and compliance controls, and risk management;
- reviewing the operational and financial performance of the Group, including but not limited to approving announcements relating to the financial results of the Group and the audited financial statements;
- approving major acquisitions and disposal;
- approving the nominations of directors; and
- responsibility for corporate governance processes and practices.

Although specific guidelines have not been formulated to set forth the matters that require Board's approval, the Board, in general, deals with matters such as conflict of interest issues relating to directors and substantial shareholders, major acquisitions and disposal of assets, dividend and other distribution to shareholders, and those transactions or matters which require Board's approval under the provisions of the SGX-ST Listing Manual or any other applicable regulations.

The Board discharges its functions through scheduled meetings and ad-hoc meetings as and when circumstances require. In addition, the Board has established an audit committee, a compensation & remuneration committee and a nominating committee, and has delegated some of its duties to these committees.

CORPORATE GOVERNANCE REPORT

The attendance of the directors at Board and Board Committee meetings in the financial year ended 30 June 2015, as well as the frequency of such meetings, is disclosed in the table below. Notwithstanding such disclosure, the Board is of the view that the contribution of each director should not be focused only on his/her attendance at Board and/or Board Committee meetings. A director's contribution may also extend beyond the confines of formal environment of Board meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

	Board	Audit Committee	Compensation & Remuneration Committee	Nominating Committee
No. of meetings held	4	4	1	1
No. of meetings attended:				
Mr. Kuik Ah Han	4	-	-	-
Mr. Kuik Thiam Huat	4	-	-	-
Mr. Kuik Sin Pin	4	-	-	-
Mr. Kuik Sing Beng	4	-	-	-
Ms. Kuik Sin Leng	4	-	-	-
Dr. Sim Loo Lee	4	4	1	1
Mr. Tan Hong Bak	4	4	1	1
Mr. Robson Lee Teck Leng	4	4	-	1

The Company organises orientation program for new directors to ensure that incoming directors are familiar with the Company's businesses, corporate governance policies, disclosure of interests in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information.

The Company also has a training budget for its directors to attend courses and seminars which is utilised on a need basis. The Company relies on directors to update themselves on new laws, regulations and changing commercial risks.

The Company also provides the Board with updates on developments in laws and regulations or changes in regulatory requirements and financial reporting standards, which are relevant to or may affect the Group's businesses. At Audit Committee meetings, both the external and internal auditors of the Company provide regular updates on developments in accounting and governance standards which are relevant and applicable to the Group. The Joint Company Secretaries also circulate articles, reports and news releases issued by the Singapore Exchange Securities Trading Limited ("SGX"), the Monetary Authority of Singapore and the Accounting and Corporate Regulatory Authority which are relevant.

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

The Board currently consists of eight directors, three of whom are considered by the Nominating Committee to be independent.

The details of their membership on the board and board committees are shown below:-

		Committee Membership		
Director	Board Membership	Audit Committee	Compensation & Remuneration Committee	Nominating Committee
Mr. Kuik Ah Han	Chairman	-	-	-
Mr. Kuik Thiam Huat	Non-Executive Deputy Chairman	-	-	-
Mr. Kuik Sin Pin	Group Chief Executive Officer	-	-	-
Mr. Kuik Sing Beng	Executive Director	-	-	-
Ms. Kuik Sin Leng	Executive Director	-	-	-
Dr. Sim Loo Lee	Non-Executive, Lead Independent Director	Member	Member	Chairman
Mr. Tan Hong Bak	Non-Executive, Independent Director	Chairman	Member	Member
Mr. Robson Lee Teck Leng	Non-Executive, Independent Director	Member	Chairman	Member

The Board, in conjunction with the Nominating Committee, constantly reviews the composition of the Board of Directors and given the scope and nature of the Group's operations, is satisfied that the current size of the Board is acceptable and appropriate in facilitating effective decision-making. With effect from 1 July 2014, Mr. Kuik Thiam Huat relinquished his position as an Executive Director but he still remains as Non-Executive Deputy Chairman of the Board.

The Board noted that the Independent Directors do not make up half of the Board which is required as a result of the Chairman of the Board falling within three of the four circumstances specified in Guideline 2.2 of the 2012 Code. The regulatory body has provided a transition period for board composition changes required in order to comply with the requirement for independent directors to make up at least half of the Boards. These changes should be made at the annual general meetings following the end of financial years commencing on or after 1 May 2016.

Although a majority of the directors are not independent, the Board exercises objective and independent judgment on the Group's corporate affairs. No individual or group of individuals dominates the Board's decision-making.

The Nominating Committee ("NC"), on an annual basis, determines whether or not a director is independent, taking into account the 2012 Code's definition. The NC had assessed the independence of each Independent Director and whose tenure had exceeded nine years from the date of their first appointment. The NC is of the view that an individual's independence cannot be arbitrarily determined merely on the basis of a set period of time. On the contrary, the Independent Directors continue to provide stability to the Board and the Group has benefited greatly from the presence of individuals who are specialists in their own fields and they have, over time, not only gained valuable insight into the Group, its businesses, markets and industries but have brought their breadth and depth of business experience to the Group.

Based on the NC's observation, the Independent Directors had demonstrated independent mindedness and conduct at Board and Board committee meetings. The NC is of the firm view and opinion that the Independent Directors are able to exercise independent judgment in the best interest of the Company in the discharge of their duties as independent directors despite their extended tenure in office.

The NC, having reviewed the individual Independent Director's judgment and conduct in carrying out their duties for the year in review, concluded that Dr. Sim Loo Lee, Mr. Tan Hong Bak and Mr. Robson Lee Teck Leng remained independent from management and provided a strong independent element on the Board, being free from any business or other relationship which could materially interfere with the exercise of their judgment.

CORPORATE GOVERNANCE REPORT

Each member of the NC had abstained from participating in the determination of his/her own independence.

The standing of the members of the Board in the business and professional community, and their combined business, management and professional experience, knowledge and expertise provide the necessary core competencies to meet the Group's needs and further allow for diverse and objective perspectives on the Group's strategic direction and growth.

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

The roles of the Chairman and the Group Chief Executive Officer ("Group CEO") are separate. These positions are held by Mr. Kuik Ah Han and Mr. Kuik Sin Pin respectively. Mr. Kuik Ah Han is the father of Mr. Kuik Sin Pin. The Chairman provides overall vision and strategic directions for the Group. The Group CEO is responsible for the overall operations of the Group.

The Chairman ensures that board meetings are held when necessary and sets the board meeting agenda in consultation with the Group CEO. The Chairman reviews board papers together with the Group CEO, prior to presenting them to the Board. The Chairman and the Group CEO ensure that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group.

The Board has appointed a lead independent director who is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the Group CEO or the Group Financial Controller has failed to resolve or is inappropriate.

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

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

Nominating Committee

The NC comprises three non-executive directors who are independent. The members of the NC are:-

Dr. Sim Loo Lee	(Chairman)
Mr. Tan Hong Bak	(Member)
Mr. Robson Lee Teck Leng	(Member)

The responsibilities of the NC as set out in its written terms of reference include:-

1. recommend the appointments and re-appointments of directors;
2. conduct an annual review of the composition of the Board;
3. conduct an annual review of the independence of each director, and ensure that the Board comprises at least one-third independent directors; and
4. assess the effectiveness of the Board.

At the present moment, there is no plan to appoint a new director as the size of the Board is acceptable and appropriate in facilitating effective decision-making.

In the event that there is a need to appoint a new director, candidates will generally be sourced through a network of contacts and identified based on the needs of the Company. In selecting a suitable candidate and before recommending its choice to the Board, the NC will take into account the candidate's integrity and reputation; independence; age; experience; competence and capability; financial soundness and such other relevant factors as may be determined by the NC.

The NC then interviews the short-listed candidates to determine the candidate to be selected and thereafter, makes its recommendation to the Board for appointment as director.

The directors submit themselves for re-nomination or re-election at regular intervals and the Articles of Association of the Company provide that at least one-third of the directors for the time being, shall retire as directors at each Annual General Meeting ("AGM") of the Company.

Mr. Kuik Sin Pin, Mr. Kuik Sing Beng and Mr. Robson Lee Teck Leng will be retiring by rotation at the AGM to be held on 27 October 2015 ("2015 AGM"). At the recommendation of the NC and as approved by the Board, they will be seeking re-election as directors at the 2015 AGM.

In addition, as Dr. Sim Loo Lee is above 70 years of age, she is required under Section 153 of the Companies Act to step down at the 2015 AGM. At the recommendation of the NC and as approved by the Board, Dr. Sim Loo Lee will be seeking re-appointment as a director at the 2015 AGM.

No NC member is involved in the discussion and decision-making relating to his/her own performance or re-nomination as a director of the Company.

The date of first appointment and last re-election of the directors are set out below:-

Name of Director	Age	Date of First Appointment	Date of Last Re-Election
Mr. Kuik Ah Han	69	01/06/2000	28/10/2014
Mr. Kuik Thiam Huat	61	01/06/2000	25/10/2013
Mr. Kuik Sin Pin	44	21/09/2000	25/10/2012
Mr. Kuik Sing Beng	48	25/10/2007	25/10/2013
Ms. Kuik Sin Leng	46	25/10/2007	28/10/2014
Dr. Sim Loo Lee	70	01/01/2003	25/10/2013
Mr. Tan Hong Bak	69	01/08/2002	28/10/2014
Mr. Robson Lee Teck Leng	47	18/09/2002	25/10/2012

In assessing and making recommendation to the Board as to whether retiring directors are suitable for re-election/re-appointment, the NC takes into account the director's attendance at meetings and his/her contribution and performance at such meetings.

The NC is satisfied that directors who have multiple board representations and other principal commitments have devoted sufficient time and attention to the affairs of the Group and are able to effectively carry out their duties as directors of the Company. Hence, the Board would not determine the maximum number of listed company board representations which any director may hold.

CORPORATE GOVERNANCE REPORT

Key information on the directors including details of the qualification and major appointments of the directors is presented in the 'Board of Directors' section of the Annual Report. Details of the directors' shareholding in the Company and its related corporations, if any, are disclosed in the 'Report of the Directors' section of the Annual Report.

The Company has implemented a formal annual assessment process for evaluating the performance and contribution of the Board as a whole and Board committees.

The assessment of the Board as a whole utilises a confidential questionnaire covering areas such as Board composition, processes and accountability, and is completed by each Director individually.

The evaluation of the Board committees is also carried out through a confidential questionnaire which is done by each Board committee member independently. The assessment criteria include the Board committees' terms of reference, duties and responsibilities, culture, meeting administration and conduct.

The completed questionnaires of both the Board and Board committees are collated for the NC's deliberation before presenting the findings, including its recommendation for improvements to the Board.

The NC is of the view that such evaluation process is deemed appropriate at the present moment and the evaluation process will be reviewed should the need arise.

Upon evaluating the results of the assessments, the NC is of the view that the overall performances of the Board as a whole and Board committees are satisfactory.

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

The Board has separate and independent access to senior management and the Joint Company Secretaries at all times. Requests for information from the Board are dealt with promptly by management. Management provides the Board with monthly management accounts to enable them to constantly keep track of the Group's financial position. The Board members are also informed of all relevant information on material events and transactions accurately and promptly as and when they arise. Management consults the Board members regularly whenever necessary and appropriate. Board papers are given to the directors before Board meetings so that directors may be familiar with the matters before the meetings. Management staff who can provide additional insight into the matters to be discussed are present during the Board meetings.

The Joint Company Secretaries attend all Board meetings. The Joint Company Secretaries administer, attend and prepare minutes of the Board meetings, and assist the Chairman to ensure that Board procedures are followed and reviewed so that the Board could function effectively. They also ensure that the Company's Memorandum and Articles of Association and the relevant rules and regulations applicable to the Company are complied with.

The Board in fulfilling its responsibilities, can as a group or individually, when deemed necessary, direct the Company to appoint professional advisers to render professional advice.

(B) REMUNERATION MATTERS

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

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

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

Compensation & Remuneration Committee ("CRC")

The CRC comprises three members, comprising entirely non-executive and independent directors. The CRC has access to expert advice in the field of executive compensation where required. As at the date of this Report, the CRC members are:

Mr. Robson Lee Teck Leng	(Chairman)
Dr. Sim Loo Lee	(Member)
Mr. Tan Hong Bak	(Member)

The duties of the CRC as set out in its written terms of reference of the CRC, amongst others, are as follows:-

1. recommend to the Board a framework of remuneration for the directors and key management personnel, including those employees related to executive directors and controlling shareholders of the Company;

2. ensure all aspects of remuneration, including directors' fees, salaries, allowances, bonuses and benefits-in-kind are reviewed;

3. determine specific remuneration packages for each executive director and key management personnel. In determining each remuneration package, the CRC will ensure that they are on par with salary and employment conditions within the industry and comparable companies. The remuneration packages shall take into account the Company's relative performance and the performance of each individual director and key management personnel; and

4. review and recommend to the Board the terms of renewal of the service contracts of directors and key management personnel.

The CRC's recommendations will be submitted for endorsement by the Board.

CORPORATE GOVERNANCE REPORT

All directors are paid directors' fees which are determined by the full Board based on the contributions, responsibilities, effort and time spent by each of them. The payment of such directors' fees is subject to the approval of the shareholders at each AGM. No director is involved in deciding his/her own remuneration.

Mr. Kuik Ah Han, Mr. Kuik Sin Pin, Mr. Kuik Sing Beng and Ms. Kuik Sin Leng each has a service agreement for a period of three years till 30 June 2017. Each service agreement may be terminated by either party giving the other party at least three months' prior written notice.

Mr. Kuik Thiam Huat relinquished his position as an Executive Director with effect from 1 July 2014 but remains a Non-Executive Deputy Chairman of the Board. In recognition of his many years of experience in the construction industry, he was appointed as Advisor to the Group with effect from 1 July 2014, subject to a yearly renewal of such appointment. Mr. Kuik Thiam Huat's contract has been renewed for an additional term of one year till 30 June 2016.

The CRC reviews proposals made by the Group CEO on the remuneration of key management personnel and recommends the remuneration package of the key management personnel to the Board which makes the final decision on the remuneration to be awarded.

Remuneration of Directors And Key Management Personnel

The remuneration of each individual director and the breakdown (in percentage or dollar terms) of each key management personnel's remuneration are not disclosed. The reason being that such disclosures may be prejudicial to the Company's business interests given the highly competitive conditions in the property and construction industries where poaching of executives is commonplace. For the same reasons, the Company will also not disclose in aggregate the total remuneration of the Group's key management personnel. However, the CRC will continue to review the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosures.

The remuneration for the executive directors comprises mainly a basic salary component and a variable component i.e. profit sharing whilst the remuneration for the key management personnel comprises mainly a basic salary component and a variable component i.e. bonus. The variable components are based on the performance of the Group as a whole, giving due regard to the profitability of the Group, its financial performance as well as general economic conditions under which the Group operates and their individual performance. The CRC has reviewed the remuneration policy of the directors and key management personnel and satisfied itself that performance conditions are met before the award of any variable component. Accordingly, for reasons of confidentiality owing to highly competitive industry conditions, the Board is of the view that it is not necessary to present its remuneration policy before shareholders for approval at the AGM.

The aggregate amount of post-employment benefits granted to directors and key management personnel is disclosed on page 90 of this Annual Report. There is no termination and retirement benefits granted to directors or key management personnel. The Company has also not introduced any employee share scheme.

A breakdown, showing the level and mix of the remuneration of the directors for the financial year ended 30 June 2015 is set out below:

Remuneration Band & Name of Directors	**Directors' Fee**	**Salary [1]**	**Other Benefits [2]**	**Profit Sharing & Bonus [1]**	**Total**
$3,250,000 to less than $3,500,000					
Mr. Kuik Ah Han	1.5%	10.5%	0.5%	87.5%	100.0%
$2,250,000 to less than $2,500,000					
Mr. Kuik Sin Pin	2.1%	16.8%	0.8%	80.3%	100.0%
$1,250,000 to less than $1,500,000					
Mr. Kuik Sing Beng	3.7%	24.8%	0.9%	70.6%	100.0%
Ms. Kuik Sin Leng	3.8%	24.9%	0.2%	71.1%	100.0%
Below $250,000					
Mr. Kuik Thiam Huat	100.0%	0.0%	0.0%	0.0%	100.0%
Dr. Sim Loo Lee	100.0%	0.0%	0.0%	0.0%	100.0%
Mr. Tan Hong Bak	100.0%	0.0%	0.0%	0.0%	100.0%
Mr. Robson Lee Teck Leng	100.0%	0.0%	0.0%	0.0%	100.0%

[1] Salary, profit sharing and bonus are inclusive of employer's CPF.
[2] Other benefits comprise mainly car benefits.

The 2012 Code requires the remuneration of at least the top five key management personnel who are not also directors or the Chief Executive Officer to be disclosed in bands of $250,000. The Group has seven key management personnel, of whom four are also directors of the Company. The remuneration of the three key management personnel (who are not also directors or the Chief Executive Officer) within bands of $250,000 for the financial year ended 30 June 2015 is set out below:

Remuneration Band & Name of Key Management Personnel

$250,000 to less than $500,000
Mr. Wan Chee Hong
Ms. Ang Lay Hua
Mr. Huang Dong Sheng

CORPORATE GOVERNANCE REPORT

Employees whose remuneration exceed $50,000 and are immediate family members of a Director or Chief Executive Officer are set out below:

Remuneration Band & Name of Immediate Family Member	Relationship	Designation
$250,000 to less than $300,000		
Ms. Lim Ching Mei	Spouse of Mr. Kuik Sing Beng.	Marketing Director of one of the subsidiaries of the Group. Responsible for the overall management and operations of such subsidiary.
$150,000 to less than $200,000		
Mdm. Kuik Chim Mui	Sister of Mr. Kuik Ah Han and Mr. Kuik Thiam Huat.	Director of the five Malaysian subsidiaries of the Company.

(C) ACCOUNTABILITY AND AUDIT

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

The Board acknowledges the significance in providing precise and pertinent information to shareholders promptly so as to enable the latter to have a balanced and understandable assessment of the Group's performance, position and prospects.

Results of the first three quarters are released to shareholders within 45 days from the end of the quarter and annual results are released within 60 days from the financial year end. In line with the SGX Listing Rules, the Board issues a negative assurance statement to shareholders in respect of the interim financial statements. The Board also provides timely and relevant disclosure of material corporate developments to shareholders.

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

KPMG Services Pte Ltd ("KPMG" or the "Internal Auditor") conducts an annual review, in accordance with their audit plans, of the effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls.

KPMG has assisted the Group to establish a Group-wide Enterprise Risk Management Framework to enhance the risk management processes. The Group maintains a risk register which identifies the material risks faced by the Group and the internal controls in place to manage or mitigate those risks. The risk register is reviewed by management and presented to the AC and the Board. During the year, the Internal Audit plan proposed by the Internal Auditor was approved by the AC and the Internal Auditor has presented the internal audit findings to the AC and the Board. Material controls gaps and lapses, if any, were identified and recommendations for improvements were made and reported to the AC. The AC also reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

The Board has reviewed the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

Based on the internal controls established and maintained by the Group and the reviews conducted by management and the Internal Auditor, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology controls, and risk management systems were adequate and effective as at 30 June 2015. The Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

For the financial year under review, the Board has received written assurance from the Group CEO and the Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.

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

Audit Committee

The AC comprises three non-executive directors who are independent. The duties and responsibilities of the AC are contained in its written terms of reference. At the date of this report, the AC comprises the following members:

Mr. Tan Hong Bak	(Chairman)
Dr. Sim Loo Lee	(Member)
Mr. Robson Lee Teck Leng	(Member)

The role of the AC is to assist the Board with discharging its responsibility to:-

- safeguard the Company's assets;
- maintain adequate accounting records; and
- develop and maintain effective systems of internal control.

As a sub-committee of the Board, the AC provides a channel of communication between the Board, management, internal auditor and external auditors, on matters arising out of internal and external audits.

The terms of reference of the AC, amongst others, are as follows:-

1. review the quarterly, half-year and annual financial statements including announcements before submission to the Board for approval;

2. review the assurance provided by the Group CEO and Group Financial Controller regarding the records being properly maintained and the financial statements giving a true and fair view of the Company's operations and finances;

3. at least annually, review and report to the Board the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls, and risk management systems (with the assistance of the internal auditor);

4. review the Company's procedures for detecting fraud and whistle-blowing, and ensure that arrangements are in place by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matters;

5. review the internal audit programme, the scope and results of the internal audit procedures;

6. review the adequacy and effectiveness of the internal audit function, at least annually;

CORPORATE GOVERNANCE REPORT

Audit Committee (Cont'd)

7. review with the external auditors their audit plan (including the nature and scope of the audit before the audit commences), their evaluation of the system of internal accounting controls, their audit report and their management letter and management's response thereto;

8. discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss with the internal auditor without the presence of management at least annually;

9. review the assistance given by management to the external auditors;

10. review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually. Where the auditors also supply non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be breached;

11. consider the appointment/re-appointment of the external auditors, the audit fee and matters relating to the resignation or dismissal of the auditors; and

12. review interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual and to consider whether they are on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibilities. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such professional fees are to be borne by the Company.

The AC has full access to and co-operation of the Company's management and has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to discharge its duties.

The AC meets with the Internal Auditor and external auditors of the Company (the "External Auditors"), in each case without the presence of the management at least once a year.

The AC has reviewed all non-audit services provided by the External Auditors to the Group and is satisfied that the extent of such services provided will not prejudice the independence and objectivity of the External Auditors. The amount paid and payable to the External Auditors by the Group for audit and non-audit services fees were $250,000 and $67,900 respectively, for the financial period under review. The re-appointment of the External Auditors will be subject to approval by way of ordinary resolution of shareholders at the Company's AGM, to be held on 27 October 2015.

In appointing the audit firms for the Company, the AC is satisfied that the Company has complied with the requirements of Rules 712 and 715 of the SGX-ST Listing Manual.

The same auditing firms based in Singapore are engaged to audit the accounts of the Company and its Singapore-incorporated subsidiaries. The foreign-incorporated subsidiaries are not significant based on the definition in Rule 718 of the SGX-ST Listing Manual.

The AC met four times during the financial year ended 30 June 2015. The Executive Directors (including Chairman and Group CEO), Non-Executive Deputy Chairman, Group Financial Controller and Group Finance Manager were invited to attend these meetings together with the Internal Auditor and External Auditors who were also present in at least two of the meetings.

Audit Committee (Cont'd)

During the meetings held in the financial year ended 30 June 2015, the AC had, amongst other things:

- Performed quarterly reviews of financial statements and made recommendations to the Board for approval.
- Performed quarterly reviews and approved interested person transactions.
- Met the Internal Auditor and External Auditors in the absence of management.
- Reviewed the annual audit plans (both internal and external).
- Reviewed the annual re-appointment of the External Auditors and made recommendation to the Board for approval.
- Reviewed all non-audit services provided by the External Auditors to determine if the provision of such services would breach their independence.
- Updated its terms of reference to be in line with the 2012 Code.

As mentioned earlier, the AC members are kept updated on changes to accounting standards and issues related to financial reporting through meetings with the Internal Auditor and External Auditors.

Whistle-Blowing Policy

To reinforce a culture of good business ethics and governance, the Group has in place a whistle-blowing policy which applies to all employees of the Group. The aim of this policy is to provide an avenue for employees to raise concerns, in confidence, about possible irregularities whilst protecting the whistle-blowers from reprisals or victimisation for whistle-blowing in good faith.

The whistle-blower can address his/her concerns to the Group's AC Chairman via email. The Group assures that any legitimate concern raised or information provided will be treated confidentially, reviewed and investigated if deemed necessary. Results of the investigation would not be disclosed or discussed with anyone other than those who have a legitimate right to know and appropriate remedial measures are taken where warranted.

The AC will consider anonymous reports, but concerns expressed or information provided anonymously will be investigated on the basis of their merits.

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

The Company's internal audit function is out-sourced to an independent third party accounting firm. The AC's oversight and supervision of the Group's internal controls are complemented by the work of the Internal Auditor, whose role is to assist the AC to ensure that the Group maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas.

In order to allow for a more open discussion on any issue of concern, the AC meets the Internal Auditor separately without the presence of management or any executive annually.

The Internal Auditor's primary line of reporting is to the Chairman of AC, although the Internal Auditor also reports administratively to the Group CEO of the Company.

The AC reviews, on an annual basis, the adequacy of the internal audit function. The AC has reviewed and is satisfied with the adequacy of the Company's internal audit function.

CORPORATE GOVERNANCE REPORT

(D) COMMUNICATION WITH SHAREHOLDERS

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

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

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

In line with continuous obligations of the Company pursuant to the SGX-ST Listing Manual, the Company's policy is to provide timely information of all major developments of the Group to all shareholders.

Information is disseminated to shareholders on a timely basis through:-

- SGXNET announcements and news releases;
- Annual reports prepared and issued to all shareholders;
- The Company's website at www.simlian.com.sg at which shareholders can access information on the Group. The website provides, inter alia, annual reports and profiles of the Group.

In addition, shareholders are encouraged to attend the Company's AGM to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The AGM is the principal forum for dialogue with shareholders.

Though the Articles of Association of the Company does not allow corporations which provide nominee or custodial services to appoint more than two proxies to vote, shareholders who hold shares through such corporations can still attend the AGM as observers.

The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. All directors and Joint Company Secretaries as well as the External Auditors will attend the Company's AGM to address any queries from shareholders.

(E) DEALINGS IN SECURITIES

The Company has its own internal compliance code to provide guidance for both directors and officers on their dealings with the Company's securities. The directors and employees are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's quarterly results and one month before the announcement of the Company's full-year results and ending on the date of the announcement of the results. Under the Company's internal compliance code, all officers of the Company should not deal in the securities of the Company on short-term considerations.

The officers are required to report to the Joint Company Secretaries whenever they deal in the Company's shares. The Joint Company Secretaries assist the AC and the Board to monitor such share transactions and make the necessary announcements.

(F) INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

The following disclosures have been made in compliance with Rule 907 of the SGX-ST Listing Manual. The aggregate value of all interested person transactions (excluding any transactions less than S$100,000) during the financial year ended 30 June 2015 are as follows:-

Name of interested persons		Aggregate value of all interested person transactions for the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000
Sim Lian JV (Punggol Central) Pte. Ltd. ("SLJV")	Proportionate shareholder loans by Sim Lian Land Pte Ltd ("SLL") & its subsidiaries	2,070 (i)	-
Sim Lian Development Pte Ltd ("SLD")	Interest payable by SLJV to SLD	576	-
Sim Lian JV (Punggol Central) Pte. Ltd. ("SLJV")	Interest payable by SLJV to SLL & its subsidiaries	1,153	-
Sim Lian Development Pte Ltd ("SLD")	Interest payable by Sim Lian JV (BP) Pte. Ltd. ("ResiSPV") to SLD	515	-
Sim Lian JV (BP) Pte. Ltd. ("ResiSPV")	Interest payable by ResiSPV to SLL	1,030	-
Sim Lian JV (BP) Pte. Ltd. ("ResiSPV")	Proportionate shareholder loans by SLL to ResiSPV	250 (i)	-
Sim Lian JV (BP Retail) Pte. Ltd. ("RetailSPV")	Proportionate shareholder loans by SLL to RetailSPV	2,715 (i)	-
Sim Lian Development Pte Ltd ("SLD")	Interest payable by Sim Lian JV (Vision) Pte. Ltd. ("VisionSPV") to SLD	791	-

CORPORATE GOVERNANCE REPORT

(F) INTERESTED PERSON TRANSACTIONS (Cont'd)

Name of interested persons		Aggregate value of all interested person transactions for the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000
Sim Lian JV (Vision) Pte. Ltd. ("VisionSPV")	Interest payable by VisionSPV to SLL	1,582	-
Sim Lian JV (Punggol Central) Pte. Ltd. ("SLJV")	Interest payable on inter-joint venture loans to VisionSPV	946	-
Sim Lian Holdings Pte Ltd ("SLH")	Rental payable to SLH	4,194 (ii)	-
The Babbitt Trading Pte. Ltd. ("TBT")	Rental income receivable from TBT	175 (ii)	-
Mr. Kuik Thiam Huat	Non-Executive Deputy Chairman of Sim Lian Group Limited as Advisor to the Group's construction division	250	-
OrangeTee.Com Pte Ltd ("OTC")	Marketing commission	562 (iii)	-
		16,809	-

Note (i) Under Rule 916 (3) of the SGX Listing Manual, this transaction is not required to comply with Rule 906.
Note (ii) Under Rule 916 (1) of the SGX Listing Manual, this transaction is not required to comply with Rule 906.
Note (iii) OTC only became an interested person (as defined in Chapter 9 of the Listing Manual) on 26 June 2015.
(The marketing commission paid to OTC from 26 June 2015 to 30 June 2015 is less than $100,000.)

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of Sim Lian Group Limited (the "Company" and collectively with its subsidiaries, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended June 30, 2015.

1 DIRECTORS

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

Mr. Kuik Ah Han
Mr. Kuik Thiam Huat
Mr. Kuik Sin Pin
Mr. Kuik Sing Beng
Ms. Kuik Sin Leng
Dr. Sim Loo Lee
Mr. Tan Hong Bak
Mr. Robson Lee Teck Leng

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, except as follows:

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
The Company	**Ordinary shares**			
Mr. Kuik Ah Han	9,696,150	9,696,150	655,761,362 (1)	655,761,362 (1)
Mr. Kuik Thiam Huat	42,500,000	42,500,000	-	-
Mr. Kuik Sin Pin	12,431,402	12,682,402	-	-
Mr. Kuik Sing Beng	2,942,000	2,942,000	848,999 (2)	848,999 (2)
Ms. Kuik Sin Leng	1,700,000	1,700,000	-	-
Dr. Sim Loo Lee	450,000	450,000	-	-

REPORT OF THE DIRECTORS

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

Shareholdings in the Company registered in the name of the above directors and shareholdings in which the above directors are deemed to have an interest at July 21, 2015 remain unchanged from the end of the financial year.

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
Sim Lian Holdings Pte Ltd (holding company) [3]	**Ordinary shares**			
Mr. Kuik Ah Han	120,000	120,000	220,000 [4]	220,000 [4]
Mr. Kuik Thiam Huat	160,000	160,000	-	-
Mr. Kuik Sin Pin	70,000	70,000	-	-
Mr. Kuik Sing Beng	70,000	70,000	-	-
Ms. Kuik Sin Leng	70,000	70,000	-	-

(1) The 655,761,362 (June 30, 2014 : 655,761,362) shares at June 30, 2015 comprise 552,163,285 (June 30, 2014 : 552,163,285) shares held by the holding company and 103,598,077 (June 30, 2014 : 103,598,077) shares held by the spouse of Mr. Kuik Ah Han.

(2) The 848,999 (June 30, 2014 : 848,999) shares at June 30, 2015 comprise 79,999 (June 30, 2014 : 79,999) shares held by a nominee for the account of Mr. Kuik Sing Beng and 769,000 (June 30, 2014 : 769,000) shares held by the spouse of Mr. Kuik Sing Beng.

(3) At June 30, 2015, Sim Lian Holdings Pte Ltd held 54.89% (June 30, 2014 : 54.89%) of the shares in the Company.

(4) This is deemed interest in 220,000 shares held by the spouse of Mr. Kuik Ah Han at June 30, 2015 and 2014.

By virtue of Section 7 of the Act, Mr. Kuik Ah Han is deemed to have an interest in the ordinary shares of the Company's subsidiaries held directly or indirectly by the Company.

In addition, Mr. Kuik Ah Han is deemed to have an interest in the shares held directly or indirectly by Sim Lian Holdings Pte Ltd in the following related corporations:

	At beginning of financial year	**At end of financial year**
	Ordinary shares	
Sim Lian Development Pte Ltd	2	2
Kuik Pte Ltd	1,000	1,000
SLH (Toa Payoh) Pte. Ltd.	1	1
Trio Link Development Pte. Ltd. (Liquidated)	650,000	-
3 Link Development Pte. Ltd. (Liquidated)	650,000	-
AMK Link Development Pte. Ltd.	550,000	550,000
Sim Lian Properties Pte Ltd	1,500,000	1,500,000
Chip Tiong Investment (Pte) Ltd.	5,231,246	5,231,246
Lee Meng (Pte) Ltd	1,160,000	1,160,000
Sim Lian JV (Punggol Central) Pte. Ltd.	774,465	774,465
Sim Lian JV (BP) Pte. Ltd.	774,465	774,465
Sim Lian JV (BP Retail) Pte. Ltd.	774,465	774,465

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

	At beginning of financial year	At end of financial year
	Ordinary shares	
Sim Lian JV (Vision) Pte. Ltd.	774,465	774,465
Sim Lian JV (Axis) Pte. Ltd. (in process of striking off)	*	-
Sim Lian JV (Treasure) Pte. Ltd. (in process of striking off)	*	-

* These two related corporations each had two issued and paid-up ordinary shares and the effective interest held by Sim Lian Holdings Pte Ltd in each of them was 77.45%.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations. Significant transactions with the directors and corporations/persons related to directors are disclosed in Note 6 to the financial statements.

5 OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

6 OPTIONS EXERCISED

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

7 UNISSUED SHARES UNDER OPTION

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

8 AUDIT COMMITTEE

The Audit Committee of the Company, consisting of all non-executive and independent directors, is chaired by Mr. Tan Hong Bak, and includes Dr. Sim Loo Lee and Mr. Robson Lee Teck Leng. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal controls;

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

REPORT OF THE DIRECTORS

8 AUDIT COMMITTEE (Cont'd)

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

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

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

f) the re-appointment of the external auditors of the Company.

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

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP and UHY Lee Seng Chan & Co for re-appointment as joint external auditors of the Company at the forthcoming AGM of the Company.

9 AUDITORS

The joint auditors, Deloitte & Touche LLP and UHY Lee Seng Chan & Co, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

…………………………………………
Mr. Kuik Ah Han

…………………………………………
Mr. Kuik Sin Pin

September 22, 2015

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 50 to 123 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at June 30, 2015 and the financial performance, changes in equity, and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

....
Mr. Kuik Ah Han

....
Mr. Kuik Sin Pin

September 22, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIM LIAN GROUP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Sim Lian Group Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at June 30, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 123.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at June 30, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP
Public Accountants
and Chartered Accountants
Singapore

Seah Gek Choo
Partner
Appointed on October 28, 2010

September 22, 2015

UHY Lee Seng Chan & Co
Public Accountants
and Chartered Accountants
Singapore

Lee Sen Choon
Partner
Appointed on October 28, 2010

September 22, 2015

STATEMENTS OF FINANCIAL POSITION

June 30, 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	167,396	329,061	30,516	133,127
Trade and other receivables	8	302,055	353,054	209	235
Inventories	10	4,964	4,549	-	-
Development properties	11	567,311	869,951	-	-
Total current assets		1,041,726	1,556,615	30,725	133,362
Non-current assets					
Subsidiaries	12	-	-	249,257	183,754
Joint ventures	13	268,156	212,632	-	-
Property, plant and equipment	14	21,572	18,978	-	-
Investment properties	15	305,090	241,025	-	-
Derivative financial instruments	16	823	-	-	-
Deferred tax assets	21	10,858	-	-	-
Total non-current assets		606,499	472,635	249,257	183,754
Total assets		**1,648,225**	**2,029,250**	**279,982**	**317,116**

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	17	21,498	196,599	-	-
Trade and other payables	18	212,459	643,620	617	87,602
Provisions	19	81,460	74,461	-	-
Current portion of finance leases	20	160	148	-	-
Income tax payable		49,180	43,815	31	86
Total current liabilities		364,757	958,643	648	87,688
Non-current liabilities					
Bank loans	17	107,533	74,676	-	-
Other payables	18	5,149	6,993	-	-
Finance leases	20	300	153	-	-
Deferred tax liabilities	21	-	898	1,403	1,029
Total non-current liabilities		112,982	82,720	1,403	1,029
Capital and reserves					
Share capital	22	155,181	155,181	155,181	155,181
Retained earnings		1,020,420	826,326	122,750	73,218
Other components of equity		(8,787)	2,772	-	-
Equity attributable to owners of the Company		1,166,814	984,279	277,931	228,399
Non-controlling interests		3,672	3,608	-	-
Total equity		1,170,486	987,887	277,931	228,399
Total liabilities and equity		**1,648,225**	**2,029,250**	**279,982**	**317,116**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended June 30, 2015

	Note	2015 $'000	2014 $'000
Revenue	24	1,193,233	714,663
Contract costs		(906,139)	(481,926)
Raw materials and consumables		(15,615)	(16,962)
Property operating expense		(3,804)	(1,235)
Other operating income	25	8,024	7,686
Employee benefits expense	26	(21,198)	(18,087)
Depreciation expense	14(c)	(2,219)	(2,001)
Change in fair value of derivative financial instruments		(666)	-
Change in fair value of investment properties	15	8,169	(15,542)
Foreign exchange (losses) gains		(13,808)	348
Other operating expenses		(10,748)	(7,221)
Finance costs	27	(5,270)	(2,158)
Share of results of joint ventures, net of tax	13	49,947	22,532
Profit before income tax	28	279,906	200,097
Income tax expense	29	(38,658)	(28,288)
Profit for the financial year		**241,248**	**171,809**
Other comprehensive (loss) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign subsidiaries		(11,555)	261
Other comprehensive (loss) income for the financial year, net of tax		(11,555)	261
Total comprehensive income for the financial year		**229,693**	**172,070**

	Note	2015 $'000	2014 $'000
Profit for the financial year attributable to:			
Owners of the Company		240,365	170,980
Non-controlling interests		883	829
		241,248	171,809
Total comprehensive income for the financial year attributable to:			
Owners of the Company		228,806	171,242
Non-controlling interests		887	828
		229,693	172,070
Earnings per share			
Basic and diluted earnings per share (cents)	30	23.9	17.0

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended June 30, 2015

		← Other components	
	Share capital $'000	Equity reserve $'000	Asset revaluation reserve (Note 23) $'000
Group			
Balance at July 1, 2013	155,181	(70)	2,405
Profit for the financial year	-	-	-
Other comprehensive income			
Foreign currency translation	-	-	-
Other comprehensive income for the financial year, net of tax	-	-	-
Total comprehensive income for the financial year	-	-	-
Changes in ownership interests in subsidiary that do not result in a loss of control			
Effects of changes in non-controlling interests in a subsidiary	-	(42)	-
Shares issued by a subsidiary to non-controlling interests	-	-	-
Total changes in ownership interests in subsidiary	-	(42)	-
Contributions by and distributions to owners			
Dividends paid to non-controlling interests	-	-	-
Dividends paid in cash (Note 32)	-	-	-
Total contributions by and distribution to owners	-	-	-
Balance at June 30, 2014	155,181	(112)	2,405
Balance at July 1, 2014	155,181	(112)	2,405
Profit for the financial year	-	-	-
Other comprehensive loss			
Foreign currency translation	-	-	-
Other comprehensive loss for the financial year, net of tax	-	-	-
Total comprehensive income for the financial year	-	-	-
Contributions by and distributions to owners			
Dividends paid to non-controlling interests	-	-	-
Dividends paid in cash (Note 32)	-	-	-
Total contributions by and distribution to owners	-	-	-
Balance at June 30, 2015	155,181	(112)	2,405

of equity →

Foreign currency translation reserve $'000	Retained earnings $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
217	701,617	859,350	3,177	862,527
-	170,980	170,980	829	171,809
262	-	262	(1)	261
262	-	262	(1)	261
262	170,980	171,242	828	172,070
-	-	(42)	42	-
-	-	-	50	50
-	-	(42)	92	50
-	-	-	(489)	(489)
-	(46,271)	(46,271)	-	(46,271)
-	(46,271)	(46,271)	(489)	(46,760)
479	826,326	984,279	3,608	987,887
479	826,326	984,279	3,608	987,887
-	240,365	240,365	883	241,248
(11,559)	-	(11,559)	4	(11,555)
(11,559)	-	(11,559)	4	(11,555)
(11,559)	240,365	228,806	887	229,693
-	-	-	(823)	(823)
-	(46,271)	(46,271)	-	(46,271)
-	(46,271)	(46,271)	(823)	(47,094)
(11,080)	1,020,420	1,166,814	3,672	1,170,486

STATEMENTS OF CHANGES IN EQUITY

Financial year ended June 30, 2015

	Share capital $'000	Retained earnings $'000	Total $'000
Company			
Balance at July 1, 2013	155,181	50,938	206,119
Profit for the financial year, representing total comprehensive income for the financial year	-	68,551	68,551
Contributions by and distributions to owners			
Dividends paid in cash (Note 32)	-	(46,271)	(46,271)
Total contributions by and distributions to owners	-	(46,271)	(46,271)
Balance at June 30, 2014	155,181	73,218	228,399
Balance at July 1, 2014	155,181	73,218	228,399
Profit for the financial year, representing total comprehensive income for the financial year	-	95,803	95,803
Contributions by and distributions to owners			
Dividends paid in cash (Note 32)	-	(46,271)	(46,271)
Total contributions by and distributions to owners	-	(46,271)	(46,271)
Balance at June 30, 2015	155,181	122,750	277,931

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended June 30, 2015

	2015 $'000	2014 $'000
Operating activities		
Profit before income tax and share of results of joint ventures, net of tax	229,959	177,565
Adjustments for:		
Provisions charged to profit or loss	18,201	5,424
Change in fair value of investment properties	(8,169)	15,542
Change in fair value of derivative financial instruments	666	-
Reversal of allowance for doubtful trade receivables	(29)	(36)
Bad trade and other receivables written off	29	68
Depreciation expense	2,219	2,001
Gain on disposal of property, plant and equipment	(256)	(246)
Interest expense	5,270	2,158
Interest income	(5,853)	(4,571)
Property, plant and equipment written off	6	2
Operating profit before movement in working capital	242,043	197,907
Trade and other receivables	34,664	(206,215)
Deposit and advance payment for land purchase	(350)	-
Inventories	(415)	(291)
Development properties	311,335	213,883
Trade and other payables	(432,056)	175,300
Provisions utilised	(11,131)	(5,164)
Cash generated from operations	144,090	375,420
Income tax paid	(49,630)	(13,333)
Interest paid	(5,806)	(5,905)
Interest received	3,254	3,294
Net cash from operating activities	91,908	359,476

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended June 30, 2015

	2015 $'000	2014 $'000
Investing activities		
Purchase of property, plant and equipment (Note A)	(7,221)	(1,789)
Additions to investment properties	(87,215)	(240,981)
Investment in joint ventures	-	(1,337)
Loans to joint ventures	(5,035)	(6,565)
Repayments of loans from joint ventures	23,324	-
Proceeds from disposal of property, plant and equipment	259	246
Net cash used in investing activities	(75,888)	(250,426)
Financing activities		
Proceeds from shares issued by a subsidiary to non-controlling interests	-	50
Proceeds from bank loans	46,261	121,038
Repayment of bank loans	(174,650)	(197,347)
Dividends paid by the Company	(46,271)	(46,271)
Dividends paid to non-controlling interests of subsidiary	(823)	(489)
Repayment of finance lease liabilities	(184)	(148)
Net cash used in financing activities	(175,667)	(123,167)
Net decrease in cash and cash equivalents	(159,647)	(14,117)
Cash and cash equivalents at beginning of financial year	329,061	343,056
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2,018)	122
Cash and cash equivalents at end of financial year	**167,396**	**329,061**

Note A

The Group acquired property, plant and equipment with aggregate cost of $7,564,000 (2014 : $1,964,000) of which $343,000 (2014 : $175,000) was acquired by means of finance leases. Cash payments of $7,221,000 (2014 : $1,789,000) were made to purchase property, plant and equipment.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

1 GENERAL

The Company (Registration No. 200004760C) is incorporated in Singapore with its principal place of business and registered office at 205 Upper Bukit Timah Road, #02-01, Singapore 588181. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The Company is a subsidiary of Sim Lian Holdings Pte Ltd. As at June 30, 2015, Sim Lian Holdings Pte Ltd held 54.89% (2014 : 54.89%) of the shares in the Company.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries and joint ventures are disclosed in Notes 12 and 13 to the financial statements respectively.

The financial statements were authorised for issue by the Board of Directors on September 22, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after July 1, 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as follows:

New and revised standards on consolidation, joint arrangements, associates and disclosures

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these standards.

In the current year, the Group has applied for the first time FRS 110, FRS 111, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together with the amendments to FRS 110, FRS 111 and FRS 112 regarding the transitional guidance.

The impact of the application of these standards is set out below.

Impact of the application of FRS 110

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) it has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Management reassessed the control conclusion for its investees on July 1, 2014 in accordance with FRS 110 and concluded that there is no other investee for which the Group has control over, other than those already accounted for as subsidiary as at July 1, 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impact of the application of FRS 111

FRS 111 replaces FRS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions* by Venturers, has been incorporated in FRS 28 (as revised in 2011). FRS 111 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under FRS 111, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under FRS 111 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, FRS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under FRS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of FRS 111. The directors concluded that the Group's joint arrangements are classified as joint ventures under FRS 111 and therefore they continued to be accounted for using the equity method.

Impact of the application of FRS 112

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements (please see Notes 3, 12, and 13 for details).

Amendments to FRS 110, FRS 112 and FRS 27 *Investment Entities*

The amendments to FRS 110 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to FRS 112 and FRS 27 to introduce new disclosure requirements for investment entities.

The above amendments do not have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

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

- FRS 109 *Financial Instruments* [1]
- FRS 115 *Revenue from Contracts with Customers* [2]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* [3]
- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements* [3]

1 Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
2 Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
3 Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

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

FRS 109 *Financial Instruments*

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

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL"). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group is currently estimating the effects of FRS 109 on its financial instruments in the period of initial adoption.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

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

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

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

The Group is currently estimating the effects of FRS 115 on its revenue contracts in the period of initial adoption.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The Group is currently estimating the effects of Amendments to FRS 1 on its presentation of financial statements in the period of initial adoption.

Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*

FRS 27 requires an entity to account for its investments in subsidiaries, joint ventures and associates either at cost or in accordance with FRS 39 (or FRS 109 when effective). The amendments allow an additional option for an entity to account for these investees in its separate financial statements using the equity method as described in FRS 28. The accounting option must be applied by category of investments.

The Company accounts for its investments in subsidiaries at cost. Joint ventures are accounted using the equity method.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company:

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

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

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

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

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

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer are measured in accordance with FRS 102 *Share-based Payment* at the acquisition date; and

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

The accounting policy for initial measurement of non-controlling interests is described above.

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and fixed deposits that are subject to an insignificant risk of changes in value.

Loans and receivables

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

Derivative financial instruments

The Group enters into certain derivative financial instruments to manage its exposure to interest rate, including interest rate caps. Further details of derivative financial instruments are disclosed in Note 16.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables where the recognition of interest would be immaterial.

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

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting arrangements

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

CONSTRUCTION CONTRACTS - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of certified contract value of work performed to date relative to the estimated total contract value. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, depreciation and hire of equipment, interest expense, subcontract cost and estimated costs of rectification and guarantee work, including expected warranty costs.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

The Group as lessee

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

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

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

INVENTORIES - Inventories are stated at the lower of cost (first-in, first-out method) and net realisable value. Cost includes all costs of purchase and other costs incurred to bring the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

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

Cost comprises costs that relate directly to the development, such as acquisition costs, and related costs that are attributable to development activities and can be allocated to the development project, including attributable borrowings costs (see accounting policy for borrowing costs below).

Development properties are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion method (see accounting policy for revenue recognition below). Progress billings not yet paid by customers are included within "trade and other receivables". Development properties are stated at cost if their revenue is recognised based on completion of contract method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INTERESTS IN JOINT VENTURE - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Leasehold properties	-	1.9 to 7.3%
Plant and equipment	-	10.0 to 33.3%

Depreciation is not provided on properties under construction.

Fully depreciated assets still in use are retained in the financial statements.

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

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

The gain or loss arising on the disposal or retirement of an asset which is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in profit or loss for the period in which they arise.

INVESTMENT PROPERTY - Investment property which is property held to earn rentals and/or capital appreciation is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from the changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment of the Group up to the date of change in use, where the revaluation surplus is taken to the asset revaluation reserve.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

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

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

REVENUE RECOGNITION - Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Revenue and profits from construction contracts are recognised in accordance with the Group's accounting policy on construction contracts (see above).

(ii) Revenue for sales of property under development is recognised when risks and rewards of ownership of the real estate is transferred to the buyer, which may be:

  a) on a continuous transfer basis; or

  b) at a single point of time (e.g. upon or after delivery).

  Under (a), revenue is recognised based on the percentage of completion method when the transfer of significant risks and rewards of ownership occurs as construction progresses. Under the percentage of completion method, revenue and costs are recognised by reference to the stage of completion of the development activity at the end of the reporting period based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Profits are recognised only in respect of properties with finalised sales agreements. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Development properties are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion method.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Under (b), revenue is recognised when the transfer of risk and rewards of ownership coincides with the time when the development units are delivered to the purchasers, except for development units sold under deferred payment scheme where revenue and associated costs are recognised at delivery and credit risk is not significant Any progress billings received for such property sales are included in "trade and other payables" as "monies received in advance". Any costs incurred in the development of such property are carried at cost as an asset on the statement of financial position.

(iii) Sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recoveries of the consideration due, associated costs or the possible return of goods.

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

(v) Dividend income from investments is recognised when the shareholder's right to receive the dividend is legally established.

(vi) Maintenance service fee income from maintenance work which is short-term in nature is recognised when the service is completed.

(vii) The Group's policy for recognition of rental income from operating leases is described above.

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

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the reporting period.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

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

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

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

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

Current and deferred tax are recognised as an expense or income in profit or loss.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity within the Group operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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

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

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

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

SEGMENT REPORTING - Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision makers who are responsible for allocation of resources and assessing performance of the operating segments.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

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

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Revenue recognition policy

As described in Note 2 to the financial statements, the Group's policy on recognition of revenue in relation to sales of property under development which qualify as sales of goods depends on whether:

- there is continuous transfer of risk and rewards of ownership to the buyer of the property under development; or

- risk and rewards of ownership of the property transfer at a single point of time.

In determining the point of transfer of risk and rewards of ownership, the Group reviews the legal terms of the sales contracts together with the Accompanying Note to INT FRS 115 *Agreements for the Construction of Real Estate* that explains the application of the Interpretation to property development sales in Singapore.

Based on the judgement exercised, revenue of $70,515,000 (2014 : $341,478,000) was recognised during the financial year for agreements where there was continuous transfer of risk and rewards of ownership of the property sold, and revenue of $843,818,000 (2014 : $165,226,000) was recognised for agreements where risk and rewards of ownership were transferred at a single point of time during the financial year.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, management has determined that the presumption that investment properties measured using the fair value model are recovered through sale is not rebutted.

Classification of joint arrangements

The Group's joint arrangements are incorporated as private companies whose legal form confers separation between the parties to the joint arrangements and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangements have rights to the assets and obligations for the liabilities of the joint arrangements. Accordingly, all the joint arrangements are classified as joint ventures of the Group.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty

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

Construction contracts

The Group recognises contract revenue and contract costs using the percentage of completion method. The stage of completion is measured by reference to certification of value of work performed to date.

Significant assumptions are required in estimating the total contract costs which affect the contract costs recognised to date based on the percentage of completion. The measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events, including variation orders which may increase or decrease contract revenue. A variation is included in contract revenue to the extent that it will be recoverable from customers and the amount of revenue can be reliably measured.

The valuation of construction contracts and provision for contract costs can be subject to uncertainty in respect of variation works and estimation of future costs. The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 9 to the financial statements.

Deferred tax

Significant assumptions are involved in determining the provision for deferred tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. 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. The carrying amount of the Group's deferred tax is disclosed in Note 21 to the financial statements.

Provision for contract costs

Determining the provision for contract costs in respect of cost of work required to be carried out for the rectification of construction defects requires an assessment of the potential defects that could arise, the estimation of the timing of incurring such costs and of the future costs of carrying out such rectification works. In assessing the costs of rectification of potential defects that could arise, management considers actual defect costs incurred for comparable projects, adjusted for expected costs to be incurred for potential defects specific to each project. The carrying amount and the movements in the provision are disclosed in Note 19 to the financial statements.

Provision for foreseeable losses

Management reviews the development properties and construction contracts for foreseeable loss whenever there is an indication that the estimated selling prices or total contracted revenue are lower than the estimated total development cost or total contracted cost.

The estimated selling prices are based on recent selling prices for the development properties or comparable development properties and the prevailing property market conditions. The estimated development costs are based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. The carrying amount of the development properties is disclosed in Note 11 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

In determining foreseeable losses on construction contract, the Group evaluates by relying on past experience and cost estimates. A considerable amount of estimate is required in assessing the cost estimates based on suppliers' quotation or engineers' estimates. The carrying amount of the construction contracts is disclosed in Note 9 to the financial statements.

Allowance for doubtful trade and other receivables

Management assesses at the end of each reporting period whether there is any objective evidence that receivables are impaired. Impairment loss is calculated based on a review of the current aging of existing receivables and historical collections experience. Such allowances are adjusted periodically to reflect the actual and anticipated payment default experience. As at June 30, 2015, allowance for doubtful trade and other receivables amounts to $71,000 (2014 : $100,000). The carrying amount of the trade and other receivables is disclosed in Note 8 to the financial statements.

Investment properties

The Group's investment properties are stated at estimated fair values, as accounted for by management based on independent external appraisals. The estimated fair values may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates such as overall market conditions require an assessment of factors not within management's control. As a result, actual results of operations and realisation of net assets may vary significantly from that estimated. The carrying amount of investment properties at the end of the reporting period and information about the valuation techniques and inputs used in determining the fair value of investment properties are disclosed in Note 15 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables (including cash and cash equivalents)	580,816	795,794	80,936	181,375
Derivative financial instruments	823	-	-	-
Financial liabilities				
Amortised cost	240,441	388,181	617	87,602

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)**

(b) Financial risk management policies and objectives

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects on the financial performance of the Group. The directors provide written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash. Such written policies are reviewed annually by the directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group's exposure to foreign currency risk is primarily due to intercompany loans to its foreign subsidiaries and cash and bank balances. The Group has foreign subsidiaries whose net assets are exposed to currency translation risk. The Group uses derivative financial instruments to manage its exposure to foreign exchange risk as and when required.

The following significant monetary assets and liabilities (including intercompany balances) denominated in currencies other than the functional currencies of the respective entities expose the Group to foreign currency risk.

	Liabilities		Assets	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Australian dollar	504	-	40,373	14,558
United States dollar	618	802	5,901	4,144
Singapore dollar	113,196	98,236	57	57
Company				
Australian dollar	-	-	238	2,100

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(i) Foreign exchange risk management (Cont'd)

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currencies strengthen against the functional currency of each Group entity by 5% with all other variables, including tax rate, being held constant, profit or loss will increase (decrease) by:

	Australian dollar impact		United States dollar impact		Singapore dollar impact	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Group						
Profit or loss	1,993	728	264	167	(5,657)	(4,909)
Company						
Profit or loss	12	105	-	-	-	-

The opposite applies if the relevant foreign currencies weaken against the functional currency of each Group entity by 5%.

(ii) Interest rate risk management

The Group's exposure to interest rate risk relates primarily to its variable rate debt obligations and loans to joint ventures. The interest rates for borrowings are indicated in Notes 17 and 20 to the financial statements. The interest rates for loans to joint ventures are disclosed in Note 13 to the financial statements. The Group manages interest cost by using a mixture of fixed and variable rate debts.

The Group may from time to time enter into interest rate caps to manage its exposures to interest rate risk. Further details of such instruments are disclosed in Note 16.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(ii) Interest rate risk management (Cont'd)

The borrowing costs related to property development projects are capitalised as cost of property development (Note 11). All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

The Company's exposure to interest rate risk relates primarily to advances to subsidiaries (Note 12) which bear variable interest rates.

Interest rate sensitivity analysis

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the amount of interest capitalised as part of the Group's property development as at June 30, 2015 would have increased/decreased by Nil (2014 : $748,000).

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the financial year ended June 30, 2015 would have increased/decreased by $183,000 (2014 : $305,000).

In addition, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit before tax for the financial year ended June 30, 2015 would have increased/decreased by $231,000 (2014 : $231,000).

(iii) Credit risk management

The Group has no significant concentration of credit risk with any single customer or group of customers. The Group's principal financial assets are cash and cash equivalents, and trade and other receivables and loans to joint ventures. The Company's principal financial assets are cash and cash equivalents, advances to subsidiaries, and trade and other receivables.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(iii) Credit risk management (Cont'd)

Bank balances and fixed deposits are held with reputable financial institutions.

The Group's exposure to credit risk on receivables arising from the sale of property units is not significant as such payments are arranged through loans taken up by customers with reputable financial institutions or mortgage loans under the public housing schemes.

The Group carries out construction work for public and private sectors. Credit risks are taken into consideration in the decision to participate in tenders for construction contracts.

The Group monitors its potential losses on credit extended. In addition, rental deposits or banker guarantees are received as security from tenants of its investment properties. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment on the receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Management has considered the credit quality of advances to subsidiaries and loans to joint ventures and determined that the amounts are recoverable. Further details of credit risks on trade and other receivables are disclosed in Note 8.

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available. Undrawn facilities are disclosed in Note 17.

Liquidity risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the statements of financial position.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(iv) Liquidity risk management (Cont'd)

Non-derivative financial liabilities (Cont'd)

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2015						
Non-interest bearing	-	105,801	3,597	1,552	-	110,950
Finance leases (fixed rate)	4.7	174	327	-	(41)	460
Variable interest rate instruments	3.8	26,398	112,989	-	(10,356)	129,031
2014						
Non-interest bearing	-	109,612	4,640	2,353	-	116,605
Finance leases (fixed rate)	5.6	164	169	-	(32)	301
Variable interest rate instruments	2.7	203,827	80,691	-	(13,243)	271,275
Company						
2015						
Non-interest bearing	-	617	-	-	-	617
2014						
Non-interest bearing	-	87,602	-	-	-	87,602

If the full amount of the corporate guarantees in Note 33 is claimed by the counterparties to the guarantees, the maximum amount that the Company could be forced to settle is $983,000 (2014 : $1,593,000). Based on expectations at the end of the reporting period, management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparties claiming under the guarantees which is a function of the likelihood that the financial receivables held by the counterparties which are guaranteed suffer credit losses.

The earliest period that the corporate guarantees could be called is within one year from June 30, 2015 (2014 : 0.5 year). Management considers that it is more likely than not that no amount will be payable under the arrangement.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(iv) Liquidity risk management (Cont'd)

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2015						
Non-interest bearing	-	349,532	-	-	-	349,532
Fixed interest rate instruments	1.0	65,749	-	-	(28)	65,721
Variable interest rate instruments	2.1	37,355	135,578	-	(7,370)	165,563
2014						
Non-interest bearing	-	358,696	-	-	-	358,696
Fixed interest rate instruments	0.9	254,562	-	-	(159)	254,403
Variable interest rate instruments	1.9	57,651	134,555	-	(9,511)	182,695

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(iv) Liquidity risk management (Cont'd)

Non-derivative financial assets (Cont'd)

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Company						
2015						
Non-interest bearing	-	3,703	3,919	-	-	7,622
Fixed interest rate instruments	1.4	27,030	-	-	(10)	27,020
Variable interest rate instruments	4.8	-	50,692	-	(4,398)	46,294
2014						
Non-interest bearing	-	1,065	1,721	-	-	2,786
Fixed interest rate instruments	0.9	132,404	-	-	(109)	132,295
Variable interest rate instruments	4.6	-	50,524	-	(4,230)	46,294

Derivative financial instrument

At the end of the reporting period, the Group's derivative financial instruments comprise interest rate caps which are settled on net basis. The details of these derivative financial instruments are disclosed in Note 16.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(v) Fair values of financial assets and financial liabilities

Management considers that the carrying amounts of current financial assets and financial liabilities reported in the statements of financial position approximate their respective fair values.

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

	Fair value hierarchy [1]			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group				
2015				
Financial assets				
Loans to joint ventures	-	128,958	-	128,958
Financial liabilities				
Bank loans	-	107,533	-	107,533
Trade and other payables	-	5,149	-	5,149
Finance leases	-	300	-	300
Total	-	112,982	-	112,982
2014				
Financial assets				
Loans to joint ventures	-	126,096	-	126,096
Financial liabilities				
Bank loans	-	74,676	-	74,676
Trade and other payables	-	6,993	-	6,993
Finance leases	-	153	-	153
Total	-	81,822	-	81,822

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)**

(v) Fair values of financial assets and financial liabilities (Cont'd)

	Fair value hierarchy [1]			
	Level 1	**Level 2**	**Level 3**	**Total**
	\$'000	**\$'000**	**\$'000**	**\$'000**
Company				
2015				
Financial assets				
Advances to subsidiaries	-	50,213	-	50,213
2014				
Financial assets				
Advances to subsidiaries	-	48,015	-	48,015

[1] Excludes current financial assets and financial liabilities whose carrying amounts recorded at amortised cost approximate their fair values due to short term maturity of these financial instruments, where the effect of discounting is immaterial.

The Group's derivative financial instruments consisting of interest rate caps, are measured at fair value at the end of each reporting period, and are determined based on observable quoted market rates for equivalent instruments with the same quantum and maturity dates at the end of each reporting period. The fair value measurement of these derivative financial instruments as determined by management, are classified as Level 2 in the fair value hierarchy. The carrying amounts and further information of these derivative financial instruments are disclosed in Note 16.

The fair values of the financial assets and financial liabilities included in Level 2 above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 17, cash and cash equivalents as disclosed in Note 7 and equity attributable to owners of the Company, comprising issued capital, other components of equity and retained earnings as disclosed in the statement of changes in equity.

The Group reviews the capital structure on an annual basis. As a part of this review, the Group considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and new share issues as well as issuance of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from the previous financial year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Sim Lian Holdings Pte Ltd ("SLH"), incorporated in Singapore, which is also the ultimate holding company.

Related companies in these financial statements refer to members of the Company's group of companies.

Some of the Group's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with related companies are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions with holding company during the financial year, other than those disclosed elsewhere in the financial statements, include the following:

	Group	
	2015 $'000	2014 $'000
Rental expense	1,335	1,271

6 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant transactions with related parties during the financial year, other than those disclosed elsewhere in the financial statements, include the following:

	Group	
	2015 $'000	2014 $'000
Loan interest income from joint ventures	(3,765)	(2,612)
Construction revenue from joint ventures	(98,804)	(99,817)
Progress billings for properties under development:		
- to directors of the Company	(997)	(542)
- to a company in which certain directors of the Company have interests	(1,774)	-
Progress billings for completed properties:		
- to directors of the Company	(62)	(1,330)
- to directors of SLH	(22)	(962)
Construction revenue from fellow subsidiaries of SLH	(19,141)	(37,350)
Progress billings for properties purchased from a fellow subsidiary of SLH	1,017	565
Advisor fee paid to a director of the Company	250	-
Sales commission paid to a company in which a director of SLH has interest	46	151

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

6 **RELATED PARTY TRANSACTIONS (Cont'd)**

Compensation of directors and key management personnel

The remuneration of directors and other key management during the financial year was as follows:

	Group	
	2015	2014
	$'000	$'000
Short-term benefits	9,874	11,496
Post-employment benefits	313	293
	10,187	11,789

The remuneration of directors and other key management is determined by the Compensation and Remuneration Committee having regards to the performance of individuals and market trends.

7 **CASH AND CASH EQUIVALENTS**

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Fixed deposits	65,721	254,403	27,020	132,295
Cash on hand	59	42	-	-
Cash at banks	101,616	74,616	3,496	832
	167,396	329,061	30,516	133,127

Included in the cash and cash equivalents of the Group is an amount of $11,531,000 (2014 : $22,858,000) held under the Housing Developers (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on the development properties (Note 11).

Fixed deposits bear interest ranging from 0.05% to 5.00% (2014 : 0.05% to 2.87%) per annum and for a tenure of approximately 7 days to 6 months (2014 : 7 days to 3 months).

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables from:				
- Outside parties	209,488	234,152	-	-
- Joint ventures (Note 13)	28,631	26,935	-	-
- Directors of the Company (Note 6)	-	155	-	-
- Company in which certain directors of the Company have interests (Note 6)	1,178	6,454	-	-
- Director of SLH (Note 6)	-	112	-	-
	239,297	267,808	-	-
Gross amounts due from customers for contract work (Note 9)	9,218	8,900	-	-
Other receivables due from:				
- Outside parties	4,048	4,422	151	191
- Subsidiaries (Note 12)	-	-	56	42
- Joint ventures (Note 13)	38,124	59,760	-	-
- Directors of the Company (Note 6)	2	-	-	-
- Companies in which certain directors of the Company have interests (Note 6)	8	27	-	-
Deposits:				
- Outside parties	2,983	8,302	-	-
- Holding company (Note 5)	350	318	-	-
Tax paid in advance	7,038	2,562	-	-
Tax recoverable	60	84	-	-
Rental paid in advance	13	-	-	-
Prepayments	914	871	2	2
	302,055	353,054	209	235

Trade receivables include retention sums receivable on contract work amounting to $2,685,000 (2014 : $3,823,000) which are classified as current assets as they are expected to be realised in the normal operating cycle of construction projects.

Included in the Group's trade receivables are receivables from property development customers and construction contracts amounting to $184,782,000 (2014 : $214,761,000) and $16,356,000 (2014 : $12,222,000) respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

8 TRADE AND OTHER RECEIVABLES (Cont'd)

Included in other receivables from joint ventures is $36,605,000 (2014 : $56,599,000) which bears interest at a weighted average rate of 2.1% (2014 : 1.9%) per annum and is expected to be settled within the next 12 months. The remaining balance of other receivables from joint ventures is interest-free, unsecured and repayable on demand. Subsequent to the end of the reporting period, other receivables from joint ventures has been fully received.

Other receivables from outside parties are not past due and not impaired, and there has not been any significant change in credit quality. As at June 30, 2015, deposits to outside parties include $350,000 (2014 : $6,500,000) deposit placed for a land tender.

The average credit term for outside parties ranges from 14 days to 90 days (2014 : 14 days to 90 days). The trade receivables are non-interest bearing except for overdue trade receivables from property development customers. Interest on overdue trade receivables from property development customers is charged at 6.75% (2014 : 6.75%) per annum.

The related party balances are unsecured, interest-free and repayable on demand unless otherwise stated. The average credit term for trade receivables due from related parties ranges from 7 days to 30 days (2014 : 7 days to 30 days).

Included in the Group's trade receivable balances are debtors with a carrying amount of $12,210,000 (2014 : $7,637,000) which are past due at the end of the reporting period for which the Group has not provided for any impairment losses as there has not been any significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The table below is an analysis of trade receivables as at the end of the reporting period:

	Group	
	2015	**2014**
	$'000	**$'000**
Not past due and not impaired [i]	227,087	260,171
Past due but not impaired [ii]	12,210	7,637
	239,297	267,808
Impaired receivables - individually assessed [iii]	71	100
Less: Allowance for impairment	(71)	(100)
	-	-
Total trade receivables, net	239,297	267,808

[i] There has not been any significant change in credit quality of these trade receivables that are not past due and not impaired.

8 TRADE AND OTHER RECEIVABLES (Cont'd)

(ii) Aging of receivables that are past due but not impaired:

	Group	
	2015	**2014**
	$'000	**$'000**
< 3 months	10,047	5,197
3 months to 6 months	1,650	1,846
6 months to 12 months	218	248
> 12 months	295	346
	12,210	7,637

(iii) These amounts are stated before any deduction for impairment losses.

Movement in the allowance for impairment of doubtful trade and non-trade receivables:

	Group	
	2015	**2014**
	$'000	**$'000**
Balance at beginning of the financial year	100	136
Reversal recognised in profit or loss	(29)	(36)
Balance at end of the financial year	71	100

9 CONSTRUCTION CONTRACTS

	Group	
	2015	**2014**
	$'000	**$'000**
Aggregate amount of contract costs incurred plus recognised profits (less recognised losses to date)	295,761	335,167
Less: Progress billings	(293,136)	(326,267)
	2,625	8,900
Presented as:		
Gross amounts due from customers for contract work included in trade and other receivables (Note 8)	9,218	8,900
Gross amounts due to customers for contract work included in trade and other payables (Note 18)	(6,593)	-
	2,625	8,900
The contract costs include the following:		
Depreciation expense [Note 14(c)]	414	193
Employee benefits expense (Note 26)	39,421	29,922

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

10 INVENTORIES

	Group	
	2015	**2014**
	$'000	**$'000**
Goods held for sale	4,964	4,549

The cost of inventories recognised as an expense for the financial year amounted to $16,933,000 (2014 : $19,239,000).

11 DEVELOPMENT PROPERTIES

	Group	
	2015	**2014**
	$'000	**$'000**
Completed development properties	20,709	209,034
Land for future development	1,478	1,678
Uncompleted development properties		
i) Transfer of significant risks and rewards of ownership at completion		
Costs incurred	545,124	529,921
ii) Continuous transfer of significant risks and rewards of ownership as construction progresses		
Costs incurred plus attributable profits	-	346,539
Less: Progress billings	-	(217,221)
	-	129,318
	567,311	869,951

The costs of development properties include the following:

	Group	
	2015	**2014**
	$'000	**$'000**
Depreciation expense [Note 14(c)]	11	26
Interest income from fixed deposits	(127)	(131)
Property tax expense	780	3,367
Employee benefits expense (Note 26)	617	9,068
Interest on bank loans (Note 27)	986	4,099

The weighted average rate of capitalisation of the interest expense for the financial year ended June 30, 2015 is 1.4% (2014 : 1.7%) per annum.

11 DEVELOPMENT PROPERTIES (Cont'd)

Particulars of the development properties are set out below:

Description	Location	Tenure	Site area (square foot)	Gross floor area (square foot)	Approximate percentage of completion (%)	Expected date of completion
Residential development (The Lincoln Residences)	Surrey Road, Singapore	Freehold	51,636	144,580	100.0	Dec 2011 *
Residential development (Taman Bukit Bayu)	Senai-Kulai, Johor, Malaysia	Freehold	Approximately 530,000	Approximately 317,604	100.0	Jul 2012 *
Residential-cum-commercial Development (KL Trillion)	Kuala Lumpur, Malaysia	Freehold	Approximately 194,029	Approximately 1,333,088	Phase 1 – 88.9 Phase 2 – 68.5	Oct 2015 ** Jul 2016 **
Residential-cum-shop office (Desa Baiduri)	Senai-Kulai, Johor, Malaysia	Freehold	Approximately 1,283,931	Approximately 810,610	Phase 1 - 100.0 Phase 2 - 100.0	Sep 2013 * Aug 2014 *
Public residential development (Centrale 8 At Tampines)	Tampines Central 8, Singapore	Leasehold (103 years from Nov 3, 2010)	227,462	682,385	100.0	Jun 2014 *
Residential development (Parc Vera)	Hougang Avenue 7, Singapore	Leasehold (99 years from Dec 20, 2010)	168,246	471,088	100.0	Dec 2014 *
Executive condominium development (The Tampines Trilliant)	Tampines Central 7, Singapore	Leasehold (99 years from Jul 13, 2011)	236,806	710,417	100.0	Feb 2015 *
Executive condominium development (Wandervale)	Choa Chu Kang Drive, Singapore	Leasehold (99 years from Dec 8, 2014)	205,138	574,388	3.7	Sep 2018
Executive condominium development	Anchorvale Crescent, Singapore	Leasehold (99 years from May 5, 2015)	187,831	563,493	***	May 2019
Vacant land	Tarneit, Victoria, Australia	Freehold	Approximately 38,675	***	***	***

* Actual date of completion
** Estimated date of obtaining Certificate of Completion and Compliance
*** Under planning stage

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

12 SUBSIDIARIES

	Company	
	2015	2014
	$'000	$'000
Unquoted equity shares, at cost	21,046	21,046
Advances	228,211	162,708
	249,257	183,754

The advances due from subsidiaries are unsecured and not expected to be repaid within the next twelve months. The advances include an amount of $46,294,000 (2014 : $46,294,000) which bears variable interest rates and non-interest bearing advance of $3,919,000 (2014 : $1,721,000). The effective interest rate during the financial year was 4.75% (2014 : 4.56% to 4.61%) per annum. Management estimates that the carrying amounts of the advances approximate their fair values.

The settlement of the remaining advances is neither planned nor likely to occur in the foreseeable future and the amount is in substance a part of the Company's net investment in the subsidiaries. Accordingly, the balance is stated at cost.

The Company has not recognised any allowance for doubtful receivables as management is of the view that the advances due from subsidiaries are recoverable.

Details of the subsidiaries are set out below:

Name of subsidiary	Principal activity/ country of incorporation/ constitution and operations	Group's proportion of ownership interest and voting power held (%) 2015	2014
Sim Lian Construction Co. (Pte.) Ltd. (1)	Building construction and investment holding (Singapore)	100	100
Unigrade Trading Pte Ltd (2)	Trading of industrial and marine lubricants, leasing, manufacturing, trading and servicing of construction and industrial equipment and parts (Singapore)	100	100
Porta Pumper Pte Ltd (2)	Leasing of mobile sanitation facilities (Singapore)	100	100
Sim Lian Land Pte Ltd (2)	Investment holding (Singapore)	100	100
Geo-Tele Pte. Ltd. (2)	Property investment (Singapore)	80	80

12 SUBSIDIARIES (Cont'd)

Name of subsidiary	Principal activity/ country of incorporation/ constitution and operations	Group's proportion of ownership interest and voting power held (%) 2015	2014
SLG Bersatu Sdn. Bhd. (3)	Property investment (Malaysia)	100	100
Perumahan SLG Central Sdn. Bhd. (3)	Property development (Malaysia)	100	100
Perumahan SLG Selatan Sdn. Bhd. (3)	Property development (Malaysia)	100	100
Perumahan SLG (Kulai) Sdn. Bhd. (3)	Property development (Malaysia)	100	100
Sim Lian (Quest) Pte. Ltd. (1)	Investment holding (Singapore)	100	100
Sim Lian (Quest II) Pte. Ltd. (1)	Investment holding (Singapore)	100	100
S&L City Builders Pte. Ltd. (1)	Building construction (Singapore)	100	100
<u>Directly held by Sim Lian Construction Co. (Pte.) Ltd.</u>			
Weldanpower Enterprises & Engineering Services Pte Ltd (2)	General engineering, construction and trading in construction materials (Singapore)	100	100
Sim Lian-Koru Bena JV Pte. Ltd. (2)	General builders and construction contractors (Singapore)	100	100
RCS Engineering Pte Ltd (2)	General engineering and construction works (Singapore)	52	52
SLC (M) Sdn. Bhd. (3)	Building construction (Malaysia)	100	100

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

12 SUBSIDIARIES (Cont'd)

Name of subsidiary	Principal activity/ country of incorporation/ constitution and operations	Group's proportion of ownership interest and voting power held (%) 2015	2014
Directly held by RCS Engineering Pte Ltd			
Qidong RCS Offshore Engineering Co., Ltd. (7)	Design, consultancy, installation, maintenance and related import and export sales of offshore module (People's Republic of China)	52	52
Directly held by Sim Lian Land Pte Ltd			
Sim Lian (East K) Pte. Ltd. (4)	In process of striking off (Singapore)	-	100
Sim Lian (Newton) Pte. Ltd. (1)	Property development (Singapore)	100	100
Sim Lian (Simei) Pte. Ltd. (1)	Property development (Singapore)	100	100
Sim Lian (Keng Lee) Pte. Ltd. (1)	Property development (Singapore)	100	100
Sim Lian (Bishan) Pte. Ltd. (1)	Property development (Singapore)	100	100
Sim Lian (Ubi) Pte. Ltd. (4)	In process of striking off (Singapore)	-	100
Sim Lian (Tampines One) Pte. Ltd. (1)	Property development (Singapore)	100	100
Sim Lian (Tampines Central) Pte. Ltd. (1)	Property development (Singapore)	100	100
Sim Lian (Tampines EC) Pte. Ltd. (1)	Property development (Singapore)	100	100

12 SUBSIDIARIES (Cont'd)

Name of subsidiary	Principal activity/ country of incorporation/ constitution and operations	Group's proportion of ownership interest and voting power held (%) 2015	2014
Directly held by Sim Lian Land Pte Ltd (Cont'd)			
Sim Lian (Hougang) Pte. Ltd. [(1)]	Property development (Singapore)	100	100
Sim Lian (Focus) Pte. Ltd. [(1)]	Property development and investment holding (Singapore)	100	100
Sim Lian (Brilliant) Pte. Ltd. [(1)]	Property development and investment holding (Singapore)	100	100
Sim Lian (Starlight) Pte. Ltd. [(1)] [(5)]	Property development (Singapore)	100	-
Sim Lian (Anchorvale) Pte. Ltd. [(5)] [(8)]	Property development (Singapore)	100	-
Directly or indirectly held by Sim Lian (Quest) Pte. Ltd.			
Sim Lian Property Trust [(8)]	Investment holding (Singapore)	100	100
SLG Property Trust [(8)]	Investment holding (Australia)	100	100
SLG 50 Margaret Trust [(6)]	Development, investment, operation and management of real estate and real estate related assets (Australia)	100	100
SLG 59 Albany Trust [(5)] [(6)]	Development, investment, operation and management of real estate and real estate related assets (Australia)	100	-

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

12 SUBSIDIARIES (Cont'd)

Name of subsidiary	Principal activity/ country of incorporation/ constitution and operations	Group's proportion of ownership interest and voting power held (%) 2015	2014
Directly or indirectly held by Sim Lian (Quest II) Pte. Ltd.			
Sim Lian Property Trust II (8)	Investment holding (Singapore)	100	100
SLG Property Trust II (6) (9)	Investment holding (Australia)	100	100
SLG Tarneit Trust (6) (9)	Development, investment, operation and management of real estate and real estate related assets (Australia)	100	100
SLG Lucas Trust (6) (9)	Development, investment, operation and management of real estate and real estate related assets (Australia)	100	100
SLG Munmorah Trust (6) (9)	Development, investment, operation and management of real estate and real estate related assets (Australia)	100	100
SLG Jordan Springs Trust (6) (9)	Development, investment, operation and management of real estate and real estate related assets (Australia)	100	100
SLG Rothwell Trust (6) (9)	Development, investment, operation and management of real estate and real estate related assets (Australia)	100	100
Directly held by Sim Lian (Brilliant) Pte. Ltd.			
SLG Tarneit Trust I (8)	Development, investment, operation and management of real estate and real estate related assets (Australia)	100	100

12 SUBSIDIARIES (Cont'd)

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

(2) Audited by UHY Lee Seng Chan & Co, Singapore.

(3) Audited by Foo, Lee, An & Associates, Malaysia.

(4) Not audited as the subsidiaries are in the process of striking off.

(5) Incorporated/Constituted during the financial year.

(6) Audited by Moore Stephens, Sydney, Australia.

(7) Audited by Nantong Yangguang Accounting Firm Co., Ltd., People's Republic of China.

(8) No statutory audit required, reviewed for consolidation purposes.

(9) No statutory audit required for preceding financial year ended June 30, 2014, reviewed for consolidation purposes.

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Country of incorporation/ constitution and operations	Number of wholly-owned subsidiaries	
		2015	2014
Building construction	Malaysia	1	1
	Singapore	4	4
Property investment	Australia	7	6
	Malaysia	1	1
Property development	Australia	1	1
	Malaysia	3	3
	Singapore	11	11
Investment holding	Australia	2	2
	Singapore	6	6
Others	Singapore	2	2
		38	37

Principal activity	Country of incorporation and operations	Number of non wholly-owned subsidiaries	
		2015	2014
Building construction	Singapore	1	1
Others	Singapore	1	1
	People's Republic of China	1	1
		3	3

Management has assessed and is of the view that the non-controlling interests to the Group are not material.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

13 JOINT VENTURES

	Group	
	2015	2014
	$'000	$'000
Unquoted equity shares, at cost	2,000	2,000
Loans to joint ventures	178,377	172,800
Share of results of joint ventures, net of tax	87,779	37,832
	268,156	212,632

Details of the joint ventures held by a subsidiary of the Company are set out below:

Name of joint venture	Principal activity/ country of incorporation and operations	Effective equity interest (%) 2015	2014
Sim Lian JV (Punggol Central) Pte. Ltd. ("SLJV")	Property development (Singapore)	50	50
Sim Lian JV (BP) Pte. Ltd. ("ResiSPV")	Property development (Singapore)	50	50
Sim Lian JV (BP Retail) Pte. Ltd. ("RetailSPV")	Property development and investment holding (Singapore)	50	50
Sim Lian JV (Vision) Pte. Ltd. ("VisionSPV")	Property development and investment holding (Singapore)	50	50
Sim Lian JV (Axis) Pte. Ltd.	In process of striking off (Singapore)	-	50
Sim Lian JV (Treasure) Pte. Ltd.	In process of striking off (Singapore)	-	50

The above joint ventures are audited by Deloitte & Touche LLP, Singapore and accounted for using the equity method in these consolidated financial statements.

13 JOINT VENTURES (Cont'd)

Summarised financial information in respect of each of the Group's joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with FRSs.

	SLJV		ResiSPV		RetailSPV		VisionSPV	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	263,272	323,448	280,792	269,665	2,335	1,578	798,589	787,308
Non-current assets	95,167	93,274	-	-	244,976	264,907	1,568	1,330
Current liabilities	(140,222)	(319,021)	(17,593)	(6,309)	(181,784)	(3,889)	(191,676)	(93,783)
Non-current liabilities	-	(15,962)	(256,996)	(261,372)	(3,434)	(166,819)	(615,938)	(701,231)
Net assets (liabilities)	218,217	81,739	6,203	1,984	62,093	95,777	(7,457)	(6,376)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	40,673	55,418	236	4,512	581	123	4,509	41,203
Current financial liabilities (excluding trade and other payables and provisions)	(73,209)	(299,885)	-	-	(176,942)	-	(112)	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-	(255,930)	(261,171)	-	(166,819)	(615,938)	(701,231)
Revenue	429,492	270,486	55,982	37,285	-	-	-	-

The profit for the year includes the following:

Interest income	1,893	1,971	5	9	-	-	13	2
Interest expense	(2,294)	(1,956)	(3)	(2)	-	-	(48)	(5,926)
Income tax (expense) credit	(30,080)	(11,149)	(850)	(872)	-	-	206	1,323

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June 30, 2015

13 JOINT VENTURES (Cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures recognised in the consolidated financial statements:

	2015 $'000	2014 $'000
Net assets of the joint ventures	279,056	173,124
Proportion of the Group's ownership interest in the joint ventures (%)	50	50
	139,528	86,562
Other adjustments	(330)	(3)
Carrying amount of the Group's interest in the joint ventures	139,198	86,559

Aggregate information of joint ventures that are not individually material

	2015 $'000	2014 $'000
Group's share of profit (loss), representing total comprehensive profit (loss)	23	(12)
Aggregate carrying amount of the Group's interests in these joint ventures	-	(23)

The loans to the joint ventures include amounts of $128,958,000 (2014 : $126,096,000) which bear interest at a weighted average rate of 2.1% (2014 : 1.9%) per annum and is not expected to be repaid within the next twelve months. Included in the loans to the joint ventures is interest receivables amounting to $5,996,000 (2014 : $3,268,000). The remaining loans to joint ventures are non-interest bearing and stated at cost. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and the amount is in substance a part of the Group's net investment in the joint ventures.

Management estimates that the carrying amounts of the loans to the joint ventures approximate their fair values.

14 PROPERTY, PLANT AND EQUIPMENT

	Properties under construction $'000	Leasehold properties $'000	Plant and equipment $'000	Total $'000
Group				
Cost:				
At July 1, 2013	735	17,260	21,541	39,536
Additions	565	-	1,399	1,964
Written off	-	-	(232)	(232)
Currency alignment	-	-	(2)	(2)
Disposals	-	-	(660)	(660)
At June 30, 2014	1,300	17,260	22,046	40,606
Additions	1,017	811	5,736	7,564
Transfer to investment properties (Note 15)	(2,317)	-	-	(2,317)
Written off	-	-	(648)	(648)
Currency alignment	-	-	(4)	(4)
Disposals	-	-	(1,067)	(1,067)
At June 30, 2015	-	18,071	26,063	44,134
Accumulated depreciation:				
At July 1, 2013	-	3,369	16,930	20,299
Depreciation	-	616	1,604	2,220
Written off	-	-	(230)	(230)
Currency alignment	-	-	(1)	(1)
Disposals	-	-	(660)	(660)
At June 30, 2014	-	3,985	17,643	21,628
Depreciation	-	631	2,013	2,644
Written off	-	-	(642)	(642)
Currency alignment	-	-	(4)	(4)
Disposals	-	-	(1,064)	(1,064)
At June 30, 2015	-	4,616	17,946	22,562
Carrying amount:				
At June 30, 2015	-	13,455	8,117	21,572
At June 30, 2014	1,300	13,275	4,403	18,978

(a) The carrying amount of the Group's plant and equipment includes an amount of $737,000 (2014 : $408,000) in respect of assets held under finance leases (Note 20).

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

14 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(b) Details of properties under construction and leasehold properties are as follows:

Location	Title	Description
6 Tuas South Street 2 Singapore 638042 [d (i)]	Leasehold (60 years from August 18, 1993)	Flatted factory with warehouse
18 Boon Lay Way #05-121 TradeHub 21 Singapore 609966 [(ii) (d (ii))]	Leasehold (60 years from December 10, 2003)	A factory unit
18 Boon Lay Way #05-122 TradeHub 21 Singapore 609966 [d (ii)]	Leasehold (60 years from December 10, 2003)	A factory unit
24 Woodlands Walk Singapore 738389 [d (iii)]	Leasehold (30 years from November 1, 1995 with an option for a further term of 30 years)	Industrial factory building
3 Ang Mo Kio Street 62 #03-14 Link@AMK Singapore 569139 [(i)]	Leasehold (60 years from June 28, 2011)	A factory unit
3 Ang Mo Kio Street 62 #03-15 Link@AMK Singapore 569139 [(i)]	Leasehold (60 years from June 28, 2011)	A factory unit

(i) The properties were under construction during the preceding financial year ended June 30, 2014. The properties obtained Temporary Occupation Permit in November 2014 and were subsequently reclassified as investment properties following the change in intent of use of the said properties. Fair values of these properties at the date of transfer were determined to approximate the cost of $2,317,000.

(ii) Acquired during the financial year ended June 30, 2015.

(c) Depreciation was charged as follows:

	Group	
	2015 $'000	2014 $'000
Capitalised as cost of construction contracts (Note 9)	414	193
Capitalised as cost of development properties (Note 11)	11	26
Charged to profit or loss	2,219	2,001
Total depreciation during the financial year	2,644	2,220

14 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(d) (i) The Group assessed impairment loss of the leasehold property at the end of each reporting period based on desktop valuation carried out by independent professional valuer, Chambers Valuers & Property Consultants Pte Ltd (2014 : Chambers Valuers & Property Consultants Pte Ltd) on the basis of open market value.

(ii) The Group assessed impairment loss of the leasehold property at the end of each reporting period based on a valuation carried out by independent professional valuer, Chambers Valuers & Property Consultants Pte Ltd (2014 : CKS Property Consultants Pte Ltd) on the basis of open market value for existing use.

(iii) The Group assessed impairment loss of the leasehold property at the end of each reporting period based on a valuation carried out by independent professional valuer, Chesterton Singapore Pte. Ltd. (2014 : Suntec Real Estate Consultants Pte Ltd) on the basis of open market value for existing use.

15 INVESTMENT PROPERTIES

	Group	
	2015	**2014**
	$'000	**$'000**
At fair value		
At beginning of the financial year	241,025	6,750
Additions	85,502	248,525
Change in fair value	8,169	(15,542)
Transfer from property, plant and equipment (Note 14)	2,317	-
Currency alignment	(31,923)	1,292
At end of the financial year	305,090	241,025

The fair values of the Group's investment properties at June 30, 2015 and 2014 have been determined on the basis of valuations carried out near or at the respective year end dates by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The fair values of the Group's investment property portfolio are determined by external and independent valuers annually.

In estimating the fair value of the properties, the highest and best use of the investment properties as at the end of the reporting period is their current use. There has been no change to the valuation techniques for the respective investment properties during the year.

Certain of the investment properties above are mortgaged to banks as security for borrowings (Note 17).

Included in investment properties is $5,831,000 (2014 : $7,544,000) which remains payable as at June 30, 2015.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

15 INVESTMENT PROPERTIES (Cont'd)

The Group classifies fair value measurement of its investment properties using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement.

Details of the Group's investment properties and information about the fair value hierarchy as at June 30, 2014 and 2015 are as follows:

2015	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Investment properties	-	-	305,090

2014	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Investment properties	-	-	241,025

There were no transfers between the respective levels during the financial years ended June 30, 2014 and 2015.

The following table shows the significant unobservable inputs used in the valuation models for investment properties classified as level 3 in the fair value hierarchy:

Description	**Valuation technique**	**Significant unobservable input(s)**	**Range**	**Fair value $'000**
Investment properties in Singapore	Direct comparison method	Price per square meter (1)	$5,500 - $13,000 (2014 : $7,700 - $11,400)	$10,080 (2014 : $7,130)
Investment properties in Australia	Capitalisation approach	Capitalisation rate (2)	6.75% - 8.00% (2014 : 7.25% - 8.00%)	$295,010 (2014 : $233,895)

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

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

The property rental income earned by the Group from its investment properties which are leased out under operating leases amounted to $22,205,000 (2014 : $6,673,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $3,834,000 (2014 : $1,262,000).

15 INVESTMENT PROPERTIES (Cont'd)

Details of the investment properties are as follows:

Location	Title	Description
170 Upper Bukit Timah Road #10-04 Bukit Timah Shopping Centre Singapore 588179	Leasehold (999 years from December 17, 1883)	Shop unit
52 Hillview Terrace Singapore 669271	Freehold	Industrial terrace factory building
50 Margaret Street Sydney New South Wales 2000 Australia	Freehold	Commercial building
747 Tarneit Road Tarneit Victoria 3029 Australia	Freehold	Shopping centre
759 - 761 Deception Bay Road Rothwell Queensland 4022 Australia	Freehold	Shopping centre
6 Coltman Plaza Lucas Victoria 3350 Australia	Freehold	Shopping centre
61 Water Gum Drive Jordan Springs New South Wales 2747 Australia	Freehold	Shopping centre

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

15 INVESTMENT PROPERTIES (Cont'd)

Location	Title	Description
275 Pacific Highway Lake Munmorah New South Wales 2259 Australia	Freehold	Shopping centre and land
59 Albany Highway Victoria Park Western Australia 6100 Australia	Freehold	Commercial building
3 Ang Mo Kio Street 62 #03-14 Link@AMK Singapore 569139 [(i)]	Leasehold (60 years from June 28, 2011)	A factory unit
3 Ang Mo Kio Street 62 #03-15 Link@AMK Singapore 569139 [(i)]	Leasehold (60 years from June 28, 2011)	A factory unit

[(i)] The properties were transferred from property, plant and equipment (Note 14) during the financial year ended June 30, 2015.

16 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2015		2014	
	Contract/ Notional Amounts $'000	Assets $'000	Contract/ Notional Amounts $'000	Assets $'000
Interest rate caps				
- Non-current	53,837	823	-	-

In 2015, interest cap contracts were entered into and the interest rates on the bank loans (Note 17) are capped at margin plus fixed rates of 2.75% per annum or 3.25% per annum. The interest rate caps mature on June 22, 2018, December 24, 2019 and December 24, 2021.

17 BANK LOANS

	Group	
	2015	**2014**
	$'000	**$'000**
Secured - at amortised cost		
Short-term bank loans	21,498	47,056
Current portion of long-term bank loans	-	149,543
	21,498	196,599
Long-term bank loans	107,533	74,676
	129,031	271,275

	Group	
	2015	**2014**
	$'000	**$'000**
The borrowings are repayable:		
On demand or within one year (shown under current liabilities)	21,498	196,599
In the second year	66,095	-
In the third year	41,438	74,676
	129,031	271,275

The bank loans are arranged at floating interest rates and therefore expose the Group to cash flow interest rate risk. The interest rates for the long-term bank loans are reset from 7 days to 3 months in both 2015 and 2014 based on changes to Swap Offer Rate or Bank Bill Swap Reference Rate. Management estimates that the carrying amount of the bank loans approximates their fair values as market interest rates are charged on the bank loans.

The weighted average effective interest rates paid were as follows:

	Group	
	2015	**2014**
	%	**%**
Short-term bank loans	4.3	4.4
Long-term bank loans	2.7	1.8

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

17 BANK LOANS (Cont'd)

Details of the bank loans are set out below:

Loans secured against development and investment properties

The bank facilities secured against the investment properties (2014 : development properties and investment properties) including legal assignment of all rights, titles, interests and benefits under contracts in respect of the properties of the Group are as follows:

(a) a short-term loan of $20.4 million (2014 : $47.1 million) repayable upon demand by the bank;

(b) a loan of $54.5 million (2014 : $61.6 million) repayable in full on April 30, 2017;

(c) a loan of $11.6 million (2014 : $13.1 million) repayable in full on June 26, 2017;

(d) a loan of $41.4 million (2014 : Nil) repayable in full on March 20, 2018;

(e) in 2014, a loan of $15.5 million repayable in full on December 31, 2014 or 6 months from the date of issuance of Temporary Occupation Permit ("TOP") of the development property at Tampines Central 8, whichever is earlier, was repaid in 2015;

(f) in 2014, a loan of $20.2 million repayable in full on June 30, 2015 or 6 months from the date of issuance of TOP of the development property at Hougang Avenue 7, whichever is earlier, was repaid in 2015;

(g) in 2014, a loan of $112.2 million repayable in full on December 31, 2015 or 6 months from the date of issuance of TOP of the development property at Tampines Central 7, whichever is earlier, was repaid in 2015; and

(h) in 2014, a loan of $1.6 million repayable in five consecutive quarterly principal repayments commencing from July 2013, was repaid in 2015.

In 2014, the bank facilities were supported by undertakings issued by the Company.

Loans secured against leasehold properties

(a) a short-term loan of $1.1 million (2014 : Nil) secured against the leasehold properties.

The bank facilities are secured on assets with the following carrying amounts:

	Group	
	2015 $'000	2014 $'000
Development properties (costs plus attributable profits)	-	1,062,229
Leasehold properties	1,387	-
Investment properties	297,210	233,895

As at June 30, 2015, the Group had $239.0 million (2014 : $9.4 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables due to:				
- Outside parties	68,434	79,399	-	-
- A key management personnel of the Company (Note 6)	60	66	-	-
- Company in which a director of the Company has interests (Note 6)	4	5	-	-
Gross amounts due to customers for contract work (Note 9)	6,593	-	-	-
Monies received in advance	100,065	534,008	-	-
Other payables due to:				
- Outside parties	12,934	12,774	65	65
- Subsidiaries (Note 12)	-	-	-	87,003
- Joint ventures (Note 13)	314	19	-	-
Accrued operating expenses	28,744	23,583	552	534
Accrued interest expenses	202	544	-	-
Deposits received:				
- Outside parties	243	200	-	-
- Company in which a director of the Company has interest (Note 6)	15	15	-	-
	217,608	650,613	617	87,602
Analysed as:				
Current	212,459	643,620	617	87,602
Non-current	5,149	6,993	-	-
	217,608	650,613	617	87,602

Included in the non-current trade and other payables are development costs and additions to an investment property amounting to $670,000 (2014 : $2,286,000) and $3,622,000 (2014 : $4,707,000) respectively payable to outside parties.

Management estimates that the carrying amounts of the non-current development costs and payable for additions to an investment property included in trade and other payables approximate their fair values.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

19 PROVISIONS

Movement for provisions of the Group during the financial year is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
At beginning of the financial year	74,461	74,207
Additions during the financial year, net	18,201	5,424
Currency alignment	(71)	(6)
Utilised during the financial year	(11,131)	(5,164)
At end of the financial year	81,460	74,461

The provision for contract costs represents management's best estimate of the cost of work to be carried out for construction contracts and development properties during the warranty period based on the past experience and assessment for each project/development.

20 FINANCE LEASES

	Group			
	Minimum lease payments		**Present values of minimum lease payments**	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Amounts payable under finance leases:				
Within 1 year	174	164	160	148
Within 2 to 5 years	327	169	300	153
	501	333	460	301
Less: Future finance charges	(41)	(32)		
Present values of lease obligations	460	301		
Less: Amount due for settlement within 12 months (shown under current liabilities)			(160)	(148)
Amount due for settlement after 12 months			300	153

The average effective interest rate is 4.7% (2014 : 5.6%) per annum. Interest rates are fixed at the contract date and thus expose the Group to fair value interest rate risk. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's lease obligations approximate their carrying amounts. The Group's obligations under finance lease are secured by the lessor's title to the leased assets.

21 DEFERRED TAX

The following is the analysis of major deferred tax liabilities and assets recognised by the Group and the Company and the movements thereon, during the current and prior reporting periods:

	Recognition of profits on uncompleted projects $'000	Accelerated tax depreciation $'000	Provision $'000	Others $'000	Net $'000
Group					
At July 1, 2013	22,498	173	(7,569)	1,243	16,345
(Credit) Charge to profit or loss (Note 29)	(11,008)	-	(5,089)	650	(15,447)
At June 30, 2014	11,490	173	(12,658)	1,893	898
(Credit) Charge to profit or loss (Note 29)	(11,490)	-	(1,190)	924	(11,756)
At June 30, 2015	-	173	(13,848)	2,817	(10,858)

	Unremitted foreign sourced income $'000
Company	
At July 1, 2013	709
Charge to profit or loss	320
At June 30, 2014	1,029
Charge to profit or loss	374
At June 30, 2015	1,403

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for purposes of the statements of financial position:

	Group 2015 $'000	Group 2014 $'000
Deferred tax liabilities	2,990	14,668
Deferred tax assets	(13,848)	(13,770)
	(10,858)	898

The Group has provisions for contract costs of $81,460,000 (2014 : $74,461,000) which can be claimed as tax-deductible expenditure when spent and the tax benefits of this can be used to offset against future taxable income. Should the relevant company not have taxable profits to offset against the expenditure in the relevant year of assessment, the tax-deductible expenditure can be used to offset taxable income of other entities within the Group provided conditions for such group relief are met. As at June 30, 2015, the Group had recognised a deferred tax asset of $13,848,000 (2014 : $12,658,000) based on management's assessment of the amount that can be reasonably recovered.

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June 30, 2015

22 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
Balance at beginning and at end of the financial year	1,005,890,466	1,005,890,466	155,181	155,181

Fully paid ordinary shares, which have no par value, carry one vote per share with no restrictions and carry a right to dividends as and when declared by the Company.

23 ASSET REVALUATION RESERVE

The asset revaluation reserve arose from the revaluation of freehold land and building immediately prior to the transfer to investment property due to the change in use. Where revalued land or buildings are sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

The revaluation reserves are not available for distribution to the company's shareholders.

24 REVENUE

	Group	
	2015	2014
	$'000	$'000
Revenue from construction contracts	229,036	172,414
Revenue from property development	914,333	506,704
Sales of goods and construction materials	19,879	21,630
Rental income from investment properties	22,068	6,553
Leasing of mobile sanitation facilities and construction equipment	7,917	7,362
	1,193,233	714,663

25 OTHER OPERATING INCOME

	Group	
	2015	2014
	$'000	$'000
Property rental income	423	475
Other rental income	193	402
Interest income	5,853	4,571
Gain on disposal of property, plant and equipment	256	246
Forfeiture fee income	635	407
Other sundry income	664	1,585
	8,024	7,686

26 EMPLOYEE BENEFITS EXPENSE

	Group 2015 $'000	Group 2014 $'000
Total employee benefits expense	61,236	57,077
Less amounts capitalised as cost of:		
Construction contracts (Note 9)	(39,421)	(29,922)
Development properties (Note 11)	(617)	(9,068)
	21,198	18,087

The following were included in total employee benefits expense:

	Group 2015 $'000	Group 2014 $'000
Costs of defined contribution	3,367	2,571
Directors' fees:		
- paid by the Company	469	454
Directors' remuneration:		
- paid by subsidiaries	8,515	10,432

27 FINANCE COSTS

	Group 2015 $'000	Group 2014 $'000
Interest on bank loans	6,248	6,249
Interest on obligation under finance leases	8	8
Total borrowing costs	6,256	6,257
Less amounts capitalised as cost of:		
Development properties (Note 11)	(986)	(4,099)
	5,270	2,158

28 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Group 2015 $'000	Group 2014 $'000
Audit fees:		
Paid to auditors of the Company	250	262
Paid to other auditors	120	67
Non-audit fees:		
Paid to auditors of the Company	68	75

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

29 INCOME TAX EXPENSE

	Group	
	2015	**2014**
	$'000	**$'000**
Deferred tax (Note 21)	(11,919)	(16,002)
Underprovision for deferred tax in prior years (Note 21)	163	555
	(11,756)	(15,447)
Current tax	50,407	44,641
Under (Over) provision for current tax in prior years	7	(906)
	38,658	28,288

Domestic income tax is calculated at 17% (2014 : 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the financial year can be reconciled to the accounting profit as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit before income tax	279,906	200,097
Tax at statutory rate of 17% (2014 : 17%)	47,584	34,017
Tax effect of expenses that are not deductible in determining taxable profit	4,998	2,617
Tax effect of income that are not taxable in determining taxable profit	(8,724)	(1,255)
Under (Over) provision for current tax in prior years	7	(906)
Underprovision of deferred tax in prior years	163	555
Effect of previously unrecognised tax benefit now utilised	(1,190)	(5,089)
Tax exempt income	(558)	(826)
Effect of tax concessions	(1,286)	(579)
Different tax rates of subsidiaries operating in other jurisdictions	(1,668)	(199)
Others	(668)	(47)
	38,658	28,288

30 EARNINGS PER SHARE

The basic earnings per share is calculated based on the Group's profit attributable to owners of the Company of $240,365,000 (2014 : $170,980,000) and the weighted average number of 1,005,890,466 (2014 : 1,005,890,466) ordinary shares.

The Company has not granted any options over its shares and consequently there is no dilution of earnings per share.

31 SEGMENT INFORMATION

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. Competitive, operating and financial risks related to each business and industry type are considered in determining whether the operating segments have similar economic characteristics. The Group's reportable segments under FRS 108 *Operating Segments* are set out below:

Building construction
General builders and construction contractors, general engineering and sale of construction materials.

Property development
Development of residential, industrial and commercial projects.

Property investment
Leasing of investment properties for rental income.

Investment holding
Investment in unquoted equity shares of subsidiaries.

Others
Comprise (1) trading of industrial and marine lubricants; (2) leasing, servicing and maintenance of construction and industrial equipments and parts; and (3) leasing, servicing and maintenance of mobile sanitation facilities.

Segment revenue represents revenue generated from external and internal customers. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation. Segment results represent the profit earned by each segment after allocating central administrative expense and finance costs. This is the measure reported to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources, the chief operating decision makers monitor the tangible and financial assets and liabilities attributable to each segment.

Other than income tax assets, all assets are allocated to reportable segments.

All liabilities are allocated to reportable segments other than income tax payable, deferred tax liabilities and finance leases.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

31 SEGMENT INFORMATION (Cont'd)

	Building construction $'000	Property development $'000	Property investment $'000	Investment holding $'000	Others $'000	Elimination $'000	Group $'000
2015							
External customers	229,036	914,333	22,068	-	27,796	-	1,193,233
Inter-segment	97,645	-	-	-	3,734	(101,379)	-
	326,681	914,333	22,068	-	31,530	(101,379)	1,193,233
Results							
Segment result	55,214	158,510	11,332	(906)	5,393	(5,451)	224,092
Depreciation expense	(921)	-	-	(143)	(1,155)	-	(2,219)
Change in fair value of derivative financial instrument	-	-	(666)	-	-	-	(666)
Change in fair value of investment properties	-	-	8,169	-	-	-	8,169
Share of results of joint ventures, net of tax	-	69,481	(19,557)	-	23	-	49,947
Interest income	425	1,678	177	3,549	24	-	5,853
Interest expense	(30)	(34)	(5,201)	-	(5)	-	(5,270)
Profit before income tax							279,906
Income tax expense							(38,658)
Profit for the financial year							241,248
2014							
External customers	172,414	506,704	6,553	-	28,992	-	714,663
Inter-segment	193,125	-	-	-	5,224	(198,349)	-
	365,539	506,704	6,553	-	34,216	(198,349)	714,663
Results							
Segment result	60,612	123,996	4,235	1,854	4,863	(2,865)	192,695
Depreciation expense	(800)	-	-	(143)	(1,058)	-	(2,001)
Change in fair value of investment properties	-	-	(15,542)	-	-	-	(15,542)
Share of results of joint ventures, net of tax	-	22,571	(27)	-	(12)	-	22,532
Interest income	433	1,477	88	2,569	4	-	4,571
Interest expense	(3)	(18)	(2,132)	-	(5)	-	(2,158)
Profit before income tax							200,097
Income tax expense							(28,288)
Profit for the financial year							171,809

31 SEGMENT INFORMATION (Cont'd)

	Building construction $'000	Property development $'000	Property investment $'000	Investment holding $'000	Others $'000	Elimination $'000	Group $'000
2015							
Assets and liabilities							
Segment assets	118,769	1,100,720	350,124	41,856	25,838	-	1,637,307
Unallocated assets							10,918
Total assets							1,648,225
Segment liabilities	157,369	129,537	136,454	629	4,110	-	428,099
Unallocated liabilities							49,640
Total liabilities							477,739
Other information							
Capital expenditure	5,879	8	1,017	-	660	-	7,564
Additions to investment properties	-	-	85,502	-	-	-	85,502
Provision for contract costs	15,728	2,473	-	-	-	-	18,201
2014 (restated)							
Assets and liabilities							
Segment assets [1]	147,256	1,393,024	297,212	168,090	23,584	-	2,029,166
Unallocated assets							84
Total assets							2,029,250
Segment liabilities	145,782	713,503	132,905	611	3,548	-	996,349
Unallocated liabilities							45,014
Total liabilities							1,041,363
Other information							
Capital expenditure	1,061	-	-	-	903	-	1,964
Additions to investment properties	-	-	248,525	-	-	-	248,525
Provision for contract costs	7,157	(1,733)	-	-	-	-	5,424

(1) Segment assets had been restated to present the Group's investment in joint ventures in the respective reportable segments for which the joint ventures have similar economic characteristics with. Investment in joint ventures was previously included in "investment holding".

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

31 SEGMENT INFORMATION (Cont'd)

Geographical segments

The Group operates in three principal geographical areas – Australia, Malaysia and Singapore (country of domicile). The Group's revenue from external customers and information about its investment properties by geographical location are detailed below:

	Australia $'000	Malaysia $'000	Singapore $'000	Total $'000
2015				
Revenue	22,068	19,600	1,151,565	1,193,233
Investment properties	295,010	-	10,080	305,090
2014				
Revenue	6,553	16,763	691,347	714,663
Investment properties	233,895	-	7,130	241,025

The Group's other non-current assets are substantially located in Singapore.

Major customer information

The Group does not have revenue from transactions with a single customer amounting to 10% or more of the Group's total revenue, and accordingly, no information on major customer is presented.

32 DIVIDENDS

During the financial year, the Company declared and paid the first and final one-tier tax exempt dividend of $0.046 per ordinary share of the Company amounting to $46,271,000 to its shareholders in respect of financial year ended June 30, 2014.

During the preceding financial year ended June 30, 2014, the Company declared a first and final one-tier tax exempt dividend of $0.046 per ordinary share of the Company amounting to $46,271,000 to its shareholders in respect of financial year ended June 30, 2013.

In respect of the current financial year, the directors propose that a tax exempt (one-tier) final dividend of $0.0728 per share to be paid to shareholders. These dividends are subject to approval by shareholders at the forthcoming annual general meeting and has not been included as a liability in these financial statements. The estimated amount of dividends to be paid is $73,229,000.

33 CORPORATE GUARANTEES

	Company	
	2015	2014
	$'000	$'000
Corporate guarantees for credit facilities granted to subsidiaries		
- secured	983	-
- unsecured	-	1,593
	983	1,593

Management is of the opinion that the fair value of the above corporate guarantees is not material.

34 OPERATING LEASE ARRANGEMENTS

	Group	
	2015	2014
	$'000	$'000
The Group as lessee		
Minimum lease payments under operating leases (net of rebates) recognised as an expense in the financial year	4,686	4,519

The Group does not have any non-cancellable operating leases as at June 30, 2015 and 2014.

The Group as lessor

The Group rents out its investment properties in Singapore and Australia under operating leases. Property rental income earned from these properties during the year was $22,205,000 (2014 : $6,673,000) (Note 15).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease receipts:

	2015	2014
	$'000	$'000
Within one year	22,974	19,711
In the second to fifth year	74,348	63,159
From sixth year onwards	193,362	213,186
	290,684	296,056

35 CAPITAL COMMITMENTS

Capital commitment contracted for at the end of the reporting period but not recognised in the financial statements is as follows:

	Group	
	2015	2014
	$'000	$'000
Property, plant and equipment	5,974	2,957

STATISTICS OF SHAREHOLDINGS

As at 15 September 2015

Number of Shares	:	1,005,890,466*
Class of Shares	:	Ordinary Share
Voting Rights	:	One (1) vote per share

* The Company does not have any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	15	1.09	403	0.00
100 - 1,000	73	5.31	49,428	0.00
1,001 - 10,000	584	42.44	3,185,773	0.32
10,001 - 1,000,000	662	48.11	52,965,290	5.27
1,000,001 and above	42	3.05	949,689,572	94.41
Total	**1,376**	**100.00**	**1,005,890,466**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Sim Lian Holdings Pte Ltd	552,163,285	54.89
2	Lim Ah Kie	103,598,077	10.30
3	United Overseas Bank Nominees (Private) Limited	48,070,778	4.78
4	Kuik Thiam Huat	42,500,000	4.23
5	Kuik Chim Mui	33,000,000	3.28
6	Kuik Ah Chong	32,746,000	3.26
7	Lim Kim Toon	20,438,184	2.03
8	Kuik Sin Pin	12,682,402	1.26
9	Bank Of Singapore Nominees Pte. Ltd.	12,615,985	1.25
10	Kuik Ah Han	9,696,150	0.96
11	Hong Leong Finance Nominees Pte Ltd	8,621,087	0.86
12	Tseng Wen-Li	6,614,072	0.66
13	DBS Nominees (Private) Limited	5,290,832	0.53
14	Citibank Nominees Singapore Pte Ltd	4,973,168	0.49
15	Lim Huay Ee	4,521,368	0.45
16	Ling Kwok Chun	3,942,074	0.39
17	Maybank Nominees (Singapore) Private Limited	3,835,703	0.38
18	CIMB Securities (Singapore) Pte. Ltd.	3,398,121	0.34
19	Kuik Sing Beng	2,942,000	0.29
20	UOB Kay Hian Private Limited	2,667,878	0.27
	Total	**914,317,164**	**90.90**

Substantial Shareholders

As recorded in the Register of Substantial Shareholders as at 15 September 2015

	Direct Interest		Deemed Interest		Total Interest	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Sim Lian Holdings Pte Ltd	552,163,285	54.893	-	-	552,163,285	54.893
Lim Ah Kie	103,598,077	10.299	561,859,435	55.857	665,457,512	66.156
Kuik Ah Han	9,696,150	0.964	655,761,362	65.192	665,457,512	66.156

Note: By Virtue of section 7 of the Companies Act, Chapter 50:

1 Mdm. Lim Ah Kie is deemed interested in 561,859,435 shares comprising 552,163,285 shares held by Sim Lian Holdings Pte Ltd and 9,696,150 shares held by her spouse, Mr. Kuik Ah Han.

2 Mr. Kuik Ah Han is deemed interested in 655,761,362 shares comprising 103,598,077 shares held by his spouse, Mdm. Lim Ah Kie and 552,163,285 shares held by Sim Lian Holdings Pte Ltd which Mdm. Lim Ah Kie is deemed to have an interest.

Shareholdings in the hands of public

Based on information available to the Company as at 15 September 2015, approximately 19.3 % of the issued ordinary shares of the Company is held by the public and, therefore, the Company has complied with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

SIM LIAN GROUP LIMITED
Registration No. 200004760C
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of Sim Lian Group Limited (the "**Company**") will be held at Jurong Country Club, Ficus 1, Level 2, 9 Science Centre Road, Singapore 609078 on Tuesday, 27 October 2015 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

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

2. To declare a first and final tax exempt one-tier dividend of 7.28 cents per share for the financial year ended 30 June 2015. **(Resolution 2)**

3. To re-elect the following Directors retiring by rotation in accordance with the Articles of Association ("**Articles**") of the Company and who, being eligible, offer themselves for re-election:

   Mr. Kuik Sin Pin (Article 89) **(Resolution 3)**

   Mr. Kuik Sing Beng (Article 89) **(Resolution 4)**

   Mr. Robson Lee Teck Leng (Article 89) **(Resolution 5)**

   Mr. Robson Lee Teck Leng will, upon his re-election, continue to serve as Chairman of the Compensation & Remuneration Committee and a member of the Audit Committee and the Nominating Committee. Mr. Lee is considered independent for the purposes of the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**").

4. To re-appoint Dr. Sim Loo Lee as a Director of the Company pursuant to Section 153 of the Companies Act, Chapter 50 of Singapore. **(Resolution 6)**

   Dr. Sim Loo Lee will, upon her re-election, continue to serve as Chairman of the Nominating Committee and a member of the Audit Committee and the Compensation & Remuneration Committee. Dr. Sim is considered independent for the purposes of the rules of the Listing Manual.

5. To approve the directors' fees of S$469,000 payable by the Company for the financial year ended 30 June 2015 (2014: S$454,000). **(Resolution 7)**

6. To re-appoint Deloitte & Touche LLP and UHY Lee Seng Chan & Co as the Joint Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting ("**AGM**").

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Share Issue Mandate**

   That authority be and is hereby given to the Directors of the Company to:

   (a) (i) allot and issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares;

at any time, upon such terms and conditions, for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent. of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20 per cent. of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:

(aa) new Shares arising from the conversion or exercise of or any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(bb) any subsequent bonus issue, consolidation or subdivision of Shares;

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

(4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 9)**

9. **Proposed Renewal of General Mandate for Interested Person Transactions**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual, for the Company, its subsidiaries and associated companies that are entities at risk (as defined in Chapter 9 of the Listing Manual) (the "**Sim Lian Group**") or any of them to enter into any of the transactions falling within the types of interested person transactions (the "**Interested Person Transactions**"), particulars of which are set out in the Appendix in relation to the Proposed Renewal of the General Mandate for Interested Person Transactions dated 12 October 2015 (the "**Appendix**"), provided such interested person transactions (as defined in the Appendix) are carried out (i) on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders; and (ii) in accordance with the guidelines and review procedures for such Interested Person Transactions set out in the Appendix (the "**IPT Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

(b) the IPT Mandate shall unless revoked or varied by the Company in a general meeting, continue in force until the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held, whichever is earlier; and

(c) the Directors of the Company or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he/she may consider expedient, necessary or appropriate in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.
[See Explanatory Note (ii)] **(Resolution 10)**

BY ORDER OF THE BOARD

Ang Lay Hua / Zalili Yunus
Joint Company Secretaries

Singapore, 12 October 2015

Explanatory Notes:

(i) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding 50 per cent. of the total number of issued Shares (excluding treasury shares), of which up to 20 per cent. may be issued other than on a pro rata basis to shareholders of the Company.

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares will be calculated based on the total number of issued Shares (excluding treasury shares) at the time this Ordinary Resolution 9 is passed after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution 9 is passed and (b) any subsequent bonus issue, consolidation or subdivision of Shares.

(ii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will renew the IPT Mandate first approved by the shareholders of the Company on 12 July 2007 to facilitate the Sim Lian Group to enter into Interested Person Transactions, particulars of which are set out in the Appendix. The IPT Mandate will, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next AGM or the date by which the Company's next AGM is required by law to be held, whichever is earlier.

Notes:

1. All resolutions to be put to the vote of members at the AGM and at any adjournment thereof will be voted on by way of a poll.

2. A member entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 205 Upper Bukit Timah Road #02-01 Singapore 588181 not less than 48 hours before the time appointed for holding the AGM.

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PROXY FORM

(Please see notes overleaf before completing this Form)

SIM LIAN GROUP LIMITED
Registration No. 200004760C
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy SIM LIAN GROUP LIMITED's shares, this Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We ____________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being a member/members of Sim Lian Group Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting (the "**Meeting**") of the Company to be held at Jurong Country Club, Ficus 1, Level 2, 9 Science Centre Road, Singapore 609078 on Tuesday, 27 October 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. All resolutions at the Meeting will be voted on by way of a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Financial Statements for the financial year ended 30 June 2015		
2	To declare a first and final tax exempt one-tier dividend of 7.28 cents per share for the financial year ended 30 June 2015		
3	Re-election of Mr. Kuik Sin Pin as director		
4	Re-election of Mr. Kuik Sing Beng as director		
5	Re-election of Mr. Robson Lee Teck Leng as director		
6	Re-appointment of Dr. Sim Loo Lee as director		
7	Approval of Directors' fees amounting to S$469,000 for the financial year ended 30 June 2015		
8	Re-appointment of Deloitte & Touche LLP and UHY Lee Seng Chan & Co as Joint Auditors		
9	Authority to allot and issue new shares		
10	Renewal of General Mandate on Interested Person Transactions		

Dated this ____________ day of ____________ 2015

Number of Shares Held	
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

Please cut along dotted line

Fold this flap for sealing

Please Affix
Postage Stamp

The Company Secretary

SIM LIAN GROUP LIMITED
205 Upper Bukit Timah Road
#02-01 Singapore 588181

Fold here

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NOTES:

1. Please insert in the box at the bottom right hand corner on the reverse of this form, the number of shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") in respect of shares in your Securities Account with CDP and the number of shares registered in your name in the Register of Members in respect of share certificates held by you. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.
6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 205 Upper Bukit Timah Road #02-01 Singapore 588181 not less than 48 hours before the time set for the Annual General Meeting.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by CDP to the Company.

PERSONAL DATA PRIVACY

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

SIM LIAN GROUP LIMITED

205 Upper Bukit Timah Road #02-01 Singapore 588181
T 6303 6200   F 6769 6617   enquiries@simlian.com.sg   www.simlian.com.sg

Company Registration No. 200004760C