HEETON HOLDINGS LIMITED

Home To Exquisite Living

Annual Report 2011

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About Heeton Holdings Limited

Heeton Holdings is primarily engaged in the development of upscale residential properties that are exquisite in architectural design and distinctive in style. As a boutique developer, Heeton prides itself on building exceptional and uniquely designed homes that measure up to international standards.

Most of the Group's distinctive projects are situated in Singapore's prime districts. Among its completed projects are *DLV* at Dalvey Road, *The Element* at Stevens Road, as well as *The Lumos* at Leonie Hill. Heeton has also joined hands with various partners to develop properties locally and in the region. Some of these include *Lincoln Suites* off Newton Road, *Twins at Damansara Heights* (Malaysia), and *The Boutiq*, situated at Killiney Road.

As testament to its commitment to innovation and cutting-edge design, the Group has brought in yoo inspired by Starck, the design company co-founded by renowned international designer Philippe Starck and British developer John Hitchcox, to design the interiors and landscaping of its signature development, *iLiv@Grange*.

Heeton is also engaged in property investment. Its current portfolio of investment property includes *Tampines Mart*, *The Woodgrove*, and *Sun Plaza*.

Chairman's **Statement**

Dear Shareholders,

For us, like many other property players in Singapore, 2011 was characterised by a deteriorating global economic environment and policy tightening. The Government implemented several cooling measures in response to the continuing climb in private property prices, and consequently, we began to witness a slowdown in sales in the second half of the year, particularly for the high-end segment.

Nevertheless, our prudent strategy of balancing a portfolio of development property with investment property, and building its market presence via joint ventures, stood us in good stead. For the financial year ended 31 December 2011 (FY2011), we reaped a 51.4% increase in net profit from continuing operations of $25.5 million, compared to a net profit from continuing operations of $16.8 million for the preceding year (FY2010). This was on a 76.5% growth in revenue of $82.5 million, from $46.7 million in FY2010.

In view of the earnings improvement, your Board is pleased to propose a final dividend of 1.1 cents per share for FY2011. This, together with the interim dividend of 0.2 cents per share, brings the total annual dividend to 1.3 cent per share, representing an 18% increase over the previous year.

Business Review and Update

For FY2011, our property development segment saw revenue being recognised from the sale of units at *Lincoln Suites*, which commenced construction in 2011, and *The Lumos*, which received its Temporary Occupation Permit in August 2011.

Together with our joint-venture partners, we launched *The Boutiq* situated on Killiney Road in April 2011. The project was met with enthusiastic response from the market, both from local as well as foreign buyers, and is more than 70% sold.

"On behalf of our Board, I wish to extend my heartfelt gratitude to all our valued shareholders, customers, business partners and associates for their steadfast support and belief in us."

Construction of this Killiney development began in the 1st quarter of 2012, and we look forward to this project contributing fresh stream of revenue in 2012.

Meanwhile, our property investment business remained relatively stable in 2011, with rental income being generated from the leasing out of units at *Tampines Mart*, *The Woodgrove* and *Sun Plaza*. Revenue contribution from this business segment was at $19.7 million in FY2011, versus $19.2 million in FY2010.

During the year, we also seized several opportunities to increase our land bank. Together with our joint-venture partners, we acquired the sites currently occupied by *Camay Court* in Telok Kurau, *MacPherson Green* along Macpherson Road, and *Hong Leong Garden Shopping Centre* along West Coast Road. Plans are underway to redevelop these land parcels, and we are looking forward to launch the new projects in the coming months.

Marking our first venture into the hospitality business, we acquired a significant stake in Mercure Hotel in Pattaya, Thailand. The operation of this hotel will certainly provide us with new insight and experience and possibly serve as a platform for us to develop a third revenue stream in addition to our property development, and investment property businesses.

Looking Ahead

With the anticipated global economic slowdown in 2012, and the expected pressure on prices following the introduction of cooling measures by the Singapore government in December 2011, demand for private residential property may be temporarily muted as prospective buyers exercise greater caution in planning their purchases. Nevertheless, we are hopeful that our relatively resilient business model, expected contribution from our launched projects, and healthy cash levels, will help us navigate the challenges and position us at an advantage when suitable opportunities for land-banking and investments arise.

On that note, we will monitor the market closely for the best time to launch the projects that we currently have on hand.

Acknowledgement

On behalf of our Board, I wish to extend my heartfelt gratitude to all our valued shareholders, customers, business partners and associates for their steadfast support and belief in us.

My deepest appreciation also goes to my fellow Board members, the management, and employees, for your unwavering dedication to the Group. We look forward to journeying ahead with all of you, and meeting whatever challenges may come our way with strength and perseverance, and reaping the fruit of our efforts in the years to come.

Toh Khai Cheng
Chairman


Artist's Impression


Artist's Impression

主席致辞

尊敬的各位股东,

如同其它房地产公司，2011年对于我们来说同样面对的是全球经济衰退，以及国内政策紧缩的大环境。新加坡政府针对私宅价格不断攀升而推出的降温措施，使得私宅市场尤其是高档私宅项目在下半年时面对销售放缓的趋势。

然而，我们采取谨慎的发展策略，平衡房地产开发以及房地产投资两项业务的发展，并通过合资方式巩固市场地位，使得集团能够稳住阵脚。截至2011年12月31日的财政年度(“2011财年”)，集团持续经营业务净利激增51.4%，从上个财政年度(“2011财年”)的1,680万元增长至2,550万元。集团收入达8,250万元，与2010财年的4,670万元相比，增幅达76.5%。

鉴于盈利增长，集团董事会建议将在2011财年派发每股1.1分的终期股息。加之每股0.20分的中期股息，总年息达到每股1.3分，与去年相比增长18%。

业务发展与回顾

2011财年里，随着*Lincoln Suites*和*The Lumos*两个地产项目的销售，集团房地产开发业务因这两个项目逐步确认的销售额而有所带动。*Lincoln Suites*已于2011年动工，而*The Lumos*已于2011年8月取得临时入住准证。

集团连同合资伙伴于2011年4月推出了坐落于基里尼路的*The Boutiq*。本地及海外买家对此项目市场反应热烈，单位已卖出超过70%。

*The Boutiq*已于2012年第一季度开土动工，我们期待此项目为集团2012财年带来新的收益。

同时，集团在房地产投资业务方面继续保持稳健。来自*Tampines Mart, The Woodgrove*以及*Sun Plaza*的零售单位租赁为2011财年带来收入1,970万元，2010财年则为1,920万元。

集团也在今年乘势收购新地段。连同合资伙伴，集团收购了位于直落古楼的佳美阁地皮，位于麦波申路的麦波申园地皮，以及位于西海岸路的丰隆花园购物中心地皮。重新发展这些地皮的计划已在规划当中，我们期待在短期内推出崭新的房地产项目。

我们也收购了位于泰国芭堤雅*Mercure Hotel*的部分股权，为集团进军酒店旅游业踏出第一步。经营这间酒店能够为我们在这方面提供新的见解与经验，也可为我们发展酒店旅游业为第三收入来源而铺路。

前景展望

2012年经济增长或将放缓，新加坡政府在2011年12月推出的降温措施预计将为房地产价格带来向下调整的压力，买家在购买私宅项目前也将做出更谨慎的考量，从而导致本地私宅项目需求在短期内受到影响。不过，我们希望集团相对顽强的经营模式、已推出项目预计能带来的收益以及足够的现金储备，能够让集团稳住阵脚，面对挑战，并有能力在适当时机进行地产收购或投资。

与此同时，我们将密切留意市场动向，在最佳时机推出集团手头上的房地产项目。

衷心感谢

我谨代表董事会，衷心感谢所有股东、客户、商业伙伴和各界同仁给予我们坚定不移的支持和信任。

我也要向董事会成员、公司管理层和全体员工表示感激，感谢各位对集团始终如一的奉献。我们期待与各位以坚持不渝的精神一同向前迈进，共同面对挑战，并在未来一同分享努力的成果。

卓开清
主席

Artist's Impression

CEO's **Message**

Despite the turn in the global economy in 2011, and the resulting challenges and uncertainties faced by local businesses, Heeton Holdings successfully increased its profitability, and built its land bank with choice sites acquired at fair value. Our investment property division held up well on the back of a robust commercial market in Singapore, and our earnings were boosted by revenue recognition from the sale of units at *The Lumos*, which received its Temporary Occupation Permit in late 2011, as well as Lincoln Suites.

Highlights

For the financial year ended 31 December 2011 (FY2011), Group net profit from continuing operations rose 51.4% to $25.5 million, from $16.8 million posted a year ago (FY2010). This was achieved on the back of a 76.5% rise in revenue to $82.5 million, from $46.7 million in FY2010. Earnings per share from continuing operations similarly rose to 11.39 cents from 7.52 cents, as the share base remained unchanged.

Financial Review

In line with the higher level of property development business activities, cost of properties sold rose 96.9% to $42.6 million, while other operating expenses increased by about $1.5 million to $8.8 million, as we incurred higher sales and marketing costs for our *Lincoln Suites*, *The Lumos* and *iLiv@Grange* projects.

On a positive note, the Group was able to reverse the balance $1.0 million of the $2.5 million provision for foreseeable losses on development properties made in FY2009, following the recovery in property prices.

The Group also recorded a $4.4 million fair value gain on our investment properties, *Tampines Mart* and *The Woodgrove* during the year, compared to a $4.5 million fair value gain on *Tampines Mart* and *Sun Plaza* in FY2010.

At the close of the year, net asset value per share stood at 100.16 cents, up 11.3% from 90.03 cents as at 31 December 2010. Our cash position remains healthy at about $17.2 million, and will position us well to capitalize on land acquisition or new business opportunities.

"Going forward, we will continue to be steadfast in our strategy and direction, sharp in our evaluation of asset acquisition on asset enhancement, and prudent in our cashflow management"

Property Development

Revenue contribution from our property development business jumped 128.6% to $62.7 million, driven mainly by recognition of sales of units at *Lincoln Suites*, which commenced construction in 2011, and *The Lumos*, which received its Temporary Occupation Permit in August 2011. This segment contributed approximately 76% of total revenue for the year.

With additional development costs incurred during the year, the asset value of our development properties rose slightly to $265.6 million, from $262.7 million a year ago.

A highlight for the year was the launch of our 45%-held joint-venture project *The Boutiq* situated on Killiney Road in early 2011, which was met with overwhelming response. The 39,972 sq ft freehold development occupies the historic Mitre Hotel site, just a short walk away from Orchard Road. True to its name, the development features boutique hotel facilities such as porte-cochere, concierge, welcome lounge, and well-designed lifestyle spaces.

We are pleased to update that the project is currently about 72% sold. Construction of this development began in the 1st quarter of 2012, and we expect to commence recognition of fresh revenue from this project in FY2012, based on progressive recognition of sales.

During the year, we acquired three new sites together with our joint-venture partners. The first was a 66,932 square feet freehold land parcel, located on MacPherson Road in District 13, and is estimated to yield a gross floor area of 140,557 square feet. As this is a sizeable plot with an allowable height of up to 24 storeys, we hope that this project will become a landmark and inject new life into this relatively mature estate, which currently has a large proportion of low-rise buildings. We are looking at redeveloping this plot into 170 apartment units averaging 900 square feet each.

Our second acquisition was a freehold land parcel located at Lorong M, Telok Kurau Road, in District 15, currently occupied by *Camay Court*. This site is estimated to yield a gross floor area of 44,702 square feet, on a land area of about 31,930 square feet. We have plans to redevelop this plot into 21 cluster houses averaging 5,500 square feet each. We believe that this will be relatively attractive to prospective buyers in view of the scarcity of new cluster housing developments in the area in recent years.

Our third acquisition was a residential-cum-commercial development, namely *Hong Leong Garden Shopping Centre* at West Coast Way. This 150,816 square feet development sits on a 956-year leasehold land parcel, and has a plot ratio of 1.6 and an allowable height of up to 12 storeys. We are currently putting in place, plans to re-develop this into a landmark project in the West Coast of Singapore.

Property Investment

Our property investment business continues to generate a steady income stream for the Group, as we continued to enjoy good occupancy rates for our units at *Tampines Mart*, *The Woodgrove* and *Sun Plaza*.

The segment turned in revenue of $19.7 million in FY2011, versus $19.2 million in FY2010, and contributed about 24% of Group revenue in FY2011. The asset value of our investment property reached $250.8 million in FY2011, up from $246.4 million a year ago.

In 2011, we acquired a significant stake in Mercure Hotel in Pattaya, Thailand. The hotel currently enjoys good occupancy and is located in a vibrant tourism and shopping area, and has just started to make its maiden contribution to the Group's earnings. This is our first venture into hospitality and we will continue to explore other opportunities in this business in the years ahead, in order to build another recurring income stream.

Outlook & Acknowledgement

Going forward, we will continue to be steadfast in our strategy and direction, sharp in our evaluation of asset acquisition or asset enhancement, and prudent in our cashflow management. We believe these characteristics, coupled with our balanced portfolio of investment and development property, will serve us well as we navigate the challenges in the wider business environment.

I would like to thank the people who have contributed to bringing the Group this far, particularly the management and colleagues of Heeton Holdings. May we look forward to greater things to come.

Toh Giap Eng
CEO

总裁致辞

尊敬的各位股东，

全球经济在2011年转而疲弱，为本地企业带来诸多挑战和不确定性，尽管如此，喜敦控股成功提高其盈利能力，并能够以合理价格收购几项优选地皮。集团房地产投资业务在本地商业地产市场强劲的推动下表现不俗，集团盈利也随着*The Lumos* 和*Lincoln Suites*两个项目逐步确认的销售额而有所带动。*The Lumos* 已于2011年8月取得临时入住准证。

重点摘要

截至2011年12月31日的财政年度（"2011财年"），集团持续经营业务净利润增长51.4%，从上个财政年度（"2011财年"）的1,680万元增长至2,550万元。集团总收入则激增76.5%，从2010财年的4,670万元增长至8,250万元。同时，持续经营业务的每股盈利也在股基保持不变的情况下从7.52分增长至11.39分。

财务摘要

随着集团房地产开发业务活动的增加，以及*Lincoln Suites*, *The Lumos*和*iLiv@Grange* 所产生的市场与营销成本，集团房地产开发成本增加96.9%至 4,260万元，其他营业费用也随之增加1,500万元至8,800万元。

随着本年度房地产价格的复苏，集团从在2009财年作出的房地产开发业务250万元可预见亏损中拨回100万元。

相比于2010财年从*Tampines Mart*和*Sun Plaza*所获得的450万元公允价值收益，集团在本财年从两处投资地产*Tampines Mart*和*The Woodgrove*中获得440万元公允价值收益。

截至年底，集团每股净资产值为100.16分，相比于2010年12月31日的90.03分提升11.3%。集团的现金状况保持在健康水平，达1,720万元，这使得集团有足够能力把握地皮收购的机会或新的商业良机。

房地产开发

由于受今年从*Lincoln Suites*和*The Lumos*确认的销售额所带动，集团来自房地产发展业务的收入激增128.6%至6,270万元。*Lincoln Suites*已于2011年动工，而*The Lumos*已于2011年8月取得临时入住准证。房地产开发业务所带来的收入占集团本财年总收入的76%。

随着地产开发成本在本财年的增加，地产开发项目的资产值从去年的2亿6,270万元略升至2亿6,560万元。

集团在2011年的一大亮点为年初推出的其持有45%股权的合资地产项目，坐落于基里尼路的*The Boutiq*，此项目推出后市场反应极其热烈。这块占地3万9,972平方英尺的永久地契私宅项目位于玛袗酒店旧址上，距离乌节路仅几步之遥。此项目独特之处在于其有如精品酒店般的设施如车辆门廊、礼宾服务、访客休息室，以及精心设计的生活休闲空间。

我们很高兴得宣布*The Boutiq*已售出约72%。建设工程已于2012年第一季度开始，我们预期能够在2012财政年度中根据逐步确认的销售额开始从此项目确认新的收益。

这一年中集团连同合资伙伴收购了三块地皮。第一块位于第13区的麦波申路，此永久地契地皮占地6万6,932平方英尺，楼面面积预计能达14万557平方英尺。此地皮面积较大，且最高允许建24层，我们希望能将其发展成为地标项目，为这个以低层建筑为主的成熟组屋区注入生气。我们有计划将这个地段发展为170个公寓单位，每单位平均面积900平方英尺。

集团收购的第二块地皮是位于第15区直落古楼M巷的佳美阁。此地皮占地约3万1,930平方英尺，楼面面积预计能达4万4,702平方英尺。我们有计划将其发展为21间聚落式洋房，平均面积为5,500平方英尺。鉴于这一带近年缺乏聚落式洋房发展项目，相信我们的发展计划对于潜在买家而言将会是具有吸引力的。

集团的第三项收购是坐落于西海岸路的住宅兼商业发展项目，丰隆花园购物中心。这块占地15万816平方英尺的地皮拥有956年租凭地契及1.6的容积率，允许层高达12层。我们有计划将其重新发展为西海岸一带具地标性的项目。

房地产投资

集团属下的投资地产*Tampines Mart, The Woodgrove*以及*Sun Plaza*今年继续保持高出租率，促使房地产投资业务继续为集团带来稳定的收益。

相比于2010财年的1,920万元，房地产投资业务在2011财年为集团带来1,970万元收入，占集团总收入的24%。集团属下所有的投资地产价值从一年前的2亿4,640万元增长至2011财政年度的2亿5,080万元。

集团在2011年收购了位于泰国芭堤雅的*Mercure Hotel*的部分股权。*Mercure Hotel*处于游客集中的购物区，目前享有高入住率，并已初步为集团带来收益。这是集团为进军酒店旅游业所踏出的第一步，我们也将在未来继续探寻这方面的商机，以开拓新的持续收入来源。

前景与致谢

展望未来，我们会继续坚定不移地执行集团的既定策略与发展方向，敏锐地评估地产收购及增值活动，并审慎地管理现金流。我相信这些特点，再加上我们的投资地产与发展地产的均衡组合将良好的引导集团探索更广阔的商业环境并同时应对来临的挑战。

集团能够有今天的发展，我要感谢所有对集团作出贡献的同仁，特别是喜敦控股的管理层与同事们。让我们期待喜敦在未来再创佳绩。

卓业荣
执行总裁

Board of **Directors**

Mr Toh Khai Cheng
Non-executive Chairman

Mr Toh is the founder of the Heeton Group and has been a director of the Company since July 1976. Mr Toh has been in the property development and investment for about four decades. Mr Toh is a member of the Audit and Remuneration Committees and he provides consultative and strategic advices to the Board and senior management of the Group.

Mr Toh Giap Eng
CEO, Managing Director

Mr Toh was appointed as a Director of the Company on 1 July 1996 and has been with the Group since 1987. Mr Toh oversees group-wide strategic planning and directions and also business development and investment. Mr Toh is a member of the Nominating Committee. Mr Toh started his career in the banking and finance industry and holds a Bachelor of Arts (Business), United Kingdom and is a member of the Chartered Institute of Management Accountants, United Kingdom.

Mr Low Yee Khim
COO, Executive Director

Mr Low joined the Group in September 2004 and was appointed as an Executive Director on 3 October 2005. He was promoted as a Chief Operating Officer in March 2007 to oversee all the finance, leasing, operational, marketing and project activities of the Group. Mr Low comes with a wealth of financial and management experiences as he has been working with MNCs and Singapore listed companies for more than 30 years. Mr Low is a fellow member of the Association of Chartered Certified Accountants, United Kingdom as well as a Certified Public Accountant with ICPAS.

Mr Toh Gap Seng
Non-executive Director

Mr Toh was appointed as a Director of the Company on 10 February 1978. He has about 30 years experience in property development and investment business. Mr Toh is currently an executive director of Hong Heng Co Private Limited.

Dr Koh Lip Lin
Non-executive, Independent Director

Dr Koh was appointed as an independent director of the Company on 27 December 2002. Dr Koh is a tutor at the Department of Chemistry, National University of Singapore, where he conducts research and development and lectures. Dr Koh was a member of parliament from 1979 to 1996. Dr Koh is the Chairman of the Nomination Committee and a member of the Remuneration Committee.

Mr Chew Chin Hua
Non-executive, Independent Director

Mr Chew was appointed as an independent director of the Company on 27 December 2002. Mr Chew is currently the Chairman of the Audit Committee and a member of the Nominating Committee. He has many years of experience in the accounting and auditing profession. Mr Chew is a member of the Association of Chartered Certified Accountants.

Mr Tan Tiong Cheng
Non-executive, Independent Director

Mr Tan was appointed as an independent director of the Company on 28 April 2009. Mr Tan is currently the Chairman of Knight Frank Pte Ltd and Knight Frank Asia Pacific. He has extensive and in-depth knowledge of real estate in the last four decades. A Colombo Plan Scholar, Mr Tan graduated top of his class with a Diploma in Urban Valuation from the University of Auckland, New Zealand. Mr Tan is the Chairman of the Remuneration Committee and a member of the Audit Committee.

Key **Management**

Toh Giap Eng, Vince
Chief Executive Officer and Managing Director

Toh Giap Eng, Vince, is the Chief Executive Officer and Managing Director of the Group. He is responsible for business development and making strategic and business investment decisions. Vince started his career in the banking and finance industry and has been in the property development and investment business for more than 2 decades. He holds a Bachelor of Arts (Business), United Kingdom and is a member of the Chartered Institute of Management Accountants, United Kingdom.

Low Yee Khim, Danny
Chief Operating Officer and Executive Director

Low Yee Khim, Danny, is the Chief Operating Officer and Executive Director of the Group. Prior to joining the Group, Danny has worked at senior management level with various American and European multinational corporations, as well as Singapore listed companies. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and is a Certified Public Accountant of Singapore.

Heng Lee Cheng, Cheryl
Group Financial Controller

Heng Lee Cheng, Cheryl, is the Group Financial Controller since July 2010. She is responsible for the Group's accounting, finance and related activities. Cheryl has several years of experience in the auditing and accounting profession before she joined the Group in April 2000. She holds a Bachelor of Accountancy from the Nanyang Technological University of Singapore and is a Certified Public Accountant of Singapore.

Tan Hock Lum

General Manager, Project Development

Tan Hock Lum joined the Group in July 2010 as a General Manager, Project Development. He oversees the property development activities of the Group in Singapore. Hock Lum holds a Bachelor degree in Civil & Structural Engineering from National University of Singapore and a Master in Business Administration from the National University of Hull, United Kingdom. He has about 26 years' experience in real estate industry and was a Senior Project Manager with a reputable developer.

Lim Siew Bee, Jeannie

General Manager, Marketing & Sales

Lim Siew Bee, Jeannie, is the Group's General Manager, Marketing & Sales and she joined in July 2010. She has more than 10 years' experience in property marketing and sales with reputable property developers prior to joining the Group. She is responsible for the overall marketing and sales activities of the Group. Jeannie holds a Master of Science (Real Estate) and a Bachelor Degree of Business Administration from the National University of Singapore.

Lau Guan Seng, David

General Manager

Lau Guan Seng, David joined the Group as the General Manager for our Thailand operations in August 2008. Davidis also currently in charge of our overseas operations as well as regional business development. He graduated from the National University of Singapore with a degree in Economics in 1996. Since graduation, he has accumulated years of experience in working in MNCs and assumed middle to senior management positions. He was the General Manager of a subsidiary of a Singapore listed company in Miami, Florida, USA

Property **Portfolio**

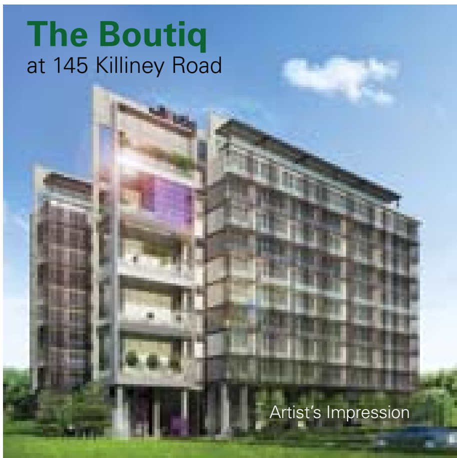
Development Properties and Land Bank

Name and Location	Percentage held (%)	Tenure	Proposed Development	Development	Approximate Land Area (sq m)
El Centro at 11 Kee Seng Street	100	Freehold	Apartment/ Retail	Mixed development comprising of a 10-storey apartment block, total 40 units	1,477
The Lumos at 9 Leonie Hill	50	Freehold	Apartment	53 units of apartment development comprising of 35-storey	3,232
iLiv@Grange at 74 Grange Road	100	Freehold	Apartment	Proposed 1 block of 16-storey residential flats (Total 30 units) with basement carpark and communal facilities	1,888
Lincoln Suites at 1/3 Khiang Guan Avenue	25	Freehold	Condominium	Proposed condominium housing development comprising 2 blocks of 30-storey apartment flats (Total 175 units) with provisions for 1 block of 6-deck multi-storey car park, swimming pool and communal facilities	5,573


iLiv@Grange
at 74 Grange Road
Artist's Impression


The Lumos
at 9 Leonie Hill
Artist's Impression


Lincoln Suites
at 1/3 Khiang Guan Avenue
Artist's Impression


The Boutiq
at 145 Killiney Road
Artist's Impression

Property **Portfolio**

Development Properties and Land Bank (Held by Associated Companies)

Name and Location	Tenure	Proposed Development	Approximate Land Area (sq m)
The Boutiq at 145 Killiney Road	Freehold	Apartment	3,714
63-73C Lorong M Telok Kulau (Currently known as Camay Court)	Freehold	Strata-landed terrace houses	2,966
568 & 570 Macpherson Road (Currently known as Macpherson Green)	Freehold	Condominium	6,218
Sukhumvit 63 at Sukhumvit 63 Rd, Klongton-nuar, Wattana, Bangkok 10110, Thailand.	Freehold	Condominium	2,016
Haus^{23} at Ladprao 23 Rd, Ladyarw (Bangsae-nuar) Bangkhen, Bangkok, Thailand.	Freehold	Condominium	2,451

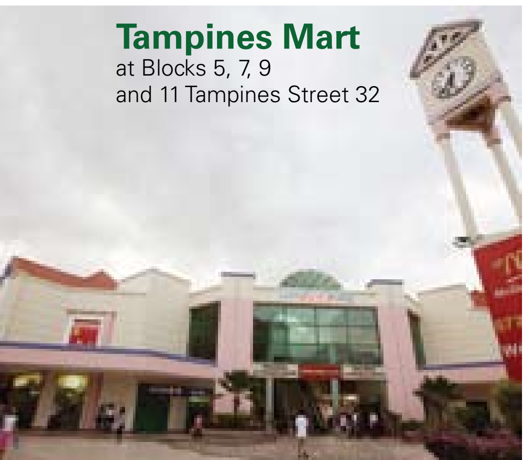
Investment Properties

Name and Location	Tenure	Type of Development	Approximate Gross Floor Area (sq m)
Tampines Mart at Blocks 5, 7, 9 and 11 Tampines Street 32	Leasehold term of 99 years from 1 May 1993	Retail / Commercial	8,297
The Woodgrove at 30 Woodlands Avenue 1	Leasehold term of 99 years from 26 June1996	Retail / Commercial	3,732
Sun Plaza at 30 Sembawang Drive	Leasehold term of 99 years from 26 June1996	Retail / Commercial	14,170
62 Sembawang Road	Estate in Perpetuity	Transport Facilities	1,239

Haus^{23}

at Ladprao 23 Rd,
Ladyarw
(Bangsae-nuar)
Bangkhen,
Bangkok, Thailand.

Artist's Impression



Tampines Mart

at Blocks 5, 7, 9
and 11 Tampines Street 32

The Woodgrove

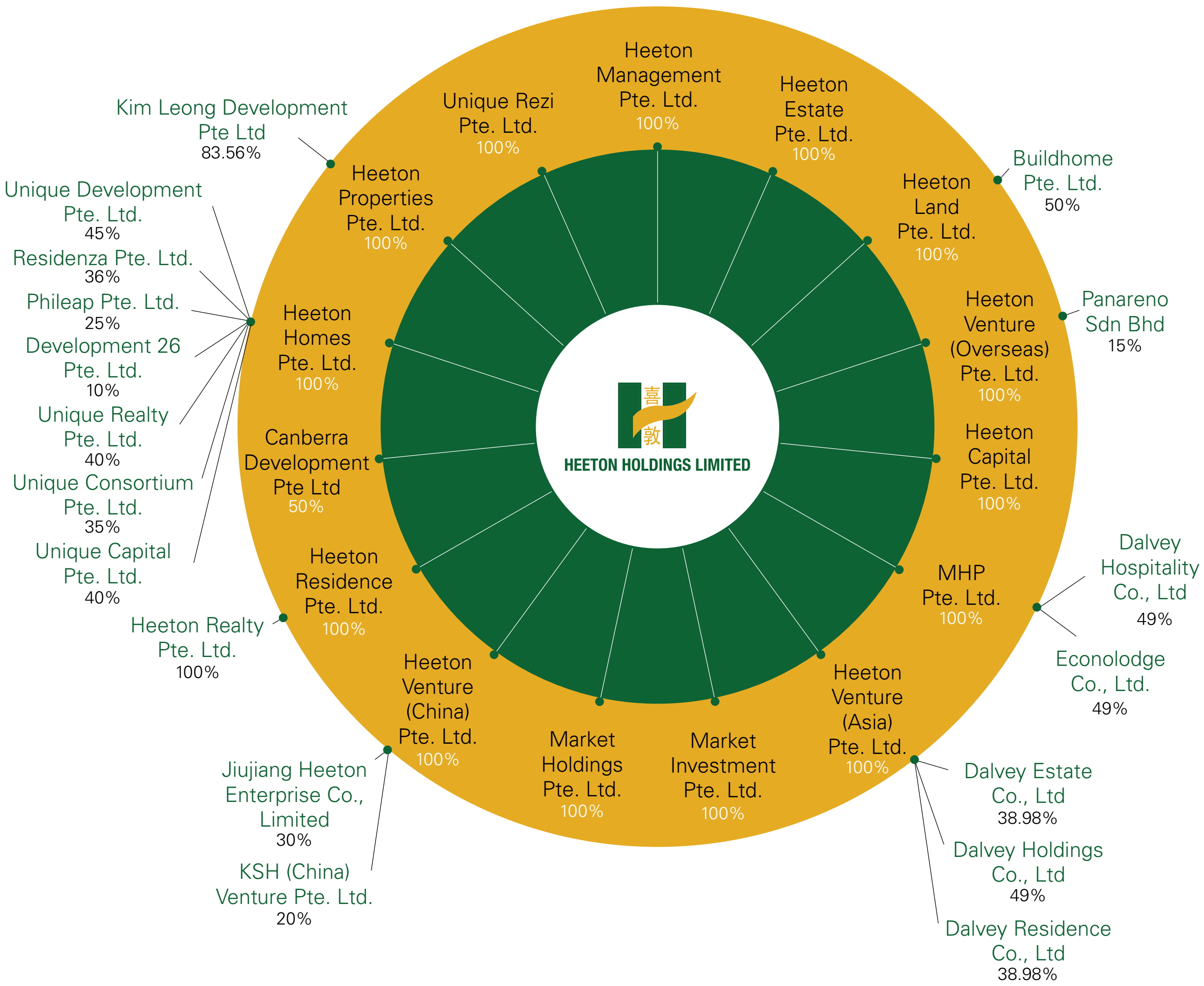
at 30 Woodlands Avenue 1

Sun Plaza

at 30 Sembawang Drive

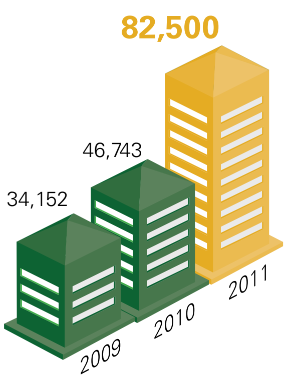
Group **Structure**

as at 31 December 2011

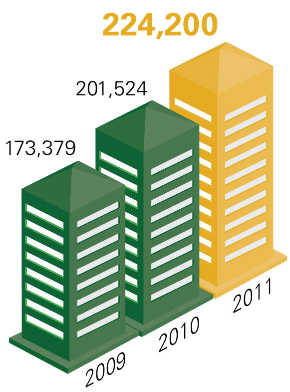


Financial **Highlights**

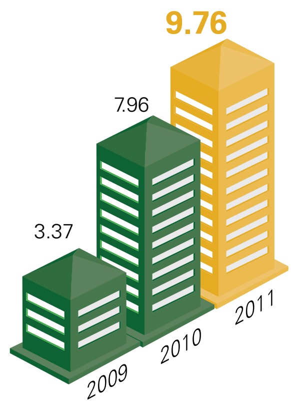
TURNOVER (including discontinued operation)
(S$'000)



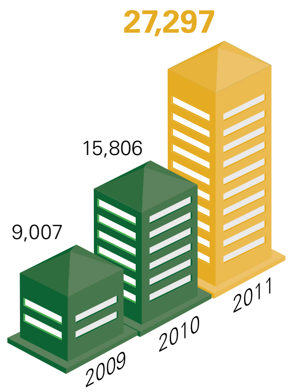
NET ASSETS VALUE BEFORE NCI
(S$'000)



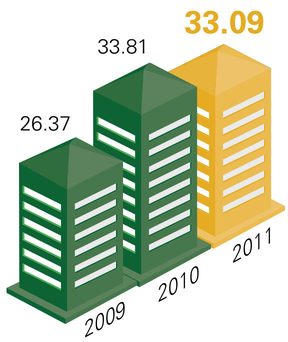
EPS (Before gain on fair value of investment properties)
(cents)



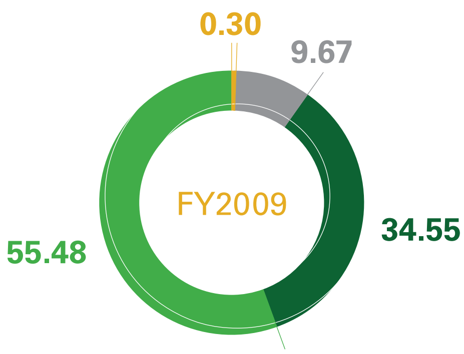
PBT (Before gain on fair value of investment properties)
(S$'000)

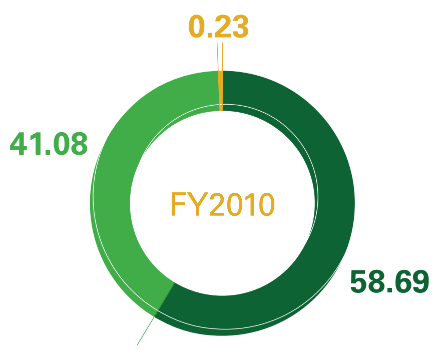


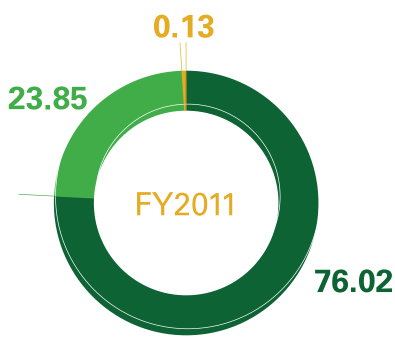
PBT MARGIN (Before gain on fair value of investment properties)
(%)



TURNOVER BY ACTIVITY (%)







Property Development
Property Investment
Others
Market Operations (Discontinued)

(Information for FY2009 and FY2010 are restated)

Corporate **Information**

Board of Directors

Executive

Toh Giap Eng (Chief Executive Officer)
Low Yee Khim (Chief Operating Officer)

Non-executive

Toh Khai Cheng
Toh Gap Seng
Tan Tiong Cheng (Independent)
Dr Koh Lip Lin (Independent)
Chew Chin Hua (Independent)

Audit Committee

Chew Chin Hua (Chairman)
Tan Tiong Cheng
Toh Khai Cheng

Nominating Committee

Dr Koh Lip Lin (Chairman)
Toh Giap Eng
Chew Chin Hua

Remuneration Committee

Tan Tiong Cheng (Chairman)
Dr Koh Lip Lin
Toh Khai Cheng

Registered Office

60 Sembawang Road
#01-02/03 Hong Heng Mansions
Singapore 779088
Tel: (65) 6456 1188
Fax: (65) 6455 5478
Website: www.heeton.com

Auditors

Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
Lim Tze Yuen
(Partner-in-charge since financial year ended 31 Dec 2007)

Company Secretaries

Lee Ho Wah
Chew Bee Leng

Share Registrar

M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

Principal Banker

Oversea-Chinese Banking Corporation Limited

For FY2011, our property development segment saw revenue being recognised from the sale of units at *Lincoln Suites*, which commenced construction in 2011, and *The Lumos*, which received its Temporary Occupation Permit in August 2011.

Lincoln Suites
Artist's Impression

Financial **Contents**

Report on Corporate Governance

Heeton Holdings Limited (the "Company") is committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2005 (the "2005 Code") issued by the Ministry of Finance. Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company. This Report describes the Company's corporate governance processes and activities with specific reference to the 2005 Code.

BOARD MATTERS

Board's Conduct of its Affairs

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

The board of directors (the "Board") supervises the management of the business and affairs of the Company and its subsidiaries (the "Group"). The Board approves the Group's corporate and strategic direction, the appointment of Directors and key managerial personnel, major funding and investment proposals, and reviews the financial performance of the Group.

To facilitate effective management, certain functions have been delegated to various Board committees ("Board Committees"), each of which has its own written terms of reference and whose actions are reported to and monitored by the Board.

The Company has adopted internal guidelines setting forth matters that require Board's approval. The types of material transactions that require Board's approval under such guidelines are listed below:

1. approval of quarterly and full-year results announcements;
2. approval of annual results and accounts;
3. declaration of interim dividends and proposal of final dividends;
4. convening of shareholders' meetings;
5. authorisation of merger and acquisition transactions; and
6. authorisation of major transactions.

The Board conducts regular scheduled meetings and ad-hoc meetings are also convened from time to time to deliberate on urgent substantive matters. Telephonic attendance and conference via audio-visual communication at Board meetings are allowed under the Company's Articles of Association (the "Articles"). The attendance of each Board member at Board and Board Committee meetings are disclosed below at Table 1.

Table 1: Attendance of Directors, who held office at the end of the financial year, at Board and Board Committee Meetings held in FY2011

	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
Name of Director	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Toh Khai Cheng	4	4	-	-	1	1	4	4
Toh Giap Eng	4	4	1	1	-	-	-	-
Toh Gap Seng	4	4	-	-	-	-	-	-
Low Yee Khim	4	4	-	-	-	-	-	-
Dr Koh Lip Lin	4	4	1	1	1	1	-	-
Chew Chin Hua	4	4	1	1	-	-	4	4
Tan Tiong Cheng	4	4	-	-	1	1	4	4

Report on Corporate Governance

There are briefing sessions held from time to time to update the Directors on changes to any legislation or regulations which are relevant to the Group's or Directors' obligations. Newly appointed Directors are briefed on the business and organisation structure of the Group.

Board composition and Guidance

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. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently comprises 7 members, with the details set out at Table 2. Two executive Directors, namely Mr Toh Giap Eng, Chief Executive Officer ("CEO") and Mr Low Yee Khim, Chief Operating Officer ("COO") and five non-executive Directors. Of the five non-executive Directors, three of them are independent Directors, namely, Mr Chew Chin Hua, Dr Koh Lip Lin and Mr Tan Tiong Cheng.

Key information regarding the Directors can be found under the Board of Directors section in this annual report. The independence of each Director is reviewed annually by the Nominating Committee. Each independent Director is required to complete an independent Director's Declaration form annually to confirm his independence based on the guidelines set out in the Code 2005.

Table 2: Details of Directors

Name of Director	Board committee as chairman or member	Directorship: Date of first appointment/ Date of last re-election	Board appointment whether executive or non-executive/ independent	Due for re-election at next Annual General Meeting ("AGM")
Toh Khai Cheng	Member of Audit Committee and Member of Remuneration Committee	7 July 1976/ 21 April 2011	Non-executive	Retirement pursuant to section 153(2) of the Companies Act, Cap 50 (the "Act")
Toh Giap Eng	Member of Nominating Committee	1 July 1996/ Not applicable[1]	Executive	N/A
Low Yee Khim	-	3 October 2005 27 April 2010	Executive	Retirement by rotation pursuant to Article 95(2)
Toh Gap Seng	-	10 February 1978/ 21 April 2011	Non-executive	N/A
Dr Koh Lip Lin	Chairman of Nominating Committee and Member of Remuneration Committee	27 December 2002/ 21 April 2011	Non-executive/ Independent	Retirement pursuant to section 153(2) of the Act
Chew Chin Hua	Chairman of Audit Committee and Member of Nominating Committee	27 December 2002/ 27 April 2010	Non-executive/ Independent	Retirement by rotation pursuant to Article 95(2)
Tan Tiong Cheng	Chairman of Remuneration Committee and Member of Audit Committee	28 April 2009/ 21 April 2011	Non-executive/ Independent	N/A

(1) Under Articles 84 and 95(2) of the Articles, the Managing Director of the Company is not subject to retirement by rotation. The Managing Director's service is set out in his service contract with the Company. His service contract was last renewed on 1 February 2011.

Report on Corporate Governance

Role of Chairman and Chief Executive Officer

Principle 3: There should be clear division of responsibilities at the top of the Company – the working of the Board and the executive responsibility of the Company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The functions of the Chairman and CEO in the Company are assumed by different individuals. The Chairman, Mr Toh Khai Cheng, is a non-executive Director, while the CEO, Mr Toh Giap Eng, is an executive Director. There is a clear division of responsibilities between the Chairman and CEO, which ensures a balance of power and authority as well as increased accountability at the top of the Company. The CEO is a son of the Chairman.

The CEO, supported by the COO, has the executive responsibility for the day-to-day operations of the Group while the responsibilities of the Chairman working together with the CEO, the management and the Company Secretary, amongst others, include:

- scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- preparing the agenda for meetings;
- ensuring effective communication with shareholders;
- reviewing key proposals before they are presented to the Board for decision;
- exercising control over quality, quantity and timeliness of the flow of information between the management and the Board; and
- assisting in ensuring compliance with the Company's corporate governance guidelines.

Board Membership

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

The Nominating Committee ("NC") comprises two independent non-executive Directors, namely Dr Koh Lip Lin (Chairman) and Mr Chew Chin Hua and an executive Director, Mr Toh Giap Eng. The NC has written terms of reference approved by the Board and is responsible for making recommendations to the Board on all appointments and re-appointments to the Board. The NC reviews and assesses candidates for directorships before making recommendations to the Board. In recommending new directors for appointment to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities or strategies, the current composition of the Board and the size of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skill, attributes and ability, The NC's responsibilities include the following:

a. re-nomination of the Directors having regard to the Directors' contribution and performance;
b. conducting reviews to determine the independence of each Director; and
c. conducting reviews to evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as Director of the Company, when he/she has multiple board representations;

The size and composition of the Board are reviewed on an annual basis by the NC, which seeks to ensure that the Board has an appropriate mix of expertise and experience.

Report on Corporate Governance

The NC is of the view that:

a. the majority of the NC members are independent and able to exercise objective judgement on corporate affairs of the Group independently from the management;
b. there is no individual or small group of individuals on the Board who dominate the Board's decision making process;
c. the Board as a whole, possess core competencies required for the effective conduct of the affairs and operations of the Group; and
d. the current size of the Board is adequate for the purposes of the Group.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to Article 95 of Articles, one-third of the Directors retire from office at the Company's AGM ("one-third rotation rule"). In addition, Article 77 and Article 96 of the Company's Articles provide that a newly appointed Director must submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to the one-third rotation rule.

Board Performance

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

The NC will use its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge to enable balanced and well-considered decisions to be made. The performance criteria taken into account by the NC in relation to an individual director include the Director's industry knowledge and/or functional expertise, contribution and workload requirements, sense of independence and attendance at the Board and committee meetings. One of the NC's responsibilities is to undertake a review of the board's performance. The NC will be implementing a formal review process to assess the effectiveness of the Board on an annual basis as well as the contribution by each individual director to the effectiveness of the Board.

Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to the board meetings and on an on-going basis.

Management provided the members of the Board with management accounts on quarterly basis, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before each scheduled meeting. The Board has separate and independent access to the Company's senior management and the Company Secretary. The Company Secretary attends all Board meetings and the Board committees meetings and records the proceedings and decisions at the Board and of the Board Committees. The Company Secretary ensures that the corporate secretarial aspects of procedures concerning the Board are duly complied. The Company Secretary also advises the Board on the requirements of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and all rules and regulations which are applicable to the Company.

Under the Articles, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

In carrying out their duties and where necessary, directors individually or as a group to seek independent professional advice where appropriate at the Company's expense.

REMUNERATION MATTERS

Procedures for developing remuneration policies

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

The Remuneration Committee ("RC") comprises two independent non-executive Directors, namely, Mr Tan Tiong Cheng (Chairman) and Dr Koh Lip Lin, and a non-executive Director, Mr Toh Khai Cheng. The duties and responsibilities of the RC as set out in the Terms of Reference approved by the Board include the following:

a) review and advise the Board on the framework of remuneration policies for executive and non-executive Directors and key executives; and
b) review and advise the Board on the implementation of any appropriate long term incentive schemes for the Directors and employees of the Company.

The Company ensures that the RC has access to expert advice on the human resource matter whenever there is a need to consult externally. In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual employee. No Director or officer of the Company will be involved in deciding his own remuneration.

Remuneration Level and Mix

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the Company successfully but companies should avoid paying more than necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards towards corporate and individual performance.

Pursuant to the respective service contracts of the CEO and the COO:

a) the term of service for each executive director is for a period of 3 years and is subject to review thereafter;
b) remuneration includes, among others, a fixed salary, allowances and a variable performance bonus which are conditional upon each meeting certain performance targets; and
c) there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of an executive director.

Non-executive Directors, including the Chairman, do not have service contracts with the Company and their remuneration packages comprise a basic director retainer fee. The Board, in recommending to the shareholders the quantum of fees to be paid to the Directors, takes into account factors such as frequency of meetings, time spent by Directors and the responsibilities of Directors. Directors' fees for non-executive directors are subject to the approval of the shareholders at each AGM.

Currently, the Company does not have an employees' share option scheme or any long-term scheme. The RC will recommend the implementation of incentive schemes as and when it considers appropriate.

Report on Corporate Governance

Disclosure on remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, 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 executives, and performance.

A breakdown, showing the level and mix of each individual Director's remuneration payable for the financial year ended 31 December 2011 ("FY2011") is as follows:

Remuneration bands	Salary	Bonus	Fees	Other Benefits#	Total
	%	%	%	%	%
Below S$250,000					
Toh Khai Cheng	—	—	100	—	100
Toh Gap Seng	—	—	100	—	100
Tan Tiong Cheng	—	—	100	—	100
Koh Lip Lin	—	—	100	—	100
Chew Chin Hua	—	—	100	—	100
Above S$500,000					
Low Yee Khim	57	41	—	2	100
Above S$1,000,000					
Toh Giap Eng	46	52	—	2	100

Other benefits refer to car benefits during the year.

Key Executives

The remuneration of the key executives of the Group for FY2011 is shown in the following bands:

Remuneration bands	Salary	Bonus	Fees	Total
	%	%	%	%
Below S$250,000				
Heng Lee Cheng	68	21	11	100
Tan Hock Lum	77	23	—	100
Lim Siew Bee	79	21	—	100
David Lau Guan Seng	87	13	—	100
Above S$250,000				
Nil.				

There are currently no employee share option schemes provided by the Company or the Group.

Immediate Family Member of Director

There are no employees in the Group who are immediate family members of a Director or the CEO.

ACCOUNTABILITY AND AUDIT

Accountability

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

The financial results of the Group are published via SGXNET on a quarterly basis. The Company may also, on an ad-hoc basis, hold media and analysts briefings and publish press releases of its financial results.

Procedures are presently being put into place to provide Board members with management accounts with highlights on key business indicators and any significant business developments.

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises two independent non-executive Directors, namely, Mr Chew Chin Hua (Chairman) and Mr Tan Tiong Cheng and a non-executive director, Mr Toh Khai Cheng.

The Chairman of the AC, Mr Chew Chin Hua, is by profession, a Certified Public Accountant who was in practice for several years. The other members of the AC have many years of experience in business and financial management. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the functions of the AC.

For FY2011, the AC has held 4 meetings. Details of members and their attendance at meetings are provided on page 21. The AC has written terms of reference approved by the Board.

The AC's responsibilities include the following:

- Reviews the audit plans of the internal and external auditors of the Company and review internal auditors' evaluation of the adequacy of the Company's internal system of accounting controls and the assistance given by the management to the external and internal auditors;
- Reviews the quarterly and full year financial results, annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the Board the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

The AC also has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility.

Report on Corporate Governance

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC also meets the external auditors separately at least once a year, without the presence of the CEO and management, in order to have free and unfettered access to unfiltered information and feedback.

The Company has a whistle-blowing policy and arrangement by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters to the AC Chairman or CEO.

The Board confirms that in appointing the auditing firm for the Company, subsidiaries and significant associated companies, the Group is in compliance with the requirements of Rules 712, 715 and 716 of SGX-ST's Listing Manual.

Internal Controls

Principle 12: The Board and the AC should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Company's assets.

The Board and the AC have reviewed the adequacy of the Group's internal controls that address the Group's financial, operational and compliance risks. Based on the review conducted, the Board and AC are of the opinion that, in the absence of any evidence to the contrary, the system of internal controls in place are adequate in meeting the current scope of the Group's business operations. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Internal Audit

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

The size of the existing operations of the Group does not warrant the Group to have an in-house internal audit team. The AC's responsibility in overseeing that the Company's risk management system and internal controls are adequate is complemented by the work of the outsourced Internal Auditor, KPMG LLP. The AC reviews the internal audit procedures and ensures that the internal audit functions, together with the various systems put in place by the Group are adequate.

COMMUNICATIONS WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. The Company does not practice selective disclosure. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via announcements of results and other ad-hoc announcements as required by the SGX-ST. The Company's Annual Report which is sent to all shareholders is also available on request.

Report on Corporate Governance

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders will be informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Each item of special business included in the notice of the meeting will be accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions will be proposed for substantially separate issues at the meeting. The Chairman of the Audit, Remuneration and Nominating Committees are present at the Company's AGMs to answer those questions relating to the work of these committees. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders relating to the financial statements of the Company.

The Company's Articles allow shareholders of the Company to appoint one or two proxies to attend and vote in their absence. The Company is not implementing absentia-voting methods such as by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

INTERESTED PERSON TRANSACTIONS

During FY2011, the Company's 45% owned associated company, Unique Development Pte. Ltd., has granted an option to purchase to the CEO's wife to purchase a unit in a residential project to be developed by Unique Development Pte. Ltd. at a net price of S$1,320,000.

There were no other interested person transactions entered into by the Company that required disclosure under the SGX-ST's Listing Manual exceeding S$100,000 during FY2011.

DEALINGS IN SECURITIES

The Company has adopted and implemented the Rue 1207(19) of SGX-ST's Listing Manual on dealings in securities. This has been made known to Directors, officers, and staff of the Company and the Group. In particular, it has been highlighted that to deal in the Company's securities as well as securities of other listed companies when the officers (Directors and employees) are in possession of unpublished material price sensitive information in relation to those securities is an offence. The officers are also discouraged from dealing in the Company's securities on short-term considerations.

Directors and key senior executives of the Group are prohibited from trading in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year financial statements. The Company has complied with Rule 1207(19) in FY2011.

RISK MANAGEMENT

The Group currently does not have a Risk Management Committee but the Management regularly reviews the Group's business and operations to identify areas of significant business risks, and put in place appropriate measures to address these risks and reports to the Board on areas of significant risks to the Group's operations if any. The following have been identified as significant risk factors relevant to the Group's operations:

Interest rate risk

The Group's interest rate exposure relates primarily to the outstanding amounts of long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate bank financing.

Surplus funds are placed with reputable banks.

Report on Corporate Governance

Information relating to the Group's interest rate exposure is also disclosed in the notes to the financial statements on the Group's borrowings, including lease obligations.

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Short-term funding is from banking facilities.

Credit risk

The carrying amount of cash and cash equivalents, trade debtors and other debtors represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risks.

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company for the financial year ended 31 December 2011.

Directors

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

Toh Khai Cheng	–	Non-executive Chairman
Toh Giap Eng	–	Managing Director
Low Yee Khim	–	Executive Director
Toh Gap Seng	–	Non-executive Director
Dr Koh Lip Lin	–	Independent Director
Chew Chin Hua	–	Independent Director
Tan Tiong Cheng	–	Independent Director

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**1 January 2011**	**31 December 2011**	**1 January 2011**	**31 December 2011**
The Company				
Heeton Holdings Limited				
(Ordinary shares)				
Toh Khai Cheng [1]	13,919,350	13,919,350	91,703,425	91,703,425
Toh Giap Eng [2]	20,285,025	20,815,025	56,159,100	56,159,100
Toh Gap Seng	12,269,475	12,269,475	–	–
Dr Koh Lip Lin	30,000	30,000	–	–
Chew Chin Hua	30,000	30,000	–	–
Tan Tiong Cheng	10,000	10,000	–	–

[1] Toh Khai Cheng is deemed to be interested in the 56,159,100 shares held by Heeton Investments Pte Ltd and the 34,160,250 shares held by Hong Heng Co Pte Ltd. Toh Khai Cheng is also deemed to be interested in 1,384,075 shares held by his deceased spouse.

[2] Toh Giap Eng is deemed to be interested in the 56,159,100 shares held by Heeton Investments Pte Ltd.

Directors' Report

Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2012.

By virtue of section 7 of the Companies Act, Messrs Toh Khai Cheng, Toh Giap Eng and Toh Gap Seng are deemed to have interests in the shares held by Heeton Holdings Limited in all its subsidiaries.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures of the Company or related corporations, either at the beginning or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company 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 the director is a member, or with a company in which the director has a substantial financial interest.

Options

No options were issued by the Company and its subsidiaries during the financial year. As at 31 December 2011, there were no options on the unissued shares of the Company or its subsidiaries which are outstanding.

Audit committee

The Audit Committee (AC) carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company and reviews the internal auditors' evaluation of the adequacy of the Company's internal system of accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviews the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;

Directors' Report

Audit committee (cont'd)

- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

In appointing the auditing firms for the Company, subsidiaries and significant associated companies, we have complied with Listing Rules 712, 715 and 716.

The Board of Directors and the Audit Committee have reviewed the adequacy of the Group's internal controls that address the Group's financial, operational and compliance risks. Based on the review conducted, the Board of Directors and the Audit Committee are of the opinion that, in the absence of any evidence to the contrary, the system of internal controls in place are adequate in meeting the current scope of the Group's business operations.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance in the Annual Report.

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors,

Toh Giap Eng
Managing Director

Low Yee Khim
Executive Director

Singapore
27 March 2012

Statement by Directors

We, Toh Giap Eng and Low Yee Khim, being two of the Directors of Heeton Holdings Limited, do hereby state that, in the opinion of the Directors,

(i) the accompanying balance sheets, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results of business, changes in equity and cash flows of the Group for the year ended on that date, and

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

On behalf of the board of directors,

Toh Giap Eng	Low Yee Khim
Managing Director	Executive Director

Singapore
27 March 2012

Independent Auditors' Report

for the year ended 31 December 2011

To the Members of Heeton Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 36 to 121, which comprise the balance sheets of the Group and the Company as at 31 December 2011, and the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and of the results, changes in equity and cash flows of the Group 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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore
27 March 2012

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

(In Singapore dollars)

	Note	2011 $'000	2010 $'000 (Restated)
CONTINUING OPERATIONS			
Revenue	4	82,500	46,743
Cost of properties sold		(42,556)	(21,614)
Other operating income	5	728	1,391
Personnel expenses	6	(3,591)	(3,577)
Depreciation of fixed assets		(282)	(280)
Reversal of foreseeable losses on development properties	7	1,000	1,500
Other operating expenses		(8,828)	(7,259)
Profit from continuing operations	7	28,971	16,904
Finance expenses	8(a)	(3,072)	(2,319)
Finance income	8(b)	2,024	1,525
Share of losses of associated companies	14	(626)	(304)
Gains from fair value adjustments of investment properties	12	4,400	4,500
Profit before tax from continuing operations		31,697	20,306
Income tax expense	9	(6,198)	(3,468)
Profit from continuing operations, net of tax		25,499	16,838
DISCONTINUED OPERATION			
Profit from discontinued operation, net of tax	32	–	4,725
Profit for the year		25,499	21,563
Other comprehensive income:			
Foreign currency translation		(363)	224
Other comprehensive income for the year, net of tax		(363)	224
Total comprehensive income for the year		25,136	21,787
Profit for the year			
Attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax		25,501	16,838
Profit from discontinued operation, net of tax		–	4,725
		25,501	21,563
Attributable to:			
Non-controlling interests			
Profit from continuing operations, net of tax		(2)	–
Profit from discontinued operation, net of tax		–	–
		(2)	–

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

(In Singapore dollars)

	Note	2011 $'000	2010 $'000 (Restated)
Total comprehensive income for the year:			
Attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax		25,138	17,062
Profit from discontinued operation, net of tax		–	4,725
		25,138	21,787
Attributable to:			
Non-controlling interests			
Profit from continuing operations, net of tax		(2)	–
Profit from discontinued operation, net of tax		–	–
		(2)	–
Earnings per share from continuing operations attributable to owners of the Company (cents per share)			
Basic	10	11.39	7.52
Diluted	10	11.39	7.52
Earnings per share from discontinued operation attributable to owners of the Company (cents per share)			
Basic	10	–	2.11
Diluted	10	–	2.11

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2011

(In Singapore dollars)

	Note	Group 31.12.2011 $'000	Group 31.12.2010 $'000 (Restated)	Group 1.1.2010 $'000 (Restated)	Company 31.12.2011 $'000	Company 31.12.2010 $'000
Non-current assets						
Fixed assets	11	707	723	675	353	193
Investment properties	12	250,800	246,400	241,900	–	–
Subsidiaries	13	–	–	–	31,590	31,590
Associated companies	14	66,456	36,108	20,219	–	–
Joint venture companies	15	–	–	–	5,000	5,000
Other investments	16	3,363	2,519	2,288	–	–
Intangible assets	17	109	109	109	–	–
Deferred tax assets	18	8	8	12	8	8
		321,443	285,867	265,203	36,951	36,791
Current assets						
Development properties	19	265,581	262,739	250,838	39,187	39,087
Trade receivables	20	9,404	3,133	5,443	1	1
Other receivables	21	750	797	756	208	266
Prepayments		900	1,541	1,021	13	18
Amounts due from subsidiaries (non-trade)	22	–	–	–	83,664	77,208
Amounts due from related parties (trade)	22	4	4	12	–	–
Fixed deposits	23	10,513	16,068	15,493	2,000	–
Cash and bank balances	24	6,659	3,602	3,738	277	247
		293,811	287,884	277,301	125,350	116,827
Assets held for sale	32	–	–	20,588	–	–
		293,811	287,884	297,889	125,350	116,827
Current liabilities						
Trade payables	25	9,422	5,594	3,190	60	140
Other payables and accruals	26	5,805	9,334	18,593	1,413	1,624
Amounts due to subsidiaries (non-trade)	22	–	–	–	18,748	7,406
Amounts due to a joint venture company (non-trade)	22	–	–	–	–	7,408
Lease obligations	31(c)	94	56	83	53	15
Short-term bank loans	27	28,205	23,805	47,818	13,000	20,100
Bank term loans	28	26,959	45,042	42,726	1,119	887
Bank overdrafts	27	–	927	7,325	–	–
Income tax payable		5,612	2,551	2,388	268	330
		76,097	87,309	122,123	34,661	37,910
Net current assets		217,714	200,575	175,766	90,689	78,917
Non-current liabilities						
Other payables and accruals	26	1,528	1,547	1,715	–	–
Lease obligations	31(c)	159	143	30	57	–
Bank term loans	28	298,985	269,693	253,498	25,940	22,113
Deferred tax liabilities	18	14,287	13,535	12,347	–	–
		(314,959)	(284,918)	(267,590)	(25,997)	(22,113)
Net assets		224,198	201,524	173,379	101,643	93,595

Balance Sheets

as at 31 December 2011

(In Singapore dollars)

		Group			Company	
	Note	**31.12.2011** $'000	**31.12.2010** $'000 **(Restated)**	**1.1.2010** $'000 **(Restated)**	**31.12.2011** $'000	**31.12.2010** $'000
Equity attributable to the equity holders of the Company						
Share capital	29	58,803	58,803	58,803	58,803	58,803
Shareholders' contribution	34	8,596	8,596	–	–	–
Other reserves	30	(338)	25	(199)	–	–
Retained earnings		157,139	134,100	114,775	42,840	34,792
		224,200	201,524	173,379	101,643	93,595
Non-controlling interests		(2)	–	–	–	–
Total equity		224,198	201,524	173,379	101,643	93,595

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

(In Singapore dollars)

		Attributable to shareholders of the Company						
	Note	Share capital (Note 29) $'000	Share-holders' contribution $'000	Other reserves (Note 30) $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2010								
- As previously reported		58,803	–	(199)	122,257	180,861	–	180,861
- Effect of adopting INT FRS 115		–	–	–	(7,482)	(7,482)	–	(7,482)
Restated balance at 1 January 2010		58,803	–	(199)	114,775	173,379	–	173,379
Total comprehensive income for the year		–	–	224	21,563	21,787	–	21,787
Shareholders' contribution		–	8,596	–	–	8,596	–	8,596
Dividend on ordinary shares	40	–	–	–	(2,238)	(2,238)	–	(2,238)
At 31 December 2010		58,803	8,596	25	134,100	201,524	–	201,524
Balance at 1 January 2011								
- As previously reported		58,803	8,596	25	140,943	208,367	–	208,367
- Effect of adopting INT FRS 115		–	–	–	(6,843)	(6,843)	–	(6,843)
Restated balance at 1 January 2011		58,803	8,596	25	134,100	201,524	–	201,524
Total comprehensive income for the year		–	–	(363)	25,501	25,138	(2)	25,136
Dividend on ordinary shares	40	–	–	–	(2,462)	(2,462)	–	(2,462)
At 31 December 2011		58,803	8,596	(338)	157,139	224,200	(2)	224,198

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2011

(In Singapore dollars)

	Note	2011 $'000	2010 $'000 (Restated)
Operating activities			
Profit before tax from continuing operations		31,697	20,306
Profit before tax from discontinued operation		–	4,725
Profit before tax		31,697	25,031
Adjustments:			
Depreciation of fixed assets	11	282	280
Gain on sale of fixed assets from continuing operations	5	(40)	(55)
Gain on sale of fixed assets from discontinued operation		–	(4,963)
Share of losses of associated companies	14	626	304
Reversal of foreseeable losses on development properties	7	(1,000)	(1,500)
Gains from fair value adjustments of investment properties	12	(4,400)	(4,500)
Reversal of impairment loss on trade receivables	20	(6)	(326)
Interest expense	8(a)	3,072	2,331
Interest income	8(b)	(2,024)	(1,605)
Exchange differences		–	3
Total adjustments		(3,490)	(10,031)
Operating cash flows before changes in working capital		28,207	15,000
Changes in working capital:			
Decrease/(increase) in development properties		2,740	(5,752)
(Increase)/decrease in trade receivables		(6,265)	2,636
Decrease/(increase) in other receivables		47	(44)
Decrease/(increase) in prepayments		641	(520)
Increase in trade payables		3,828	2,404
Decrease in other payables and accruals		(3,548)	(831)
Decrease in amounts due from related parties (trade)		–	8
Total changes in working capital		(2,557)	(2,099)
Cash from operations		25,650	12,901
Interest received		2,024	1,605
Interest paid (including amounts capitalised)		(7,654)	(6,980)
Income taxes paid		(2,385)	(2,113)
Net cash flows from operating activities		17,635	5,413
Cash flows from investing activities			
Proceeds from sale of fixed assets		180	25,642
Advance to investee companies		(844)	(131)
Investment in investee companies		–	(100)
Advance to associated companies		(16,631)	(15,968)
Investment in associated companies		(14,706)	–
Purchase of fixed assets		(247)	(162)
Net cash flows (used in)/from investing activities		(32,248)	9,281

Consolidated Statement of Cash Flows

for the year ended 31 December 2011

(In Singapore dollars)

	Note	2011 $'000	2010 $'000 (Restated)
Cash flows from financing activities			
Dividends paid on ordinary shares by the Company	40	(2,462)	(2,238)
Decrease in fixed deposits pledged, net		9,768	600
Proceeds from loans and borrowings		74,751	64,947
Repayment of lease obligations		(105)	(117)
Repayment of loans and borrowings		(59,142)	(70,449)
Net cash flows from/(used in) financing activities		22,810	(7,257)
Net increase in cash and cash equivalents		8,197	7,437
Cash and cash equivalents at beginning of year		8,975	1,538
Cash and cash equivalents at end of year	A	17,172	8,975

A. Cash and cash equivalents

Cash and cash equivalents consist of unpledged fixed deposits, cash and bank balances and bank overdrafts, as follows:

	Note	2011	2010
Fixed deposits		10,513	16,068
Cash and bank balances	24	6,659	3,602
Bank overdrafts		–	(927)
		17,172	18,743
Less: Fixed deposits pledged	23	–	(9,768)
Cash and cash equivalents at end of year		17,172	8,975

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

1. Corporate information

Heeton Holdings Limited (the "Company") is a limited liability company domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business is located at 60 Sembawang Road, #01-02/03 Hong Heng Mansions, Singapore 779088.

The Company is principally engaged in property development and investment holding. The principal activities of the subsidiaries are as shown in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ($ or SGD) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as disclosed below:

INT FRS 115 Agreements for the Construction of Real Estate

On 1 January 2011, the Group adopted INT FRS 115 Agreements for the Construction of Real Estate.

INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not qualify as construction contracts in accordance with FRS 11 can only be accounted for using the percentage of completion method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

INT FRS 115 Agreements for the Construction of Real Estate (cont'd)

The Group's previous accounting policy for all pre-completion property sales was to recognise revenue using the percentage of completion method as construction progresses. The Group has considered the application of INT FRS 115 and concluded that certain 'pre-completion' sale contracts were not, in substance, construction contracts, and the legal terms are such that the construction does not represent the continuous transfer of work in progress to the purchaser. Consequently, the completed contract method of revenue recognition has been applied to these contracts.

The change in accounting policy has been applied retrospectively. The effects of adoption on the financial statements are as follows:

	Group		
	31.12.2011	**31.12.2010**	**1.1.2010**
	$'000	$'000	$'000
		(Restated)	**(Restated)**
(Decrease)/increase in:			
Consolidated balance sheet			
Development properties	8,244	(8,244)	(9,014)
Deferred tax liabilities	1,401	(1,401)	(1,532)
Retained earnings	6,843	(6,843)	(7,482)

	2011	**2010**
	$'000	$'000
		(Restated)
Consolidated statement of comprehensive income		
Revenue	15,139	9,549
Cost of properties sold	6,895	8,779
Income tax expense	1,401	131
Profit from continuing operations, net of tax	6,843	639
Basic earnings per share from continuing operations (cents)	3.06	0.29
Diluted earnings per share from continuing operations (cents)	3.06	0.29

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
Revised FRS 27 Separate Financial Statements	1 January 2013
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2013
FRS 110 Consolidated Financial Statements	1 January 2013
FRS 111 Joint Arrangements	1 January 2013
FRS 112 Disclosure of Interests in Other Entities	1 January 2013
FRS 113 Fair Value Measurements	1 January 2013

Except for the Amendments to FRS 12, FRS 111 and revised FRS 28 and FRS 112, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 12, FRS 111 and revised FRS 28 and FRS 112 are described below.

Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets

The Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets are effective for annual periods beginning on or after 1 January 2012.

The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 Investment Property, including investment property acquired in a business combination and subsequently measured using the fair value model. For the purposes of measuring deferred tax, the Amendments introduce a rebuttable presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The Group provides for deferred tax liabilities for its investment properties on the basis that the carrying amount of the investment properties will be recovered through use. Upon adoption of the Amendments to FRS 12, there is a presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. Accordingly, there will be no deferred tax liability on investment properties in Singapore as there is no capital gains tax in Singapore. The Group expects the adoption of Amendments to FRS 12 to result in a decrease in deferred tax liabilities of the Group and a corresponding increase in retained earnings upon initial application of the amendments.

Notes to the Financial Statements

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(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 and the revised FRS 28 are effective for financial periods beginning on or after 1 January 2013.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies proportionate consolidation for its joint ventures. Upon adoption of FRS 111, the Group expects the change to equity accounting for these joint ventures will affect the Group's financial statements presentation.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2013.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.4 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be Singapore Dollars. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in Singapore Dollars.

(b) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(c) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.5 Subsidiaries, basis of consolidation and business combinations

(a) *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

(b) *Basis of consolidation*

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.5 Subsidiaries, basis of consolidation and business combinations (cont'd)

(b) *Basis of consolidation (cont'd)*

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

(c) *Business combinations*

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.5 Subsidiaries, basis of consolidation and business combinations (cont'd)

(c) *Business combinations (cont'd)*

Business combinations from 1 January 2010 (cont'd)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

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

2.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.7 Associates (cont'd)

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2.8 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on such transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.9 Fixed assets

All items of fixed assets are initially recorded at cost. Such cost includes the cost of replacing part of the fixed asset and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset. The accounting policy for borrowing costs is set out in Note 2.21. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent to recognition, fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment	–	10 years
Renovations	–	5 to 6 years
Motor vehicles	–	5 to 10 years
Equipment and fixtures	–	3 to 10 years
Furniture and fittings	–	5 to 10 years
Computers	–	3 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of fixed assets.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.10 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.10 Investment properties (cont'd)

Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

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 fixed assets set out in Note 2.9 up to the date of change in use.

2.11 Construction contracts

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.11 Construction contracts (cont'd)

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Assets covered by a single contracts are treated separately when:

- The separate proposals have been submitted for each asset.
- Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset.
- The costs and revenues of each asset can be identified.

A group of contracts are treated as a single construction contract when:

- The group of contracts is negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin.
- The contracts are performed concurrently or in a continuous sequence.

2.12 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

The costs of development properties consist of land stated at cost and development expenditure incurred to date. Development expenditure includes finance charges and all expenditure incurred in connection with the development of the properties. Finance charges are not capitalised once the development is completed. A development is considered complete on the date of issue of the temporary occupation permit.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.12 Development properties (cont'd)

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

All known or anticipated losses on the development projects are provided for in the year in which such losses are determined.

The Group recognizes revenue and cost on development properties that have been sold using the percentage of completion method. Under the percentage of completion method, profits are recognised only in respect of finalised sales agreements and to the extent that such profits relate to the progress of the construction of development properties. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

2.13 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.13 Intangible assets (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.15 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.15 Financial assets (cont'd)

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(d) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Notes to the Financial Statements

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(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.16 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, unpledged fixed deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Cash and short-term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.15.

2.18 Trade and other receivables

Trade and other receivables, including amounts due from subsidiaries and related parties are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated under Note 2.15.

Payment terms granted to customers are in accordance with the progress payment schedule for the purchase of the development properties under construction. Tenants of investment properties are granted payment terms as set out in the respective tenancy agreements.

2.19 Financial liabilities

Initial recognition and measurement

Financial liabilities include trade payables, which are normally settled on 30-90 day terms, other amounts payable, payables to related parties and interest-bearing loans and borrowings.

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.20 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 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 an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.23 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.24 Employee benefits

(a) *Defined contribution plans*

The Group makes contribution to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. CPF contributions are recognised as an expense in the period in which the related service is performed.

(b) *Employment leave entitlement*

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

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of completed development property

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

(b) Sale of development property under construction

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the Directors consider when the contract comprises:

- A contract to construct a property; or
- A contract for the sale of completed property

(a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

(b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

(i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

(ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in the Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.25 Revenue (cont'd)

(c) *Rental income*

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) *Interest income*

Interest income is recognised as interest accrues using the effective interest method.

(e) *Rendering of services*

Revenue from provision of services is recognised when these services are rendered.

(f) *Dividends*

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

2.26 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.26 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.26 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.29 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.30 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss of the current reporting period, and of the comparative period, all income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.31 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.32 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

3. Significant accounting estimates and judgements (cont'd)

3.1 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:

(a) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill at 31 December 2011 was $109,000 (2010: $109,000). More details are given in Note 17.

(b) *Impairment of investments and financial assets*

The Group follows the guidance of FRS 39 on determining when an investment or financial asset is other-than-temporary impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The carrying amount of financial assets at the end of the reporting period is disclosed in Note 36 to the financial statements.

(c) *Revaluation of investment properties*

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 December 2011. The two valuation techniques adopted were the Direct Comparison Method and Income Approach Method. The former involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the market value of the property. The latter involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising the net rent at a suitable rate of return. The carrying amount of the Group's investment properties at 31 December 2011 was $250,800,000 (2010: $246,400,000).

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

3. Significant accounting estimates and judgements (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(d) *Estimation of net realisable value of development property*

Development properties are stated at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. The carrying amount of development properties at the end of the reporting period is disclosed in Note 19 to the financial statements.

(e) *Revenue recognition on development property under construction*

The Group recognises revenue for pre-completion sales of certain types of properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the revenue respectively. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities as well as the revenue from sale of development property (recognised on percentage of completion basis) are disclosed in Note 19 (Development Properties) and 4 (Revenue) to the financial statements respectively.

3.2 Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) *Operating lease commitments – As lessor*

The Group has entered into commercial property leases on its investment and leasehold property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

3. Significant accounting estimates and judgements (cont'd)

3.2 Critical judgements made in applying accounting policies (cont'd)

(b) *Provision of foreseeable losses on development properties*

The Group's accounting policy on development properties requires all known or anticipated losses on the development projects to be provided for in the year in which such losses are determined. Estimating such losses requires the Group to make an estimate of the expected selling price of the unsold development properties based on recent transactions or open market valuation of the unsold units. The Group also estimates the total development costs to determine the extent of the anticipated losses, if any. Changes in the estimated selling price of the development properties due to market conditions and revisions of the total estimated development costs will therefore impact the anticipated losses recognised, and therefore provision for foreseeable losses on development properties could be revised. The carrying amount of the Group's provision for foreseeable losses on development properties at 31 December 2011 was $nil (2010: $1,000,000).

(c) *Income taxes*

The Group's exposure to income taxes mainly arises from Singapore. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and deferred tax liabilities at 31 December 2011 was $5,612,000 (2010: $2,551,000) and $14,287,000 (2010: $13,535,000) respectively.

(d) *Classification of property*

The Group determines whether a property is classified as investment property or development property:

- Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

4. Revenue

	Group	
	2011	**2010**
	$'000	$'000
		(Restated)
Revenue from sale of development properties (recognised on completed contract basis)	32,730	25,368
Revenue from sale of development properties (recognised on percentage of completion basis)	29,989	2,067
Total revenue from sale of development properties	62,719	27,435
Rental and related income from investment properties	19,676	19,201
Management fees income	105	107
	82,500	46,743

5. Other operating income

	Group	
	2011	**2010**
	$'000	$'000
Forfeiture of deposits	28	461
Tentage and other rental	258	505
Amortisation of deferred lease income	68	157
Gain on sale of fixed assets	40	55
Management fee income from associated company	174	69
Others	160	144
	728	1,391

6. Personnel expenses

	Group	
	2011	**2010**
	$'000	$'000
Salaries and bonuses	3,263	3,342
Grant income from Jobs Credit Scheme	–	(21)
Central Provident Fund contributions	275	196
Other staff costs	53	60
	3,591	3,577

Personnel expenses include directors' remuneration as stated in Note 7.

Notes to the Financial Statements

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(In Singapore dollars)

7. Profit from continuing operations

Profit from continuing operations is determined after charging/(crediting) the following:

	Group 2011 $'000	Group 2010 $'000
Audit fees paid to:		
- auditors of the Company	150	145
Non-audit fees paid to:		
- auditors of the Company	82	119
- other auditors	20	28
Depreciation of fixed assets	282	280
Directors' remuneration		
- directors of the Company	1,640	1,735
- directors of subsidiaries	157	110
Directors' fees		
- directors of the Company	372	431
- directors of subsidiaries	33	36
Joint venture's directors' fees	125	125
Gains from fair value adjustments of investment properties	(4,400)	(4,500)
Reversal of foreseeable losses on development properties	(1,000)	(1,500)
Reversal of impairment loss on trade receivables, net	(6)	(326)
Building repairs and maintenance	1,184	1,193
Property tax	1,737	1,789
Sales and marketing expenses	2,932	1,644
Operating lease expenses	303	297

8. Finance expenses/(income)

	Note	Group 2011 $'000	Group 2010 $'000
(a) ***Finance expenses***			
Interest expense on:			
- bank loans		7,508	6,825
- bank overdrafts		92	120
- lease obligations		8	14
- fair value adjustment on security deposits		46	9
		7,654	6,968
Less: Interest capitalised in development properties	19	(4,582)	(4,649)
		3,072	2,319
(b) ***Finance income***			
Interest income from loans and receivables:			
- fixed deposits		(37)	(45)
- loans to associated companies		(1,734)	(1,480)
- loans to investee company		(43)	–
- others		(210)	–
		(2,024)	(1,525)

Notes to the Financial Statements

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(In Singapore dollars)

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Group	
	2011	**2010**
	$'000	$'000
		(Restated)
Statement of comprehensive income:		
Current income tax – continuing operations:		
- Current year	5,554	2,364
- Over provision in respect of previous years	(108)	(88)
	5,446	2,276
Deferred income tax – continuing operations:		
- Current year – origination and reversal of temporary differences	705	1,209
- Under/(over) provision in respect of previous years	47	(17)
	752	1,192
Income tax attributable to continuing operations	6,198	3,468
Income tax expense recognised in profit or loss	6,198	3,468

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	Group	
	2011	**2010**
	$'000	$'000
		(Restated)
Profit before tax from continuing operations	31,697	20,306
Profit before tax from discontinued operations	–	4,725
Accounting profit before tax	31,697	25,031
Taxation at statutory tax rate of 17% (2010: 17%)	5,388	4,255
Adjustments:		
Non-deductible expenses	180	135
Income not subject to taxation	(261)	(841)
Effect of tax rebate and partial tax exemption	(187)	(157)
Benefits from previously unrecognised tax losses	–	(8)
Deferred tax assets not recognised	902	150
(Over)/under provision in respect of previous years	(61)	(104)
Share of loss of associates	107	52
Tax losses not allowed to be carried forward	130	–
Others	–	(14)
Income tax expense recognised in profit or loss	6,198	3,468

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

10. Earnings per share

(a) *Continuing operations*

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

As there were no share options and warrants granted during the year and no share options and warrants outstanding as at the end of the financial year, the basic and fully diluted earnings per share are the same.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2011	**2010**
	$'000	$'000
		(Restated)
Profit for the year attributable to owners of the Company	25,501	21,563
Less: Profit from discontinued operations, net of tax, attributable to owners of the Company	–	(4,725)
Profit net of tax from continuing operations attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	25,501	16,838
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share and diluted earnings per share computation	223,846	223,846

(b) *Earnings per share computation*

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit and share data are presented in the tables in Note 10(a) above.

Notes to the Financial Statements

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(In Singapore dollars)

11. Fixed assets

	Plant and equipment $'000	Renovations $'000	Motor vehicles $'000	Equipment and fixtures $'000	Furniture and fittings $'000	Computers $'000	Total $'000
Group							
Cost:							
At 1 January 2010	3,367	1,185	572	288	311	175	5,898
Additions	–	14	319	–	5	27	365
Disposal	–	–	(201)	–	–	(16)	(217)
At 31 December 2010 and 1 January 2011	3,367	1,199	690	288	316	186	6,046
Additions	–	–	330	1	–	75	406
Disposal	–	(13)	(324)	(8)	(20)	(24)	(389)
At 31 December 2011	3,367	1,186	696	281	296	237	6,063
Accumulated depreciation:							
At 1 January 2010	3,348	929	291	272	258	125	5,223
Charge for the year	–	75	120	15	38	32	280
Disposal	–	–	(164)	–	–	(16)	(180)
At 31 December 2010 and 1 January 2011	3,348	1,004	247	287	296	141	5,323
Charge for the year	–	77	139	8	25	33	282
Disposal	–	(7)	(184)	(14)	(25)	(19)	(249)
At 31 December 2011	3,348	1,074	202	281	296	155	5,356
Net book value:							
At 31 December 2011	19	112	494	–	–	82	707
At 31 December 2010	19	195	443	1	20	45	723

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

11. Fixed assets (cont'd)

	Renovations $'000	Equipment and fixtures $'000	Furniture and fittings $'000	Computers $'000	Motor vehicles $'000	Total $'000
Company						
Cost:						
At 1 January 2010	12	71	18	143	324	568
Additions	–	–	–	26	–	26
Disposal	–	–	–	(16)	–	(16)
At 31 December 2010 and 1 January 2011	12	71	18	153	324	578
Additions	–	–	–	69	330	399
Disposal	–	–	–	–	(324)	(324)
At 31 December 2011	12	71	18	222	330	653
Accumulated depreciation:						
At 1 January 2010	12	64	18	91	114	299
Charge for the year	–	6	–	31	65	102
Disposal	–	–	–	(16)	–	(16)
At 31 December 2010 and 1 January 2011	12	70	18	106	179	385
Charge for the year	–	1	–	32	66	99
Disposal	–	–	–	–	(184)	(184)
At 31 December 2011	12	71	18	138	61	300
Net book value:						
At 31 December 2011	–	–	–	84	269	353
At 31 December 2010	–	1	–	47	145	193

Assets held under finance leases

During the financial year, the Group acquired motor vehicles with an aggregate cost of $330,000 (2010: $276,000) by means of finance leases. The cash outflow on acquisition amounted to $171,000 (2010: $73,000).

As at 31 December 2011, the Group and Company had motor vehicles under finance leases with a net book value of approximately $464,000 and $269,000 (2010: $395,000 and $145,000), respectively.

Lease assets are pledged as security for the related finance lease liabilities.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

12. Investment properties

The investment properties held by the Group as at 31 December are:

Description and location	Existing use	Tenure	Unexpired lease term	Group 31.12.2011 $'000	Group 31.12.2010 $'000
(a) Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	81 years	93,000	90,000
(b) Sun Plaza (30 Sembawang Drive)	Shops	Leasehold	84 years	125,000	125,000
(c) The Woodgrove (30 Woodlands Avenue 1)	Shops	Leasehold	84 years	27,000	25,700
(d) 62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity	5,800	5,700
				250,800	246,400

The movement in investment properties is as follows:

	Group 31.12.2011 $'000	Group 31.12.2010 $'000
Balance sheet		
Balance as at beginning of year	246,400	241,900
Net gains from fair value adjustments recognised in:		
- Statement of comprehensive income	4,400	4,500
Balance as at end of year	250,800	246,400
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	19,674	19,201
- Contingent rent based on tenant's turnover	2	–
	19,676	19,201
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	3,677	3,577

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

12. Investment properties (cont'd)

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2011 and 31 December 2010. The valuations were performed by CB Richard Ellis (Pte) Ltd and Collier's International Consultancy & Valuation (Singapore) Pte Ltd, independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

Investment property (b) is held by a joint venture company. The amount disclosed represents the Group's proportionate share of the carrying value of the investment property.

All the above investment properties are mortgaged to banks to secure banking facilities granted to the Group (Notes 27 and 28).

13. Subsidiaries

(a) Investment in subsidiaries comprise:

	Company	
	31.12.2011	**31.12.2010**
	$'000	$'000
Unquoted equity shares, at cost	33,481	33,481
Less: Impairment losses	(1,891)	(1,891)
Carrying amount of investments	31,590	31,590
Analysis of impairment losses:		
At beginning of year	1,891	3,135
Write back of provision	–	(1,244)
At end of year	1,891	1,891

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
			%	%	$'000	$'000
	Held by the Company					
*	Heeton Estate Pte Ltd (Singapore)	Property investment holding	100	100	22,962	22,962
*	Market Investment Pte Ltd (Singapore)	Currently dormant	100	100	1,626	1,626
*	Market Holdings Pte Ltd (Singapore)	Currently dormant	100	100	4,438	4,438

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(In Singapore dollars)

13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 31.12.2011 %	Equity interest held by the Group 31.12.2010 %	Cost of investment by the Company 31.12.2011 $'000	Cost of investment by the Company 31.12.2010 $'000
	Held by the Company (cont'd)					
*	Heeton Venture (Overseas) Pte. Ltd. (Singapore)	Investment holding	100	100	99	99
*	Heeton Land Pte. Ltd. (Singapore)	Property development and property investment holding	100	100	976	976
*	Heeton Management Pte Ltd (Singapore)	Provision of administrative and management services	100	100	45	45
*	Heeton Properties Pte. Ltd. (Singapore)	Investment holding and leasing agent	100	100	2,335	2,335
*	Heeton Venture (Asia) Pte. Ltd. (Singapore)	Investment holding	100	100	–[@]	–[@]
*	Heeton Venture (China) Pte. Ltd. (Singapore)	Investment holding	100	100	–[@]	–[@]
*	Heeton Residence Pte. Ltd. (Singapore)	Property development and investment holding	100	100	1,000	1,000
*	Heeton Homes Pte. Ltd. (Singapore)	Investment holding	100	100	–[@]	–[@]
**	Heeton Capital Pte. Ltd. (Singapore)	Property development and investment holding	100	100	–[@]	–[@]
* [a]	Unique Realty Pte. Ltd. (Singapore)	Property development	–	100	–	–[@]
**	Unique Rezi Pte. Ltd. (Singapore)	Property development	100	–	–[@]	–
*	MHP Pte. Ltd. (Singapore)	Investment holding	100	–	–[@]	–

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 31.12.2011 %	Equity interest held by the Group 31.12.2010 %	Cost of investment by the Company 31.12.2011 $'000	Cost of investment by the Company 31.12.2010 $'000
	Held through subsidiaries					
*	Kim Leong Development Pte Ltd (Singapore)	Currently dormant	83.56	83.56	–	–
*	Heeton Realty Pte. Ltd. (Singapore)	Property development	100	100	–	–
* b	Residenza Pte. Ltd. (Singapore)	Property development	–	100	–	–
					33,481	33,481

* Audited by Ernst & Young LLP, Singapore.

** Not required to be audited under Companies Act.

@ $2 comprising two subscriber shares of $1 each.

a On 16 February 2011, the Group has signed a Memorandum of Understanding ("MOU") with third parties for tender of a property. Pursuant to the MOU, the Group holds a 40% interest in the share capital of Unique Realty Pte. Ltd.. Accordingly, Unique Realty Pte. Ltd. has become an associated company of the Group as at 31 December 2011 (previously a wholly owned subsidiary as at 31 December 2010).

b On 8 March 2011, the Group has signed a Memorandum of Understanding ("MOU2") with third parties for the purchase of units of a property. Pursuant to the MOU2, the Group holds a 36% interest in the share capital of Residenza Pte. Ltd.. Accordingly, Residenza Pte. Ltd. has become an associated company of the Group as at 31 December 2011 (previously a wholly owned subsidiary as at 31 December 2010).

Impairment testing of investment in subsidiaries

As at 31 December 2011, the Company has recognised impairment losses on investment in subsidiaries amounting to $1,891,000 (2010: $1,891,000). During the last financial year, a write-back of impairment loss of $1,244,000 was made as there was indication that previously recognised impairment losses no longer existed or decreased.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

14. Associated companies

Investment in associated companies comprise:

	Group	
	31.12.2011	**31.12.2010**
	$'000	$'000
Unquoted equity shares, at cost	19,434	4,728
Share of losses	(3,682)	(3,056)
Exchange differences	(274)	(247)
	15,478	1,425
Amount due from associated companies	51,042	34,411
Exchange differences	(64)	272
Carrying amount of investments	66,456	36,108

Amount due from associated companies is mainly denominated in Thai Baht and is not expected to be repaid within the next twelve months.

The Group has not recognised losses relating to Dalvey Estate Co., Limited where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $862,000 (2010: $775,000), of which $123,000 (2010: $73,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The Group has also not recognised losses relating to Dalvey Holdings Co., Limited where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $1,188,000 (2010: $164,000), of which $1,071,000 (2010: $Nil) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The Group has not recognised losses relating to Dalvey Residence Co., Limited where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $1,004,000 (2010: $696,000), of which $273,000 (2010: $132,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The Group has also not recognised losses relating to Unique Development Pte. Limited where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $1,326,000 (2010: $Nil), of which $1,326,000 (2010: $Nil) was the share of the current year's losses. The Group has no obligation in respect of these losses.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 31.12.2011 %	Equity interest held by the Group 31.12.2010 %	Cost of investment by the Group 31.12.2011 $'000	Cost of investment by the Group 31.12.2010 $'000
Held through subsidiaries						
*	Jiujiang Heeton Enterprise Ltd ("JHEL") (China)	Property development	30.00	30.00	4,101	4,101
***	KSH (China) Venture Pte. Ltd. (Singapore)	Property development and investment holding	20.00	–	200	–
**	Dalvey Estate Co., Ltd (Thailand)	Property development	38.98	38.98	65	65
**	Dalvey Residence Co., Ltd (Thailand)	Property development	38.98	38.98	65	65
**	Dalvey Holdings Co., Ltd (Thailand)	Investment holding	49.00	49.00	47	47
*** a	Residenza Pte. Ltd. (Singapore)	Property development	36.00	–	360	–
*** a	Unique Realty Pte. Ltd. (Singapore)	Property development	40.00	–	400	–
***	Unique Consortium Pte. Ltd. (Singapore)	Investment holding	35.00	–	350	–
##	Unique Capital Pte. Ltd. (Singapore)	Investment holding	40.00	–	400	–
***	Unique Development Pte. Ltd. (Singapore)	Property development	45.00	45.00	450	450
***** @	Dalvey Hospitality Co., Ltd (Thailand)	Investment holding	73.99	73.99	21	–
**** @	Econolodge Co., Ltd. (Thailand)	Hotel operation	86.74	86.74	12,975	–

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			31.12.2011	31.12.2010	31.12.2011	31.12.2010
			%	%	$'000	$'000
Held through Dalvey Holding Co., Ltd						
**	Dalvey Park Co., Ltd (Thailand)	Investment holding	48.99	48.99	–	–
**	Click Development Co., Ltd (Thailand)	Property development and property investment holding	48.99	48.99	–	–
**	Dalvey Homes Co., Ltd (Thailand)	Property development	48.99	48.99	–	–
Held through Dalvey Residence Co., Ltd						
**	G.E.T. Realty Co. Ltd (Thailand)	Property development and property investment holding	38.98	38.98	–	–
Held through Dalvey Park Co., Ltd						
**	Dalvey Place Co., Ltd (Thailand)	Property development and property investment holding	48.99	48.99	–	–
Held through Unique Consortium Pte. Ltd.						
#	Oxley Viva Pte. Ltd. (Singapore)	Property development	12.25	–	–	–
Held through Unique Capital Pte. Ltd.						
##	Mountbatten Edge Pte. Ltd. (Singapore)	Property development	16.00	–	–	–
					19,434	4,728

* Audited by Jiangxi Zhongshen Certified Public Accountants.

** Audited by Horwath (Thailand) Limited.

*** Audited by Ernst & Young LLP, Singapore.

**** Audited by Audit Zeed Co. Ltd., Thailand.

***** Audited by GAAP Solutions Co. Ltd., Thailand.

\# Audited by RSM Chio Lim Stone Forest.

\## Not required to be audited under Companies Act.

@ Classified as associated companies based on voting power which does not constitute control.

a See Note 13 for more details.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

14. Associated companies (cont'd)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	31.12.2011 $'000	31.12.2010 $'000
Assets and liabilities		
Total assets	371,723	68,415
Total liabilities	356,740	59,333
Results		
Revenue	7,296	3,118
Loss for the year, net	(6,654)	(1,623)

Acquisition of an associated company

On 15 November 2011 (the "acquisition date"), the Group's wholly-owned subsidiary company, MHP Pte. Ltd., and 73.99% owned associated company, Dalvey Hospitality Co., Ltd, acquired 49% and 51% equity interests respectively in Econolodge Co., Ltd. ("Econolodge"), a hotel operation in Pattaya, Thailand. Upon the acquisition, Econolodge became an 86.74% owned associated company of the Group.

The Group has acquired Econolodge in order to expand its presence in Thailand.

The fair value of the identifiable assets and liabilities of Econolodge as at the acquisition date were:

	Fair value on acquisition date $'000
Property, plant and equipment (hotel)	21,118
Property, plant and equipment (others)	169
Intangible assets	136
Deposits	17
Trade receivables	186
Inventories	130
Cash and cash equivalents	117
Other current assets	73
	21,946
Trade payables	(134)
Accrued expenses	(349)
Current portion of long term loans	(3,890)
Bank overdrafts	(41)
Other liabilities	(224)
	(4,638)
Total identifiable net assets at fair value	17,308
<u>Less:</u>	
<u>Consideration transferred for the acquisition of Econolodge</u>	
Cash paid	(16,243)
Negative goodwill	1,065
Goup's proportionate share of negative goodwill based on Group's interest	924

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14. Associated companies (cont'd)

The fair value of the property, plant and equipment (hotel) is based on a valuation performed by 15 Business Advisory Limited, an independent valuer with recognised and relevant professional qualifications with recent experience in the location and category of the property being valued.

The negative goodwill of $924,000 arises from the lower consideration paid for Econolodge compared to the fair value of Econolodge. However, the negative goodwill has not been recognised in the statement of comprehensive income in view that the final consideration has not been determined at the date the financial statements was authorised for issue. Negative goodwill arising from this acquisition will be adjusted accordingly on a retrospective basis when the consideration is finalised.

From the acquisition date, Econolodge has contributed $71,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the Group's share of Econolodge's profits, net of tax would have been $43,000.

15. Joint venture companies

Investment in joint venture companies comprises:

	Company	
	31.12.2011	31.12.2010
	$'000	$'000
Unquoted equity shares, at cost	5,000	5,000

Details of the joint venture companies are as follows:

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			31.12.2011	31.12.2010	31.12.2011	31.12.2010
			%	%	$'000	$'000
*	Canberra Development Pte Ltd (Singapore)	Property investment holding	50	50	5,000	5,000
Held through subsidiaries						
*	Buildhome Pte. Ltd. (Singapore)	Property development	50	50	–	–
*	Phileap Pte. Ltd. (Singapore)	Property development	25	25	–	–
					5,000	5,000

* Audited by Ernst & Young LLP, Singapore.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

15. Joint venture companies (cont'd)

The aggregate amounts of each of the Group's share of the joint venture companies' results, assets and liabilities are as follows:

	31.12.2011 $'000	31.12.2010 $'000 (Restated)
Statement of comprehensive income		
Revenue	66,169	8,078
Expenses	46,319	6,034
Assets and liabilities		
Non-current assets	125,006	125,003
Current assets	139,626	140,868
Total assets	264,632	265,871
Current liabilities	32,749	51,638
Non-current liabilities	184,386	166,070
Total liabilities	217,135	217,708

16. Other investments

	Group 31.12.2011 $'000	 31.12.2010 $'000
Equity instruments (unquoted), at cost	2,388	2,388
Amounts due from an investee company (non-trade)	975	131
	3,363	2,519

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 31.12.2011 %	 31.12.2010 %	Cost of investment by the Group 31.12.2011 $'000	 31.12.2010 $'000
*	Panareno Sdn Bhd (Malaysia)	Property development	15	15	2,288	2,288
**	Development 26 Pte. Ltd. (Singapore)	Property development	10	10	100	100
					2,388	2,388

* Audited by Messrs Cheong & Co.

** Audited by Ernst & Young LLP, Singapore

Notes to the Financial Statements

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(In Singapore dollars)

16. Other investments (cont'd)

As at 31 December 2011, the equity interest in an investee company included $2,272,000 or 5,120,250 (2010: $2,272,000 or 5,120,250) redeemable preference shares of RM0.01 each at a premium of RM0.99 each. The redeemable preference shares are redeemable by the investee company by the payment of not less than RM1.00 each for every preference share at any time at the discretion of the investee company.

Amounts due from an investee company of $975,000 (2010: $131,000) is unsecured, bears interest at 0.25% above the local banks' prime rate per annum and is to be settled in cash. This amount has no fixed terms of repayment and is not expected to be repaid within the next 12 months.

17. Intangible assets

	Goodwill $'000
Group	
Cost:	
At 1 January 2010, 31 December 2010, and 31 December 2011	175
Accumulated impairment:	
At 1 January 2010, 31 December 2010, and 31 December 2011	66
Net carrying amount:	
At 31 December 2010 and 31 December 2011	109

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to the individual entity which is also the cash-generating unit ("CGU").

Allocated goodwill based on the CGU is as follows:

	Carrying amount as at 31.12.2011 $'000	Carrying amount as at 31.12.2010 $'000	Basis on which recoverable amount is determined	Pre-tax discount rate
Heeton Estate Pte Ltd	109	109	Value-in-use	10%

A summary of goodwill allocated to the reportable segments to which this CGU belongs is presented below:

	Property investment $'000
Net carrying amount:	
At 31 December 2010	109
At 31 December 2011	109

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

17. Intangible assets (cont'd)

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a 5-year period. The pre-tax discount rate applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of assessment of the cash generating unit. The growth rate during the forecast period has been conservatively assumed to be zero in the absence of a reliable average growth rate for the industry in which the entity operates.

No impairment loss was required for the financial year ended 31 December 2011 and 2010 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

18. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities arose as a result of:

	Group			Company	
	31.12.2011 $'000	**31.12.2010** $'000 **(Restated)**	**1.1.2010** $'000 **(Restated)**	**31.12.2011** $'000	**31.12.2010** $'000
Deferred tax assets					
Provision for unutilised leave	–	–	5	–	–
Differences in depreciation	8	8	7	8	8
	8	8	12	8	8
Deferred tax liabilities					
Revaluation of investment properties to fair value	(13,165)	(12,417)	(11,652)	–	–
Others	(1,122)	(1,118)	(695)	–	–
	(14,287)	(13,535)	(12,347)	–	–

As at 31 December 2011, the Group had unutilised tax losses of approximately $4,756,000 (2010: $2,005,000) available for offset against future taxable income, subject to agreement by the Inland Revenue Authority of Singapore and compliance with the relevant provisions of the Singapore Income Tax Act. No deferred tax asset is recognised due to uncertainty of its recoverability.

Tax consequences of proposed dividends

There are no income tax consequences (2010: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 40).

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(In Singapore dollars)

19. Development properties

	Group 31.12.2011 $'000	Group 31.12.2010 $'000 (Restated)	Group 1.1.2010 $'000 (Restated)	Company 31.12.2011 $'000	Company 31.12.2010 $'000
Cost of land	221,145	221,145	230,054	24,346	24,346
Interest capitalised	30,251	25,669	24,380	3,312	3,312
Development and related costs	86,490	61,618	48,129	12,220	12,120
	337,886	308,432	302,563	39,878	39,778
Attributable profit/ (loss) recognised	35,398	12,804	7,033	(111)	(111)
	373,284	321,236	309,596	39,767	39,667
Progress billings	(107,703)	(57,497)	(56,258)	(580)	(580)
	265,581	263,739	253,338	39,187	39,087
Provision for foreseeable losses	–	(1,000)	(2,500)	–	–
	265,581	262,739	250,838	39,187	39,087
Interest capitalised during the year	4,582	4,649		–	–

Movements in provision for foreseeable losses during the year are as follows:

	Group 31.12.2011 $'000	Group 31.12.2010 $'000 (Restated)	Group 1.1.2010 $'000 (Restated)	Company 31.12.2011 $'000	Company 31.12.2010 $'000
Balance at beginning of year	1,000	2,500	117	–	–
Provision during the year	–	–	2,500	–	–
Reversal of provision	(1,000)	(1,500)	(117)	–	–
At end of year	–	1,000	2,500	–	–

(i) As at the end of financial year, borrowing costs of $30,251,000 (2010: $25,669,000), arising from borrowings obtained specifically for the development property were capitalised. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation range from 1.24% to 5.75% (2010: 1.51% to 5.75%).

(ii) Development properties amounting to $265,581,000 (2010: $262,739,000) under development have been pledged as security for bank loans (Notes 27 and 28).

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19. Development properties (cont'd)

The development properties held by the Group (excluding associated companies) as at 31 December 2011 are:

Name and Location	Percentage held (%)	Tenure	Proposed Development	Development	Approximate Land Area (sq m)	Gross Floor Area (sq m)	Estimated stage of completion as at date of annual report (%) (Expected year of completion)
El Centro at 11 Kee Seng Street	100	Freehold	Apartment/ Retail	Mixed development comprising a 10-storey apartment block, total 40 units	1,477	5,147	TOP obtained in FY2004
The Lumos at No. 9 Leonie Hill	50	Freehold	Apartment	Proposed 35-storey apartment with one basement & swimming pool, total 53 units	3,232	9,953	TOP obtained in August 2011
iLiv@Grange at 74 Grange Road	100	Freehold	Apartment	Proposed 1 block of 16-storey residential flats (total 30 units) with basement car park and communal facilities	1,888	4,362	40% (FY2013)
Lincoln Suites at 1/3 Khiang Guan Avenue	25	Freehold	Condominium	Proposed condominium development comprising 2 blocks of 30-storey apartment flat (total 175 units) with provisions for 1 block of 6-deck multi-storey car park, 2 levels of sky terraces, swimming pool and other communal facilities	5,573	16,826	30% (FY2013)

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20. Trade receivables

	Group		Company	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	$'000	$'000	$'000	$'000
Trade receivables	9,799	3,534	1	1
Less: Allowance for impairment	(395)	(401)	–	–
	9,404	3,133	1	1

Movements in allowance for impairment during the year are as follows:

	Group		Company	
At beginning of year	401	727	–	–
Reversal for the year	(6)	(319)	–	–
Written off	–	(7)	–	–
At end of year	395	401	–	–

Trade receivables are non-interest bearing and are generally on cash basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $1,782,000 (2010: $2,991,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	31.12.2011	31.12.2010
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	78	92
30 to 60 days	125	140
61 to 90 days	21	13
91 to 120 days	13	453
More than 120 days	1,545	2,293
	1,782	2,991

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20. Trade receivables (cont'd)

Receivables that are impaired

	Group Individually impaired	
	31.12.2011	31.12.2010
	$'000	$'000
Trade receivables – nominal amounts	537	543
Less: Allowance for impairment	(395)	(401)
	142	142

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

21. Other receivables

	Group		Company	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	$'000	$'000	$'000	$'000
Financial assets				
Deposits	491	466	207	258
Other receivables	259	331	1	8
	750	797	208	266

22. Amounts due from/to subsidiaries (non-trade)
Amounts due from related parties (trade)
Amounts due to a joint venture company (non-trade)

These balances are unsecured, non-interest bearing and are repayable on demand except for amounts due from subsidiaries of $68,295,000 (2010: $72,896,000) which bear interest at 3.25% (2010: 4%) per annum, amounts due to subsidiaries of $18,662,000 (2010: $7,304,000) which bear interest at 3.25% (2010: 4%) per annum and amounts due to joint venture companies of $nil (2010: $7,408,000) which bear interest at 1% above average of the local banks' prime rate (2010: 1%) per annum. These amounts are to be settled in cash.

The movement for allowance in impairment of amount due from subsidiaries are as follows:

	Company	
	31.12.2011	31.12.2010
	$'000	$'000
Amount due from subsidiaries	88,167	78,280
Less: Allowance for impairment	(4,503)	(1,072)
	83,664	77,208

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22. Amounts due from/to subsidiaries (non-trade) Amounts due from related parties (trade) Amounts due to a joint venture company (non-trade) (cont'd)

Movements in allowance for impairment during the year are as follows:

	Company	
	31.12.2011 $'000	31.12.2010 $'000
At beginning of year	(1,072)	–
Charge for the year	(3,431)	(1,072)
At end of year	(4,503)	(1,072)

Receivables that are impaired

At the end of the reporting period, the Company has provided an allowance of $4,503,000 (2010: $1,072,000) for impairment of receivables from subsidiaries with a nominal amount of $6,458,000 (2010: $3,578,000). These subsidiaries have been suffering financial losses for the current and past financial years.

23. Fixed deposits

The Group's fixed deposits amounting to approximately $nil (2010: $9,768,000) have been pledged to the banks for banking facilities granted.

The weighted average effective interest rate as at 31 December 2011 for the Group and the Company were 0.30% (2010: 0.29%) and 0.21% (2010: nil%) respectively.

The fixed deposits of the Group and the Company have an average maturity of 94 days (2010: 115 days) and 30 days (2010: nil) respectively.

24. Cash and bank balances

	Group		Company	
	31.12.2011 $'000	31.12.2010 $'000	31.12.2011 $'000	31.12.2010 $'000
Cash in hand	4	4	–	–
Cash at bank from continuing operations	6,655	3,572	277	247
Cash at bank from discontinued operations	–	26	–	–
	6,659	3,602	277	247

25. Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

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26. Other payables and accruals

	Group		Company	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	$'000	$'000	$'000	$'000
Current portion:				
Financial liabilities				
Accrued operating expenses	2,992	4,976	1,384	1,553
Rental deposits received	1,852	1,930	–	–
Other deposits received	244	254	3	3
Other payables	263	1,902	24	64
	5,351	9,062	1,411	1,620
Non-financial liabilities				
Advance rental received	297	86	2	4
Deferred lease income	157	186	–	–
	5,805	9,334	1,413	1,624
Non-current portion:				
Financial liabilities				
Rental deposits received	1,528	1,547	–	–

Other payables are non-interest bearing and have average term of 30 to 90 days.

27. Short-term bank loans/bank overdrafts

Certain short-term bank loans/bank overdrafts are secured by:

(i) a first legal mortgage on certain investment properties and development properties of the Group;

(ii) corporate guarantee by the Company; and

(iii) legal assignment of all rental and sales proceeds from certain investment properties and development properties.

Short-term bank loans

Terms of repayment	Interest rates	Group		Company	
		31.12.2011	31.12.2010	31.12.2011	31.12.2010
		$'000	$'000	$'000	$'000
Repayable on demand	1.5% above SIFBR	10,000	17,100	10,000	17,100
Repayable on demand	1.8% above bank's cost of fund	3,000	3,000	3,000	3,000
Repayable on demand	1.3% above swap cost	3,205	3,705	–	–
Repayable on demand	1.375% above swap cost	12,000	–	–	–
		28,205	23,805	13,000	20,100

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27. Short-term bank loans/bank overdrafts (cont'd)

Bank overdrafts

The bank overdrafts bear interest ranging from 0.0% to 0.5% per annum above the bank's prevailing prime rate.

28. Bank term loans

Details of bank term loans are as follows:

Terms of repayment	Interest rates	Group		Company	
		31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
		$'000	$'000	$'000	$'000
(a) 36 equal quarterly instalments of $375,000 each commencing in February 2006 and a final instalment of $38,500,000 on 31 August 2014	1.25% to 1.85% above swap cost	43,000	44,500	–	–
(b) 18 equal quarterly instalments of $60,000 each commencing on 31 August 2010 and a final instalment of $9,145,000 on 31 August 2014	1.85% above swap cost	9,865	10,105	–	–
(c) 9 equal semi-annual instalments of $300,000 each commencing 6 months from 27 December 2007 and a final instalment of $15,300,000 on 27 December 2012	1.375% above swap cost	15,600	16,200	–	–
(d) 20 years (monthly instalment over 240 months)	1.5% above SIFBR	22,113	23,000	22,113	23,000
(e) 18 years and 4 months (monthly instalment over 220 months)	1.5% above SIFBR	4,946	–	4,946	–
(f) 5 equal annual instalments of $1,000,000 each commencing in June 2011 with a final repayment of $66,500,000 due on 28 February 2016	1.375% above swap cost	70,500	71,500	–	–

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28. Bank term loans (cont'd)

Terms of repayment	Interest rates	Group 31.12.2011 $'000	Group 31.12.2010 $'000	Company 31.12.2011 $'000	Company 31.12.2010 $'000
(g) Repayable in full on 31 March 2013 or 6 months from date of issue of TOP of the development, whichever is earlier	1.5% above SIBOR	73,525	66,720	–	–
(h) 2 equal instalments of $3,750,000 each on 31 October 2012 and 31 December 2012, with a final repayment of $43,500,000 on November 2014	1.5% above cost of funds	51,000	–	–	–
(i) Repayable in full 66 months from January 2008 or up to 6 months from date of issue of TOP of the development, whichever is earlier	1.125% above swap cost	35,395	41,895	–	–
(j) Repayable in full on 31 December 2011	1.375% above swap cost	–	31,680	–	–
(k) Repayable in full on 31 December 2011	1.625% above swap cost	–	6,500	–	–
(l) Repayable in full on 31 December 2011	1.25% above swap cost	–	2,635	–	–
		325,944	314,735	27,059	23,000
Due within 12 months		(26,959)	(45,042)	(1,119)	(887)
Due after 12 months		298,985	269,693	25,940	22,113

Term loans (a) to (c) are secured by:

(i) a first legal mortgage on the investment properties of the Group;
(ii) legal assignment of all sales and rental proceeds from the investment properties; and
(iii) corporate guarantee by the Company.

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(In Singapore dollars)

28. Bank term loans (cont'd)

Term loans (d), (e) and (g) are secured by:

(i) first legal mortgage on the development properties of the Group;
(ii) legal assignment of all sales proceeds from the development properties; and
(iii) legal assignment of all rental proceeds from the development properties.

Term loans (g) is secured by:

(i) legal assignment of all proceeds from construction contracts and performance bonds in respect of a development property;
(ii) legal assignment of all insurance policies taken in relation to the development property; and
(iii) corporate guarantee by the Company.

Term loan (f) is secured by:

(i) a first legal mortgage over the investment property of a joint venture company;
(ii) legal assignment of rental proceeds from the investment property;
(iii) legal assignment of insurance policies taken in relation to the investment properties; and
(iv) proportionate guarantee by the Company.

Term loans (h) to (l) are secured by:

(i) a first legal mortgage over the development property of certain joint venture companies;
(ii) legal assignment of sales proceeds from the development property;
(iii) legal assignment of tenancy, rental, lease and licence agreements;
(iv) legal assignment of construction contract(s) and performance bonds;
(v) legal assignment of fire insurance policy; and
(vi) proportionate guarantee by the Company.

29. Share capital

	Group and Company			
	31.12.2011		31.12.2010	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At beginning of year and end of year	223,846	58,803	223,846	58,803

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

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30. Other reserves

	Group	
	31.12.2011 $'000	31.12.2010 $'000
Foreign currency translation reserve	(338)	25

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Balance at beginning of year	25	(199)
Foreign currency translation	(363)	224
Balance at end of year	(338)	25

31. Commitments

(a) *Operating lease commitments – as lessee*

As at 31 December 2011, the Group has operating lease commitments in respect of the rental of office premises. These leases have an average tenure of between three to six years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised in the consolidated statement of comprehensive income during the year amount to $303,000 (2010: $297,000).

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	31.12.2011 $'000	31.12.2010 $'000
Future minimum payments		
- not later than 1 year	303	303
- 1 year through 5 years	827	943
- after 5 years	–	186
	1,130	1,432

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31. Commitments (cont'd)

(b) *Operating lease commitments – as lessor*

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between two and eight years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	31.12.2011	**31.12.2010**
	$'000	$'000
Lease payments receivable		
- not later than 1 year	14,989	14,329
- 1 year through 5 years	10,157	7,992
- after 5 years	1,044	1,218
	26,190	23,539

(c) *Finance lease commitments*

	Total minimum lease payments 31.12.2011	**Present value of payments 31.12.2011**	**Total minimum lease payments 31.12.2010**	**Present value of payments 31.12.2010**
	$'000	$'000	$'000	$'000
Group				
Within one year	101	94	61	56
After one year but not more than five years	173	159	158	143
Total minimum lease payments	274	253	219	199
Less: Amounts representing finance charges	(21)	–	(20)	–
Present value of minimum lease payments	253	253	199	199

The Group has finance leases for motor vehicles. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. These leases also do not have terms of renewal, purchase options and escalation clauses. The lease obligations bear effective interest rate ranging from 1.88% to 4.33% (2010: 3.72% to 5.04%) per annum.

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31. Commitments (cont'd)

(c) ***Finance lease commitments (cont'd)***

	Total minimum lease payments 31.12.2011 $'000	Present value of payments 31.12.2011 $'000	Total minimum lease payments 31.12.2010 $'000	Present value of payments 31.12.2010 $'000
Company				
Within one year	56	53	16	15
After one year but not more than five years	60	57	–	–
Total minimum lease payments	116	110	16	15
Less: Amounts representing finance charges	(6)	–	(1)	–
Present value of minimum lease payments	110	110	15	15

The Company has finance leases for motor vehicles. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The lease also does not have terms of renewal, purchase options and escalation clauses. The lease obligations bear effective interest rate at 1.88% (2010: 5.04%) per annum.

(d) ***Capital commitment***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements for the Group are as follows:

	Group 31.12.2011 $'000	Group 31.12.2010 $'000
Commitment in relation to investment in jointly controlled entity	4,800	–

32. Discontinued operation and assets held for sale

On 10 September 2009, the Group announced the decision of its board of directors to divest from the market operations segment, consisting of the two wholly-owned subsidiaries, Market Holdings Pte Ltd and Market Investment Pte Ltd. The decision is consistent with the Group's strategy to focus on its core business in property development and investment. The Group has also entered into preliminary negotiations with a potential buyer to sell all the leasehold properties within the segment on that date. The carrying amount of the leasehold properties as at 31 December 2009 was $20,588,000. The sale of the leasehold properties was completed on 4 January 2010 for a total cash consideration of $25,550,000.

For the year ended 31 December 2010 and 31 December 2011, the results of the market operations segment are presented separately on the statement of comprehensive income as "Profit from discontinued operation, net of tax".

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32. Discontinued operation and assets held for sale (cont'd)

Statement of comprehensive income disclosures

The results of the market operations segment for the years ended 31 December are as follows:

	Group	
	31.12.2011	**31.12.2010**
	$'000	$'000
Revenue	–	–
Other income	–	4,692
Expenses	–	(35)
Profit from operations	–	4,657
Finance income	–	80
Finance costs	–	(12)
Profit before tax from discontinued operation	–	4,725
Taxation	–	–
Profit from discontinued operation, net of tax	–	4,725

Statement of cash flows disclosures

The cash inflows/(outflows) attributable to the market operations segment are as follows:

Operating	–	(16,174)
Investing	–	25,550
Financing	–	(7,433)
Net cash inflows	–	1,943

33. Related party transactions

(a) ***Sale and purchase of goods and services***

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

During the year, a joint venture company of the Group, Phileap Pte. Ltd., has entered into 1 (2010:1) sales transaction with a related party of the Group, at a transacted price of $3,224,000 (2010: $3,630,000). Total sales proceeds received during the reporting period amounts to $1,511,700 (2010: $544,500).

During the year, an associated company of the Group, Unique Development Pte. Ltd., has entered into 2 (2010: Nil) sales transactions with related parties of the Group, at transacted prices amounting to $2,442,000 (2010: Nil). Total sales proceeds received during the reporting period amounts to $488,400 (2010: Nil).

During the year, the Group has engaged a firm of which one of the independent directors of the Company is the chairman, for the provision of marketing and consultancy services for an amount of $633,000 (2010: Nil). The balance outstanding at the end of the reporting period was $83,000 (2010: Nil).

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33. Related party transactions (cont'd)

(a) *Sale and purchase of goods and services (cont'd)*

	Group		Company	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	$'000	$'000	$'000	$'000
Income				
Interest income				
- subsidiaries	–	–	3,261	3,499
- associated companies	1,734	1,480	–	–
Management fee income				
- a joint venture company	–	–	1,000	1,000
- subsidiaries	–	–	759	794
- associated company	174	69	–	–
- related party	41	38	–	–
Rental income from a subsidiary	–	–	1,617	1,571
Expenses				
Management fee paid to a subsidiary	–	–	324	240
Interest paid to a subsidiary	–	–	997	859
Interest paid to a related party	–	7	–	7
Interest paid to a joint venture company	–	–	126	466
Rental paid to related party	116	110	–	–

(b) *Compensation of key management personnel*

	Group	
	31.12.2011	31.12.2010
	$'000	$'000
Short-term employee benefits	2,130	1,988
Central Provident Fund contributions	64	43
Other short-term benefits	30	27
	2,224	2,058
Comprise amounts paid to:		
- Directors of the Company	1,640	1,735
- Other key management personnel	584	323
	2,224	2,058

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34. Shareholders' contribution

In 2010, Heeton Realty Pte. Ltd. became a wholly-owned subsidiary of the Group, upon the exit of the joint venture partner ("JV partner"). The JV partner previously held a 45% interest in Heeton Realty Pte. Ltd.. In 2010, the JV partner had agreed to waive an amount of $8,596,000 of its shareholder loans extended to Heeton Realty Pte. Ltd.. This amount has been classified as "Shareholders' contribution" within the equity of the Group.

35. Contingencies

The Company has provided corporate guarantees to banks and financial institutions of $435,168,000 (2010: $458,362,000) for credit facilities (Notes 27 and 28) taken by its subsidiaries, joint venture companies and associated companies.

36. Financial instruments

Classification

The table below is an analysis of the carrying amounts of financial instruments by categories as defined in FRS 39 as at 31 December:

		Group		Company	
	Note	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
		$'000	$'000	$'000	$'000
Loans and receivables					
Trade receivables	20	9,404	3,133	1	1
Other receivables	21	259	331	1	8
Deposits	21	491	466	207	258
Amounts due from an investee company	16	975	131	–	–
Amounts due from subsidiaries (non-trade)	22	–	–	83,664	77,208
Amounts due from related parties (trade)	22	4	4	–	–
Fixed deposits	23	10,513	16,068	2,000	–
Cash and bank balances	24	6,659	3,602	277	247
		28,305	23,735	86,150	77,722
Available-for-sale financial assets					
Other investments	16	2,388	2,388	–	–

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36. Financial instruments (cont'd)

	Note	Group 31.12.2011 $'000	Group 31.12.2010 $'000	Company 31.12.2011 $'000	Company 31.12.2010 $'000
Financial liabilities measured at amortised cost					
Trade and other payables (current)					
Trade payables	25	9,422	5,594	60	140
Other payables and accruals	26	5,351	9,062	1,411	1,620
Amounts due to subsidiaries	22	–	–	86	102
		14,773	14,656	1,557	1,862
Other payables (non-current)	26	1,528	1,547	–	–
Total trade and other payables		16,301	16,203	1,557	1,862
Loans and borrowings (current)					
Amounts due to subsidiaries	22	–	–	18,662	7,304
Amounts due to a joint venture company	22	–	–	–	7,408
Short-term bank loans	27	28,205	23,805	13,000	20,100
Bank term loans	28	26,959	45,042	1,119	887
Bank overdrafts	27	–	927	–	–
Lease obligations	31(c)	94	56	53	15
		55,258	69,830	32,834	35,714
Loans and borrowings (non-current)					
Bank term loans	28	298,985	269,693	25,940	22,113
Lease obligations	31(c)	159	143	57	–
Total loans and borrowings		354,402	339,666	58,831	57,827
Total finance liabilities measured at amortised cost		370,703	355,869	60,388	59,689

Fair value

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

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36. Financial instruments (cont'd)

Fair value (cont'd)

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonably approximation of fair value

Management has determined that the carrying amounts of cash and bank balances and fixed deposits, current trade and other receivables, bank overdrafts, current trade and other payables, short-term bank loans and bank term loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Non-current bank term loans reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

		31.12.2011 $'000		31.12.2010 $'000	
	Note	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair Value**
Group					
Financial assets:					
Equity instruments, at cost	16	2,388	*	2,388	*
Financial liabilities:					
Obligations under finance leases	31(c)	253	274	199	219
Company					
Financial liabilities:					
Obligations under finance leases	31(c)	110	116	15	16

* Investment in equity instrument carried at cost (Note 16)

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in property development companies in Kuala Lumpur, Malaysia and Singapore that is not quoted on any market. The property development companies will be liquidated upon completion of its development property.

Fair value of the obligations under finance leases has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements.

During the year, no amount (2010: Nil) has been recognised in profit or loss in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique.

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(In Singapore dollars)

37. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Finance Director. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The Group also enters into derivative transactions, including principally interest rate swaps. The purpose is to manage the interest rate risks arising from the Group's operations and sources of financing. There were no such transactions during the current financial year.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) *Credit risk*

Credit risk is the risk of loss that may arise from outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and

- a nominal amount of $435,168,000 (2010: $458,362,000) relating to corporate guarantees provided by the Company to banks/ financial institutions on a subsidiaries'/joint ventures'/ associated companies' credit facilities.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

37. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis.

At the end of the reporting period, 100% (2010: 100%) of the Group's trade receivables were due from customers located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that not more than 30% (2010: 30%) of loans and borrowings (including overdrafts) should mature in the next one year period, and that to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the end of the reporting period, approximately 16% (2010: 21%) of the Group's loans and borrowings (Note 36) will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

37. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	Note	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Group					
2011					
Financial assets:					
Trade receivables	20	9,404	–	–	9,404
Other receivables	21	259	–	–	259
Deposits	21	491	–	–	491
Amounts due from related parties (trade)	22	4	–	–	4
Fixed deposits	23	10,521	–	–	10,521
Cash and bank balances	24	6,659	–	–	6,659
Other investments	16	1,655	1,951	–	3,606
Total undiscounted financial assets		28,993	1,951	–	30,944
Financial liabilities:					
Trade and other payables		14,773	1,528	–	16,301
Loans and borrowings		62,391	289,820	25,584	377,795
Total undiscounted financial liabilities		77,164	291,348	25,584	394,096
Total net undiscounted financial liabilities		(48,171)	(289,397)	(25,584)	(363,152)
2010					
Financial assets:					
Trade receivables	20	3,133	–	–	3,133
Other receivables	21	331	–	–	331
Deposits	21	466	–	–	466
Amounts due from related parties (trade)	22	4	–	–	4
Fixed deposits	23	16,081	–	–	16,081
Cash and bank balances	24	3,602	–	–	3,602
Other investments	16	–	2,519	–	2,519
Total undiscounted financial assets		23,617	2,519	–	26,136
Financial liabilities:					
Trade and other payables		14,656	1,547	–	16,203
Loans and borrowings		75,497	195,514	93,221	364,232
Total undiscounted financial liabilities		90,153	197,061	93,221	380,435
Total net undiscounted financial liabilities		(66,536)	(194,542)	(93,221)	(354,299)

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

37. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

	Note	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Company					
2011					
Financial assets:					
Trade receivables	20	1	–	–	1
Other receivables	21	1	–	–	1
Deposits	21	207	–	–	207
Amounts due from subsidiaries (non-trade)	22	85,884	–	–	85,884
Fixed deposits	23	2,000	–	–	2,000
Cash and bank balances	24	277	–	–	277
Total undiscounted financial assets		88,370	–	–	88,370
Financial liabilities:					
Trade and other payables		1,557	–	–	1,557
Loans and borrowings		34,677	7,913	25,584	68,174
Total undiscounted financial liabilities		36,234	7,913	25,584	69,731
Total net undiscounted financial assets/(liabilities)		52,136	(7,913)	(25,584)	18,639
2010					
Financial assets:					
Trade receivables	20	1	–	–	1
Other receivables	21	8	–	–	8
Deposits	21	258	–	–	258
Amounts due from subsidiaries (non-trade)	22	80,124	–	–	80,124
Cash and bank balances	24	247	–	–	247
Total undiscounted financial assets		80,638	–	–	80,638
Financial liabilities:					
Trade and other payables		1,862	–	–	1,862
Loans and borrowings		37,774	6,432	22,512	66,718
Total undiscounted financial liabilities		39,636	6,432	22,512	68,580
Total net undiscounted financial assets/(liabilities)		41,002	(6,432)	(22,512)	12,058

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

37. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	1 year or less $ '000	Total $ '000
Group and Company		
2011		
Financial guarantees	435,168	435,168
2010		
Financial guarantees	458,362	458,362

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to related parties. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually repriced at intervals of equal or less than 6 months (2010: equal or less than 6 months) from the end of the reporting period.

The Group's policy is to manage interest cost using floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2010: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $1,355,000 (2010: $1,202,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

37. Financial risk management objectives and policies (cont'd)

(c) *Interest rate risk (cont'd)*

The following tables sets out the carrying amount, by maturity, of the Group's and Company's financial instruments that are exposed to interest rate risk:

	Note	Within 1 year $'000	1 to 5 years $'000	Total $'000
Group				
2011				
Floating rate				
Short-term bank loans	27	28,205	–	28,205
Bank term loans	28	26,959	298,985	325,944
2010				
Floating rate				
Bank overdrafts	27	927	–	927
Short-term bank loans	27	23,805	–	23,805
Bank term loans	28	45,042	269,693	314,735
Company				
2011				
Floating rate				
Short-term bank loans	27	13,000	–	13,000
Bank term loans	28	1,119	25,940	27,059
2010				
Floating rate				
Short-term bank loans	27	20,100	–	20,100
Bank term loans	28	887	22,113	23,000

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and Company that are not included in the above tables are not subject to material interest rate risks.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

37. Financial risk management objectives and policies (cont'd)

(d) *Foreign currency risk*

The Group's foreign currency risk arises mainly from the Group's operations in Thailand and China. The results and financial position of foreign operations are translated into SGD as disclosed under Note 2.4(c). Accordingly, the Group's balance sheet may be affected by fluctuations in the exchange rate between Thai Baht ("THB") and Renminbi ("RMB") and Singapore dollar. It is not the Group's policy to hedge exposures arising from such translations. The Group's strategy is to fund overseas operations with borrowings denominated in their functional currency as a natural hedge against overseas assets.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

At the end of the reporting period, such foreign currency balances are as follows:

	Carrying amount		Fair value	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
	$'000	$'000	$'000	$'000
Group				
- United States dollar ("USD")	19	7	19	7
Company				
- USD	4	4	4	4

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the THB and RMB exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax and equity.

		31.12.2011		31.12.2010	
		Profit net of tax	**Equity**	**Profit net of tax**	**Equity**
		$'000	$'000	$'000	$'000
THB	- strengthened 3% (2010: 3%)	–	476	–	367
	- weakened 3% (2010: 3%)	–	(476)	–	(367)
RMB	- strengthened 3% (2010: 3%)	(1)	32	(1)	32
	- weakened 3% (2010: 3%)	1	(32)	1	(32)

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity owners of the Company.

		Group	
	Note	**31.12.2011**	**31.12.2010**
		$'000	$'000 **(Restated)**
Trade and other payables	36	16,301	16,203
Loans and borrowings	36	354,402	339,666
Less: Cash and short-term unpledged fixed deposits		(17,172)	(9,902)
Net debt		353,531	345,967
Equity attributable to the owners of the Company		224,200	201,524
Capital and net debt		577,731	547,491
Gearing ratio		61%	63%

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

39. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

I. The property investment segment is engaged in the leasing of residential, retail and commercial properties.

II. The property development segment is involved in the development and sale of private residential properties.

III. The corporate segment is involved in Group-level corporate services and treasury functions.

IV. The market operations segment relates to the operations of markets. This segment has been classified as discontinued operations during the previous financial year (Note 32).

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Geographical information

The Group operates mainly in Singapore and none of its foreign operations' results constitute 10% or more of the Group's total segment results, or own assets amounting to 10% or more of the total assets of all segments.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

39. Segment information (cont'd)

	Property investment $'000	Property development $'000	Corporate $'000	Others $'000	Elimination $'000	Note	Consolidated $'000
31 December 2011							
Revenue:							
Sales to external customers	19,676	62,719	–	105	–		82,500
Inter-segment revenue	1,617	–	1,886	–	(3,503)	A	–
	21,293	62,719	1,886	105	(3,503)		82,500
Results:							
Interest income	17	2,773	8,143	–	(8,909)	A	2,024
Interest expense	(6,909)	(2,992)	(2,283)	–	9,112	A	(3,072)
Dividend income	13,098	3,561	–	–	(16,659)	A	–
Gains from fair value adjustments of investment properties	4,400	–	–	–	–		4,400
Depreciation of fixed assets	(88)	(192)	(2)	–	–		(282)
Share of profits/(losses) of associates	54	(642)	–	(38)	–		(626)
Other non-cash expenses[1]	6	1,000	–	–	–		1,006
Segment profit/(loss) before tax	24,559	18,324	5,896	–	(17,082)	B	31,697
Assets:							
Investment in associates	13,450	792	–	1,236	–		15,478
Additions to non-current assets[2]	4,400	–	406	–	–		4,806
Segment assets	295,259	355,774	239,824	–	(275,603)	C	615,254
Segment liabilities	186,803	356,266	82,406	–	(234,419)	D	391,056

1 Other non cash expenses consists of reversal of provision for foreseeable losses and reversal of provision for doubtful debts as presented in the respective notes to the financial statements.

2 Additions to non-current assets consist of additions to fixed assets and gains from fair value adjustments of investment properties.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

39. Segment information (cont'd)

	Property investment $'000	Market operations (Discontinued) $'000	Property development $'000 (Restated)	Corporate $'000	Others $'000	Elimination $'000	Note	Consolidated $'000 (Restated)
31 December 2010								
Revenue:								
Sales to external customers	19,201	–	27,435	–	107	–		46,743
Inter-segment revenue	1,571	–	–	1,665	–	(3,236)	A	–
	20,772	–	27,435	1,665	107	(3,236)		46,743
Results:								
Interest income	–	80	–	12,068	–	(10,623)	A	1,525
Interest expense	(4,415)	(12)	(102)	(8,345)	–	10,555	A	(2,319)
Dividend income	1,800	–	–	–	–	(1,800)	A	–
Gains from fair value adjustments of investment properties	4,500	–	–	–	–	–		4,500
Depreciation of fixed assets	(159)	–	(119)	(2)	–	–		(280)
Share of losses of associates	(198)	–	–	–	(106)	–		(304)
Gain on sale of fixed assets from discontinued operations	–	4,963	–	–	–	–		4,963
Other non-cash expenses[1]	(28)	(15)	(1,783)	–	–	–		(1,826)
Segment profit/(loss) before tax	12,250	4,725	4,219	5,941	–	(6,829)	B	20,306
Assets:								
Investment in associates	–	–	413	–	1,012	–		1,425
Additions to non-current assets[2]	4,500	–	–	365	–	–		4,865
Segment assets	247,834	–	322,512	302,793	–	(299,388)	C	573,751
Segment liabilities	165,041	36	297,124	167,269	–	(257,243)	D	372,227

1 Other non cash expenses consists of reversal of provision for foreseeable losses and reversal of provision for doubtful debts as presented in the respective notes to the financial statements.

2 Additions to non-current assets consist of additions to fixed assets and gains from fair value adjustments of investment properties.

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

39. Segment information (cont'd)

Notes:

A Inter-segment revenue, interest income, interest expense and dividend income are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at profit before tax from continuing operations' presented in the consolidated income statement:

	31.12.2011 $'000	31.12.2010 $'000
Dividend income	(16,659)	(1,800)
Finance cost	9,112	10,555
Finance income	(8,909)	(10,623)
Share of results of associates	(626)	(304)
Segment results of discontinued operation	–	(4,657)
	(17,082)	(6,829)

C The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet.

	31.12.2011 $'000	31.12.2010 $'000
Investment in subsidiaries	(32,140)	(32,140)
Investment in associates	(2,276)	(2,033)
Investment in joint venture	(5,750)	(5,750)
Intangible assets	109	109
Development properties	(1,127)	(2,331)
Intercompany loans	(234,419)	(257,243)
	(275,603)	(299,388)

D The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	31.12.2011 $'000	31.12.2010 $'000
Intercompany loans	(234,419)	(257,243)
	(234,419)	(257,243)

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

40. Dividend

	Group and Company	
	31.12.2011	31.12.2010
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2010: 0.90 cents (2009: 0.60 cents) per share	2,015	1,343
- Special exempt (one-tier) dividend for 2010: nil cents (2009: 0.20 cents) per share	–	448
- Interim exempt (one-tier) dividend for 2011: 0.20 cents (2010: 0.20 cents) per share	447	447
	2,462	2,238
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2011: 1.10 cents (2010: 0.90 cents) per share	2,462	2,015

41. Comparative figures

The following comparative figures have been adjusted due to adoption of INT FRS115.

	31.12.2010	
	As restated	As previously reported
	$'000	$'000
Consolidated balance sheet		
Development properties	262,739	270,983
Deferred tax liabilities	13,535	14,936
Retained earnings	134,100	140,943
Consolidated statement of comprehensive income		
Revenue	46,743	37,194
Cost of properties sold	(21,614)	(12,835)
Income tax expense	(3,468)	(3,337)
Profit from continuing operations, net of tax	16,838	16,199
	Cents	Cents
Basic earnings per share from continuing operations	7.52	7.24
Diluted earnings per share from continuing operations	7.52	7.24

Notes to the Financial Statements

31 December 2011

(In Singapore dollars)

41. Comparative figures (cont'd)

	1.1.2010	
	As restated	**As previously reported**
	$'000	$'000
Consolidated balance sheet		
Development properties	250,838	259,852
Deferred tax liabilities	12,347	13,879
Retained earnings	114,775	122,257

42. Events occurring after the reporting period

On 4 January 2012, Heeton Venture (Overseas) Pte. Ltd., the Group's wholly-owned subsidiary, has redeemed 3,620,250 out of 5,120,250 preference shares in Panareno Sdn Bhd at RM1.00 per share. Heeton Venture (Overseas) Pte. Ltd. owns 15% in the share capital of Panareno Sdn Bhd (Note 16).

On 7 March 2012, Unique Consortium Pte. Ltd., the Group's 35% associated company, has entered into an agreement with Oxley Holdings Limited and Goldprime Investment Pte. Ltd. pursuant to which Unique Consortium Pte. Ltd., Oxley Holdings Limited and Goldprime Investment Pte. Ltd. shall participate in the share capital of Oxley YCK Pte. Ltd. ("Oxley YCK") in the proportion of 35:55:10 respectively.

On 7 March 2012, Oxley YCK has been awarded the tender for the collective purchase of all the units and common property in the development known as Seletar Garden, located at 2A/B to 20A/B Cactus Road in Singapore at the purchase price of $96,188,000.

43. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 27 March 2012.

综合全面收益表

截至2011年12月31日之财政年度

(以新元表示)

	注释	**2011** $'000	**2010** $'000 **(调整后)**
持续经营业务			
营业额	4	82,500	46,743
出售房地产成本		(42,556)	(21,614)
其他营业收入	5	728	1,391
人员费用	6	(3,591)	(3,577)
固定资产折旧及摊销		(282)	(280)
可预见性发展物业亏损转回	7	1,000	1,500
其他营业费用		(8,828)	(7,259)
营业利润	7	28,971	16,904
财务费用	8(a)	(3,072)	(2,319)
财务收入	8(b)	2,024	1,525
应占联营公司亏损	14	(626)	(304)
投资产业公允价值收益	12	4,400	4,500
税前利润		31,697	20,306
税项	9	(6,198)	(3,468)
持续经营业务利润，税后		25,499	16,838
终止经营业务			
终止经营业务利润，税后	32	–	4,725
本年税后利润		25,499	21,563
其他综合收入:			
外币折算		(363)	224
其他综合收入，税后		(363)	224
年度综合收入总额		25,136	21,787
年度利润			
归属于:			
公司权益持有人			
持续经营业务利润，税后		25,501	16,838
终止经营业务利润，税后		–	4,725
		25,501	21,563
归属于:			
非控制性权益			
持续经营业务利润，税后		(2)	–
终止经营业务利润，税后		–	–
		(2)	–

综合全面收益表

截至2011年12月31日之财政年度

(以新元表示)

	注释	2011 $'000	2010 $'000 (调整后)
年度综合收入总额			
归属于:			
公司权益持有人			
持续经营业务利润，税后		25,138	17,062
终止经营业务利润，税后		–	4,725
		25,138	21,787
归属于:			
非控制性权益			
持续经营业务利润，税后		(2)	–
终止经营业务利润，税后		–	–
		(2)	–
持续经营业务每股收益 (分)			
归属于公司权益持有人			
基本	10	11.39	7.52
摊薄	10	11.39	7.52
终止经营业务每股收益 (分)			
归属于公司权益持有人			
基本	10	–	2.11
摊薄	10	–	2.11

本年报的综合全面收益表以英文和中文同时准备。如中英文版本有任何差异，请以英文版为准。

资产负债表

截至2011年12月31日之财政年度

(以新元表示)

	注释	本集团 31.12.2011 $'000	本集团 31.12.2010 $'000 (调整后)	本集团 1.1.2010 $'000 (调整后)	本公司 31.12.2011 $'000	本公司 31.12.2010 $'000
非流动资产						
固定资产	11	707	723	675	353	193
投资产业	12	250,800	246,400	241,900	–	–
子公司	13	–	–	–	31,590	31,590
联营公司	14	66,456	36,108	20,219	–	–
合营公司	15	–	–	–	5,000	5,000
其他投资	16	3,363	2,519	2,288	–	–
无形资产	17	109	109	109	–	–
递延税项资产	18	8	8	12	8	8
		321,443	285,867	265,203	36,951	36,791
流动资产						
发展产业	19	265,581	262,739	250,838	39,187	39,087
应收账款	20	9,404	3,133	5,443	1	1
其他应收账款	21	750	797	756	208	266
预付款项		900	1,541	1,021	13	18
子公司应付欠款（非贸易）	22	–	–	–	83,664	77,208
关联方应付欠款（贸易）	22	4	4	12	–	–
定期存款	23	10,513	16,068	15,493	2,000	–
现金及银行结存	24	6,659	3,602	3,738	277	247
		293,811	287,884	277,301	125,350	116,827
持有待售资产	32	–	–	20,588	–	–
		293,811	287,884	297,889	125,350	116,827
流动负债						
应付账款	25	9,422	5,594	3,190	60	140
其他应付款项及应计项目	26	5,805	9,334	18,593	1,413	1,624
应付子公司款项（非贸易）	22	–	–	–	18,748	7,406
应付合营公司款项（非贸易）	22	–	–	–	–	7,408
租赁负债	31(c)	94	56	83	53	15
短期银行贷款	27	28,205	23,805	47,818	13,000	20,100
定期银行贷款	28	26,959	45,042	42,726	1,119	887
银行透支	27	–	927	7,325	–	–
应交税费		5,612	2,551	2,388	268	330
		76,097	87,309	122,123	34,661	37,910
净流动资产		217,714	200,575	175,766	90,689	78,917
非流动负债						
其他应付款项及应计项目	26	1,528	1,547	1,715	–	–
租赁负债	31(c)	159	143	30	57	–
定期银行贷款	28	298,985	269,693	253,498	25,940	22,113
递延税项负债	18	14,287	13,535	12,347	–	–
		(314,959)	(284,918)	(267,590)	(25,997)	(22,113)
净资产		224,198	201,524	173,379	101,643	93,595

资产负债表

截至2011年12月31日之财政年度

(以新元表示)

	注释	本集团 31.12.2011 $'000	本集团 31.12.2010 $'000 (调整后)	本集团 1.1.2010 $'000 (调整后)	本公司 31.12.2011 $'000	本公司 31.12.2010 $'000
归属于本公司股权持有人的权益						
股本	29	58,803	58,803	58,803	58,803	58,803
股东出资	34	8,596	8,596	–	–	–
其他储备金	30	(338)	25	(199)	–	–
累计利润		157,139	134,100	114,775	42,840	34,792
		224,200	201,524	173,379	101,643	93,595
非控制性权益		(2)	–	–	–	–
总权益		224,198	201,524	173,379	101,643	93,595

本年报的资产负债表以英文和中文同时准备。如中英文版本有任何差异，请以英文版为准。

Statistics of Shareholders

as at 15 March 2012

SHARE CAPITAL

Number of Issued shares	:	223,846,000
Issued and fully paid-up capital	:	S$59,157,665.76
Class of Shares	:	Ordinary shares
Voting rights	:	One vote per share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 15 March 2012, approximately 30.54% of the total number of ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2012

(According to Register of Substantial Shareholders)

	Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
1.	Heeton Investments Pte Ltd	56,159,100	25.09	–	–
2.	Hong Heng Company Private Limited	34,160,250	15.26	–	–
3.	Toh Khai Cheng(1)	13,919,350	6.22	91,703,425	40.97
4.	Toh Giap Eng(2)	20,815,025	9.30	56,159,100	25.09
5.	Toh Gap Seng	12,269,475	5.48	–	–
6.	Kim Seng Holdings Pte Ltd	15,000,000	6.70	–	–
7.	Tan Fuh Gih(3)	–	–	15,000,000	6.70
8.	Tan Hoo Lang(3)	–	–	15,000,000	6.70
9.	Tan Kim Seng(3)	–	–	15,000,000	6.70
10.	Tan Wei Min(3)	–	–	15,000,000	6.70

Notes:

(1) Toh Khai Cheng is deemed to be interested in the 56,159,100 ordinary shares ("Shares") held by Heeton Investments Pte Ltd and the 34,160,250 Shares held by Hong Heng Company Private Limited. Toh Khai Cheng is also deemed to be interested in 1,384,075 Shares held by his deceased spouse.

(2) Toh Giap Eng is deemed to be interested in the 56,159,100 Shares held by Heeton Investments Pte Ltd.

(3) Tan Fuh Gih, Tan Hoo Lang, Tan Kim Seng and Tan Wei Min are deemed to be interested in the 15,000,000 Shares held by Kim Seng Holdings Pte Ltd.

Statistics of Shareholders

as at 15 March 2012

ANALYSIS OF SHAREHOLDINGS

As at 15 March 2012

Range of Shareholdings	Number of Shareholders	Percentage	No of Shares	Percentage
1 - 999	7	0.71	2,806	0.00
1,000 - 10,000	460	46.70	3,216,204	1.44
10,001 - 1,000,000	497	50.46	37,939,583	16.95
1,000,001 and above	21	2.13	182,687,407	81.61
TOTAL	985	100.00	223,846,000	100.00

MAJOR SHAREHOLDERS

As at 15 March 2012

No	Name of Shareholder	Number of Shares Held	Percentage
1	Heeton Investments Pte Ltd	56,159,100	25.09
2	Hong Heng Co Pte Ltd	34,160,250	15.26
3	Toh Giap Eng	20,815,025	9.30
4	Kim Seng Holdings Pte Ltd	15,000,000	6.70
5	Toh Khai Cheng	13,919,350	6.22
6	Toh Gap Seng	12,269,475	5.48
7	Hong Leong Finance Nominees Pte Ltd	7,011,000	3.13
8	Mayban Nominees (S) Pte Ltd	2,930,000	1.31
9	DBS Vickers Securities (S) Pte Ltd	2,101,000	0.94
10	Kwan Yann Haur Sebastian	2,044,000	0.91
11	DBS Nominees Pte Ltd	1,868,798	0.84
12	Pang Heng Kwee	1,845,000	0.82
13	Ang Kong Meng	1,733,000	0.78
14	Ng Wee Chu	1,653,175	0.74
15	UOB Kay Hian Pte Ltd	1,620,000	0.72
16	OCBC Securities Private Ltd	1,457,028	0.65
17	Tan Mui Choo	1,384,075	0.62
18	Maybank Kim Eng Securities Pte Ltd	1,313,306	0.59
19	Citibank Consumer Nominees Pte Ltd	1,260,000	0.56
20	Phillip Securities Pte Ltd	1,099,000	0.49
		181,642,582	81.15

Notice of Annual General Meeting

HEETON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197601387M)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, on Wednesday, 25 April 2012 at 10.00 a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2011 and the Directors' Reports and the Auditors' Report thereon. **Resolution 1**

2. To declare a 1-tier tax exempt final dividend of 1.10 cents per share in respect of the financial year ended 31 December 2011. **Resolution 2**

3. To approve Directors' fees of S$200,000 for the financial year ended 31 December 2011. (2010: S$200,000) **Resolution 3**

4. To re-elect Mr Toh Khai Cheng retiring pursuant to Section 153(2) of the Companies Act, Cap. 50. *(See Explanatory Note)* **Resolution 4**

5. To re-elect Dr Koh Lip Lin retiring pursuant to Section 153(2) of the Companies Act, Cap. 50. *(See Explanatory Note)* **Resolution 5**

6. To re-elect Mr Chew Chin Hua retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association. *(See Explanatory Note)* **Resolution 6**

7. To re-elect Mr Low Yee Khim retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association. *(See Explanatory Note)* **Resolution 7**

8. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **Resolution 8**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

9. THAT pursuant to Section 161 of the Act and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors to: **Resolution 9**

   (a) (i) issue 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) warrants, debentures or other instruments convertible into shares,

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

Notice of Annual General Meeting

(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 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% of the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to existing shareholders of the Company (including shares to be issued in pursuant of instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company (as calculated in accordance with paragraph (2) below);

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

(i) 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 this Resolution is passed; and

(ii) any subsequent bonus issue or 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 of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

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

10. To transact any other business.

BY ORDER OF THE BOARD

LEE HO WAH / CHEW BEE LENG
Company Secretaries

Singapore
10 April 2012

Notice of Annual General Meeting

Explanatory Notes:

Resolution 4

Mr Toh Khai Cheng, Chairman of the Board of Directors and a member of the Audit Committee and Remuneration Committee, will continue to serve in these capacities if re-elected as a Director of the Company.

Resolution 5

Dr Koh Lip Lin, Chairman of the Nominating Committee and a member of the Remuneration Committee, will continue to serve in these capacities if re-elected as a Director of the Company, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolution 6

Mr Chew Chin Hua, Chairman of the Audit Committee and a member of the Nominating Committee, will continue to serve in these capacities if re-elected as a Director of the Company, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolution 7

Mr Low Yee Khim is an Executive Director of the Company.

Resolution 9

The Ordinary Resolution no. 9, if passed, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent (50%) of the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company, with a sub-limit of twenty per cent (20%) for issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares (excluding treasury shares (if any)) shall be based on the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company at the time that this resolution 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 that this resolution is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Notes:

(1) A member of the Company entitled to attend and vote at the above-mentioned meeting may appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

(2) The instrument appointing the proxy must be deposited at the registered office of the Company at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, not less than 48 hours before the time set for holding the meeting.

HEETON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration number: 197601387M)

Proxy Form – Annual General Meeting

IMPORTANT

1. For investors who have used their CPF moneys to buy ordinary shares in the capital of Heeton Holdings Limited, this 2011 Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____ NRIC/ Passport/ Co. Reg. No. ________________________

of ____ (Address)

being a member/members of HEETON HOLDINGS LIMITED (the "Company") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or failing him/her (delete as appropriate)

or failing him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our proxy/ proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, on Wednesday, 25 April 2012 at 10.00 a.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of the AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM).

	Ordinary Resolutions	For	Against
	Ordinary Business		
1	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2011 and the Directors' Reports and the Auditors' Report thereon.		
2	To declare a 1-tier tax exempt final dividend of 1.10 cents per share in respect of the financial year ended 31 December 2011.		
3	To approve Directors' fees of S$200,000 for financial year ended 31 December 2011.		
4	To re-elect Mr Toh Khai Cheng retiring pursuant to Section 153(2) of the Companies Act, Cap. 50.		
5	To re-elect Dr Koh Lip Lin retiring pursuant to Section 153(2) of the Companies Act, Cap. 50.		
6	To re-elect Mr Chew Chin Hua retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association.		
7	To re-elect Mr Low Yee Khim retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association.		
8	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
9	To authorise the Directors to allot and issue new shares.		

Dated this _____________ day of _____________ 2012

Total number of Shares

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

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. 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 the above-mentioned meeting may appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, not less than 48 hours before the time set for the meeting.

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

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

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

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

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