BBR HOLDINGS (S) LTD

# GEARING UP FOR SUSTAINABLE GROWTH

ANNUAL REPORT 2014

# CONTENTS



# OUR MISSION

To position our company effectively by strengthening our capabilities in order to compete in the domestic building, civil engineering and property markets.

To provide our clients with innovative structural engineering solutions by leveraging on our strengths, such as our expertise in high specification construction methods, Swiss parentage, strong track record, established reputation and dynamic management team.

To continue to exploit opportunities in new markets so as to further expand our geographical presence, and also intensify efforts to bid for both building and infrastructure projects in the region.

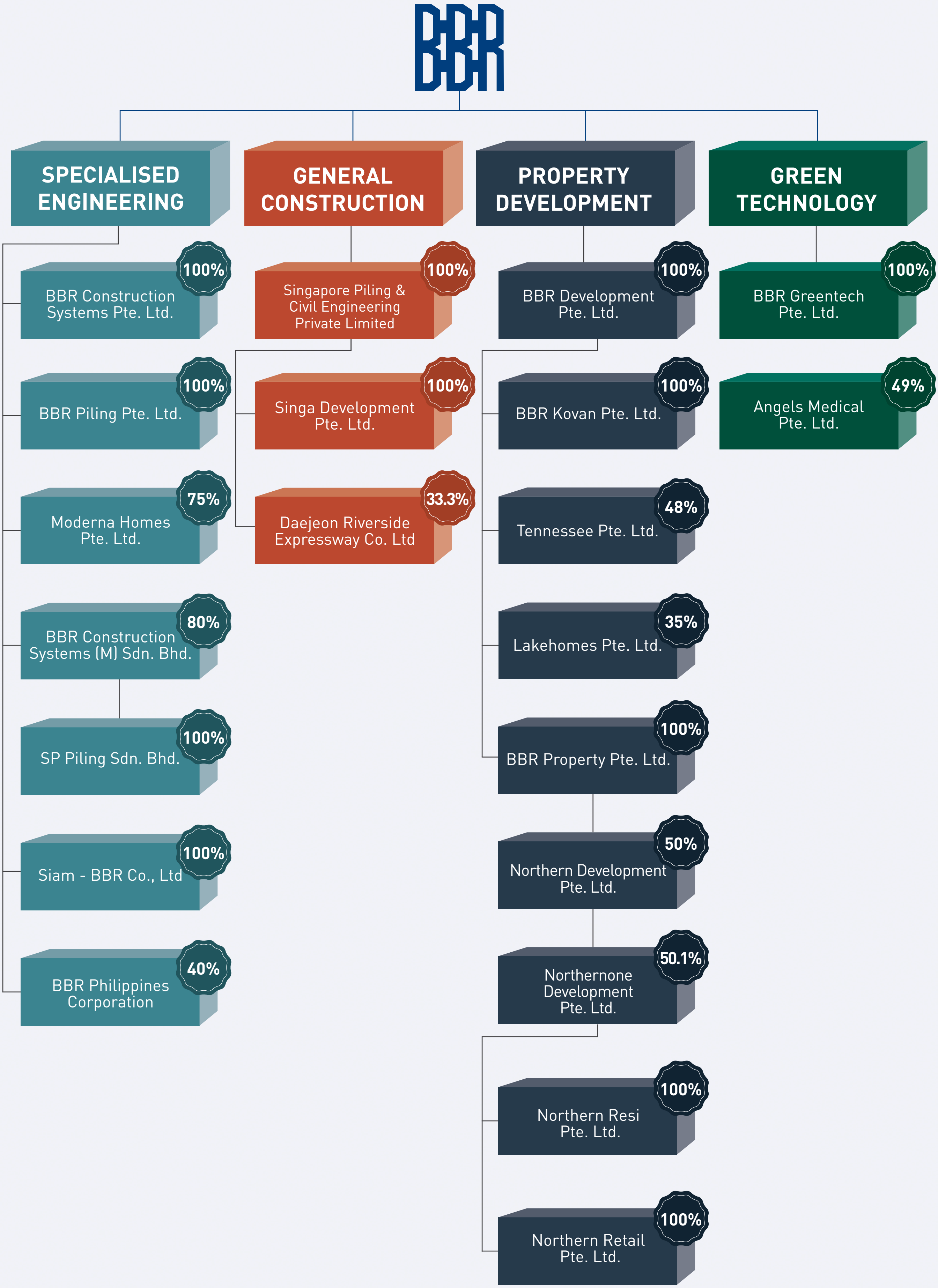
Bliss @Kovan

Fusionopolis Phase 5

8 Nassim Hill

Singapore University
Of Technology And Design

# CORPORATE STRUCTURE



# CORPORATE PROFILE

**BBR Holdings (S) Ltd (BBR)** is one of Singapore's leading construction groups with more than 20 years of industry experience. It currently comprises four core business segments spanning across General Construction, Specialised Engineering, Property Development and Green Technology.

The BBR Group is well-positioned to meet the urbanisation challenge in Asia with our proven track record and good combination of innovative engineering with specialist know-how in construction methods. It has business presence in key markets such as Singapore, Malaysia, and the Philippines.

First listed on the Singapore SESDAQ in 1997, it was subsequently upgraded to the Mainboard in September 2006.

## BUSINESS OVERVIEW

### Specialised Engineering

In 1993, BBR was established with a bold vision to introduce innovative design solutions based on technologies from its Swiss-based BBR Network.

The BBR Network was founded in 1944 when three Swiss engineers, Brandestini, Birkenmaier and Ros, formed a partnership under the name BBR Bureau.

Since then, the BBR Network comprises a worldwide network of affiliated companies, joint ventures and franchisees that offer specialist construction engineering activities spanning some 50 countries from around the world.

Since its inception, BBR's technology gained market acceptance quickly and was recognised by our customers for its cost effectiveness and high efficiency levels. Subsequently, we flourished to take on larger projects in both the public and private sectors in Singapore and the region.

BBR's Specialised Engineering arm operates via its subsidiaries, BBR Construction Systems Pte Ltd and BBR Piling Pte Ltd in Singapore, and BBR Construction Systems (M) Sdn Bhd in Malaysia.

In September 2014, the Group acquired a 75% shareholding interest in Moderna Homes Pte. Ltd., which specialises in pre-fabricated pre-finished volumetric modular construction ("PPVC").

### General Construction

The General Construction segment comprises the principal activities in design-and-build, general building construction, and civil structural engineering activities undertaken through its wholly-owned subsidiaries, Singapore Piling & Civil Engineering Private Limited (Singapore Piling) and Singa Development Pte Ltd.

Acquired in 2001, Singapore Piling has a more than 40-year history and has been registered with the Building and Construction Authority of Singapore under the "A1" classification for both General Building (CW01) and Civil Engineering (CW02) since 1984, enabling the company to tender for public sector contracts of unlimited value. Singa Development Pte Ltd has a A2 and B2 classification for CW01 and CW02 respectively.

### Property Development

Highly synergetic to the Group's broad construction activities, its Property Development business segment has been actively engaged in four condominium projects since 2006.

Lush on Holland Hill, a freehold condominium development with 56 spacious units in two 12-storey blocks, was completed in 2012. 8 Nassim Hill is an upmarket freehold development which comprises 16 super luxury triplex units with basement carparks completed in 2010. Bliss @Kovan is the third freehold site to be developed into a five-storey condominium with 140 luxurious residential units, with expected completion date in the second half of 2015.

To date, Lush on Holland Hill and 8 Nassim Hill are fully sold, while 133 units have been sold at Bliss @ Kovan.

BBR's fourth project is the proposed development of Lake Life, comprising 546 units of executive condominium on a 99-year leasehold HDB land site at Yuan Ching Road/Tao Ching Road, Jurong. The development is 98% sold and expected to be completed in the first half of 2017.

The latest new project is a 99-year leasehold land parcel at Yishun Ave 4 secured in January 2015 for a proposed mixed commercial and residential property development.

### Green Technology

In 2013, BBR established a Green Technology division to carry out system integration and distribution of renewable energy. The Group has bid for projects to supply, install and lease solar panels and grid connected systems for statutory boards and private sector customers.

In 2014, BBR was awarded two solar leasing projects for 20 years and 25 years, from HDB and a commercial company, respectively.

Riding on the back of the potential growth for more green buildings, the Group is steadily implementing green technology as part of its total solutions package for potential project bids.

## OUR BUSINESSES

Our Principal Services are:

**General Construction**
- Design-and-Build
- General Building Construction
- Civil and Structural Engineering

**Specialised Engineering**
- Piling and Foundation Systems
- Post-tensioning
- Stay Cable Systems
- Heavy Lifting
- Bridge Design and Construction
- Maintenance Repair and Retrofitting
- PPVC

**Property Development**
- Boutique developer for residential as well as mixed commercial and residential development

**Green Technology**
- System integration and distribution of renewable energy
- Supply, installation and leasing of solar panels and grid connected systems

# KEY FINANCIAL HIGHLIGHTS

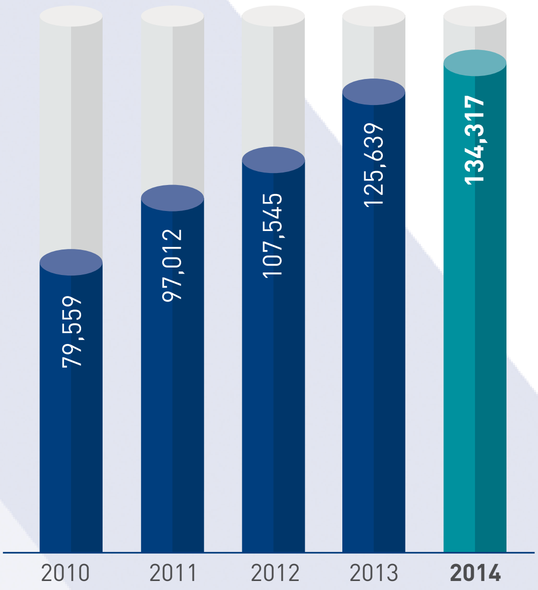

Dulwich College

| | | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|---|---|---|---|---|---|---|
| **Revenue** | ($'000) | 205,771 | 413,323 | 274,235 | 426,251 | 671,572 |
| **Gross Profit** | ($'000) | 31,554 | 41,674 | 35,406 | 43,588 | 28,655 |
| **Profit Before Taxation** | ($'000) | 22,154 | 23,060 | 14,536 | 22,956 | 14,805 |
| **Profit After Taxation (PAT)** | ($'000) | 20,013 | 20,367 | 13,407 | 22,028 | 11,799 |
| **Profit Attributable To Equity Holders Of The Company** | ($'000) | 19,564 | 20,120 | 12,963 | 21,839 | 11,230 |
| Earnings Per Share | (Cents) | 6.36 | 6.57 | 4.24 | 7.13 | 3.66 |
| Dividend Per Share | (Cents) | 0.6 | 0.8 | 1.2 | 0.8 | 0.8 |
| Dividend Payout | (%) | 9.4 | 12.2 | 28.3 | 11.2 | 21.9 |
| Net Assets (NAV) | ($'000) | 79,559 | 97,012 | 107,545 | 125,639 | 134,317 |
| NAV Per Share | (Cents) | 25.90 | 31.73 | 35.10 | 40.98 | 43.61 |
| Net Debt To Equity [1] | (%) | 12.5 | 58.0 | 10.7 | 28.0 | N.A |
| Return On Equity [2] | (%) | 24.8 | 20.7 | 12.3 | 17.3 | 8.6 |
| Return On Total Assets [3] | (%) | 8.0 | 6.8 | 5.2 | 7.1 | 3.7 |
| **Revenue by Business Segment ($'000)** | | | | | | |
| General Construction | | 144,140 | 243,168 | 131,481 | 273,055 | 458,326 |
| Specialised Engineering | | 61,603 | 78,871 | 84,699 | 111,971 | 134,626 |
| Property Development | | – | 91,256 | 58,027 | 41,197 | 78,592 |
| **Revenue by Geographical Segment ($'000)** | | | | | | |
| Singapore | | 180,734 | 386,336 | 238,893 | 381,843 | 570,999 |
| Malaysia | | 25,037 | 26,987 | 35,342 | 44,408 | 100,573 |

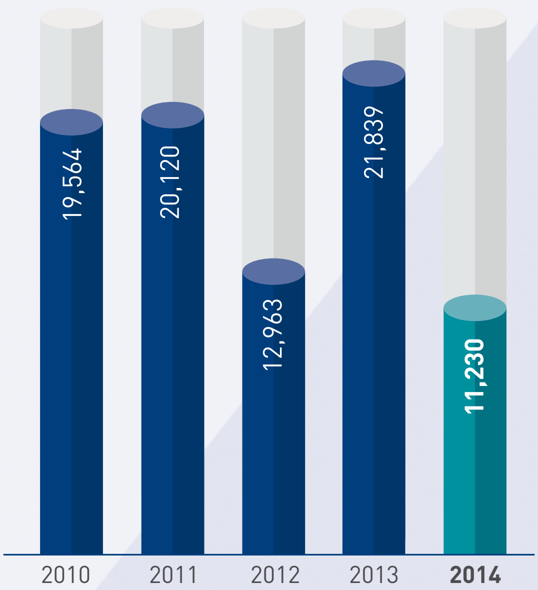
**Notes:**
1. Net Debt to Equity = Current and non-current loans and borrowings less cash and cash equivalents divided by total equity
2. Return on Equity = PAT divided by total equity
3. Return on Total Assets = PAT divided by total assets

## Revenue
$'000

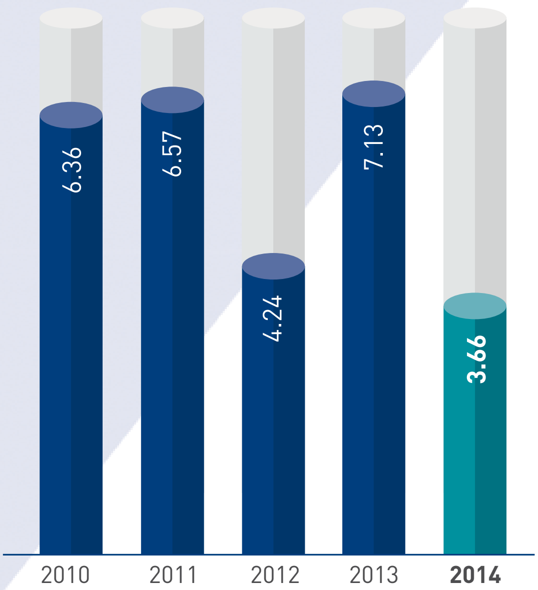

## Net Assets
$'000




## Profit Attributable To Equity Holders Of The Company
$'000




## Earnings Per Share
Cents



# CHAIRMAN'S MESSAGE

## DEAR SHAREHOLDERS,

In 2014, BBR Holdings (S) Ltd ("BBR" or "the Group") has steadfastly ushered in a new phase of development since its 20th anniversary milestone the year before. We are geared up for sustainable growth which encompasses not only strengthening our robust business model, but also harnessing stronger revenue streams.

Over the past year, the Group has maintained its growth momentum for the general construction and specialised engineering business divisions with over S$403.3 million of new contracts secured. The order book stands at a respectable S$631 million as at 31 December 2014.

In just one year, its new Green Technology has swiftly come onboard with a major 20-year solar leasing contract from HDB for the design, installation, operation and maintenance of a 5 Megawatt peak (MWp) grid-tied solar photovoltaic system to be installed on the rooftops of HDB flats in Ang Mo Kio Town. The project is currently in the construction stage and leasing revenue from electricity generated by the solar panels is expected to commence in the last quarter of 2015.

The second new solar leasing contract is awarded by GKE Warehousing & Logistics Pte Ltd ("GKE"), a wholly-owned subsidiary of SGX-ST listed GKE Corporation Limited, for the installation of a solar photovoltaic grid-tied system. Upon project commissioning in April 2015, the solar panels are able to generate more than 576,000KWh in the first year and will account for 80% of the energy needs of GKE for the next 25 years.

In January 2015, the property development division achieved a new milestone when BBR successfully secured its maiden proposed mixed commercial and residential development project on a land parcel at Yishun Avenue 4. This development is jointly owned by BBR and a group of investors.

## INVESTED FOR GROWTH

The Group has made a significant investment in integrating Pre-fabricated Pre-finished Volumetric Construction ("PPVC'') method within our core engineering competencies, in anticipation of the rising demand for PPVC. BBR and its wholly-owned subsidiary, BBR Construction Systems Pte. Ltd., have subscribed to an aggregate of 1,500,000 new shares in Moderna Homes Pte. Ltd. ("Moderna") in September 2014. Currently a 75% owned subsidiary of BBR, Moderna designs and assembles pre-fabricated buildings and is an approved supplier for PPVC which is expected to bring synergy to the Group for future project tenders.

We have reaped immediate rewards in winning new projects with specifications for PPVC. For a start, BBR's wholly-owned subsidiary, Singapore Piling & Civil Engineering Private Limited has secured a S$196 million contract for the construction of a new hall of residence for Nanyang Technological University. It hails as the first public high-rise development in Singapore using PPVC with up to 40% improvement in labour productivity and shortened construction timeframe.

In relation to its latest land acquisition at Yishun Ave 4 on 25 January 2015 for a proposed mixed commercial and residential development, PPVC and Pre-fabricated bathroom units are required to be adopted for at least 65% of the constructed floor area and bathroom units, respectively for the residential units of the development. As part of the government's initiative to use labour-

HDB Kallang-Whampoa Contract 23B

Prof. Yong Kwet Yew

We are **geared up for sustainable growth** which encompasses not only strengthening our robust business model, but also harnessing stronger revenue streams.

efficient construction methods and building design to improve construction productivity, this requirement in future project tenders is expected to bring new growth opportunities to the Group.

## PERFORMANCE REVIEW

For the financial year ended 31 December 2014 ("FY2014"), the Group delivered robust revenue growth of 58% to S$671.6 million on stronger contribution from all three segments – general construction, specialised engineering and property development.

The general construction segment posted a 68% growth in revenue to S$458.3 million in FY2014 as many general construction projects were in their active stage of construction in the reporting year. The specialised engineering segment also saw higher revenue of S$134.6 million, up 20% year-on-year as the volume of specialised projects carried out in Malaysia more than doubled from FY2013 to S$100.6 million in FY2014. Meanwhile, the property development segment reported a 91% surge in revenue to S$78.6 million on increased construction activity at development property Bliss @Kovan.

The general construction segment was the largest revenue contributor in FY2014 at 68%, followed by the specialised engineering segment at 20% and the property development segment at 12%. Singapore and Malaysia contributed 85% or S$571.0 million and 15% or S$100.6 million to FY2014 revenue, respectively.

However, the challenging operating environment in the general construction segment has resulted in losses for this division. Losses incurred by a few general construction projects were due to cost overruns for some key construction materials, work performance issues by subcontractors, and higher manpower costs as a result of labour shortages and project acceleration. This was partially offset by higher profit contribution by the property development segment as construction progress at development property, Bliss @Kovan

# CHAIRMAN'S MESSAGE

improved. As such, overall gross profit dropped to S$28.7 million in FY2014 from S$43.6 million in FY2013 and gross margin stood at 4.3% in FY2014 from 10.2% in FY2013.

Other operating income rose to S$9.3 million in FY2014 from S$3.0 million in FY2013, largely due to recognition of gains for disposal of a leasehold property at 18 Sungei Kadut and investment in associated company FOSTA Pte Ltd, and administrative fees from the training and testing centres.

Net profit attributable to shareholders declined by 49% to S$11.2 million in FY2014. Basic earnings per share were 3.66 cents in FY2014 as compared to 7.13 cents in FY2013.

## STRONG FINANCIAL POSITION

The Group's financial position remained strong, with net assets of S$134.3 million or a net asset value per share of 43.61 cents, up 6% year-on-year. As at 31 December 2014, the Group is in a net cash position compared to a net debt position a year ago when the net debt to equity ratio was 28%. This follows term loan repayments for Bliss @Kovan and leasehold premises for storage cum engineering facility purchased in December 2013.

Cash and cash equivalents, and pledged deposits, increased to S$44.6 million as at 31 December 2014 from S$23.7 million as at 31 December 2013, mainly attributable to cash received from operations, proceeds from disposal of leasehold property and an associate, and partially offset by term loan repayments in FY2014.

Market capitalisation was approximately S$80.1 million based on the closing share price of 26 Singapore cents as at 31 December 2014.

## REWARDING SHAREHOLDERS

Over the years, BBR has consistently delivered good returns to our shareholders. This year, the Board has proposed a final dividend of 0.8 cents per share. This translates to a dividend yield of 3.1 per cent based on the closing share price of 26 Singapore cents as at 31 December 2014 and a dividend payout ratio of 22 per cent for FY2014.

## BUSINESS OUTLOOK FOR 2015

On 17 February 2015, the Ministry of Trade and Industry (MTI) announced that the Singapore economy grew by 2.9 per cent in 2014. MTI has also maintained the growth forecast for 2015 at

Fusionopolis Phase 5


Singapore University Of Technology And Design

Bliss @Kovan

2.0 to 4.0 per cent. The Singapore economy grew by 2.1 per cent on a year-on-year basis in the fourth quarter of 2014, easing from the 2.8 per cent growth in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a faster pace of 4.9 per cent, compared to 2.6 per cent in the previous quarter.

Growth in the construction sector eased to 0.7 per cent year-on-year, from 1.1 per cent in the previous quarter, due to weaker private sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector expanded by 2.2 per cent, faster than the 0.7 per cent growth in the preceding quarter.

In view of the moderate growth of the construction sector in the fourth quarter of 2014, coupled with increasing competition and expected increase in labour costs due to higher foreign worker levies and foreign worker shortages, the outlook for the industry is expected to be challenging in the next 12 months.

The Group will continue to focus on its core business by leveraging on its strong track record in building construction and civil engineering to secure more projects as well as enhance its cost effectiveness and efficiency optimisation in the management of on-going projects. BBR will also continue to conduct feasibility studies to undertake new property development projects.

Likewise, its new Green Technology segment will build on the foundation of its new wins and aims to secure new business opportunities in Singapore and the region.

## A NOTE OF APPRECIATION

On behalf of the Board, I would like to express my deepest appreciation to all stakeholders who have been instrumental in BBR's success over the past years – customers, business associates, management team, staff and shareholders.

Geared up for sustainable growth, BBR is ready for the new opportunities and challenges which the future holds. We will grow from strength to strength in building our market leadership in the construction industry to meet the urbanisation needs in Singapore and beyond.

**Prof. Yong Kwet Yew**
Independent Director
Non-Executive Chairman

# CEO'S BUSINESS REVIEW

In FY2014, BBR has recorded another rewarding year with S$671.6 million in revenue, which works out to a 57.6% increase compared to FY2013. This comes on as a result of stronger contributions from all three segments – general construction, specialised engineering and property development.

During the year, the Group continued to strengthen its business presence by tendering for private and public projects, as well as new land parcels for property development.

Of the S$631 million order book, the bulk of the construction projects are in their active stage of construction, while the volume of specialised projects in Singapore and Malaysia has grown substantially.

We strive to maintain our competitive edge through enhancing our proprietary technology, cost effectiveness and greater efficiency in project management.

## GENERAL CONSTRUCTION

The General Construction segment comprises design-and build, general building construction and civil structural engineering works carried out by wholly-owned subsidiaries, Singapore Piling & Civil Engineering Private Limited and Singa Development Pte Ltd.

For FY2014, the Group's General Construction business remained the top revenue generator amongst the four business segments. The revenue of S$458.3 million constitutes 68% of the total revenue generated. It reflects a sterling growth of 68% compared to the previous year.

The major achievement was the award of a S$196 million contract for the construction of a new hall of residence for Nanyang Technological University ("NTU"). Hailed as the first public high-rise development in Singapore using Pre-fabricated Pre-finished Volumetric Modular Construction ("PPVC") system, the project boasts of up to 40% improvement in labour productivity and shortened construction timeframe.

Deploying the PPVC system will catapult BBR ahead to the next lap in terms of a breakthrough in labour productivity and operational efficiency. This is especially significant as the Singapore construction and building industry is at a crossroad whereby it is challenged by the tight labour market and increased foreign worker levies.

We can expect up to 40% increase in labour productivity and 15% reduction in terms of the

Costa Ris At Pasir Ris

construction timeframe required for the NTU project as compared to conventional methods of construction. The PPVC system fits within the construction industry's initiative to promote green sustainability in the built environment as well as greater environmental awareness in Singapore.

Another cap in the feather is the S$80.3 million Walk2Ride programme awarded to a joint venture, Singapore Piling – Shincon JV by the Land Transport Authority to design and construct covered linkways within a 400 m radius of MRT stations. Expected to be completed in 2018, BBR's wholly-owned subsidiary, Singapore Piling & Civil Engineering Private Limited has a 51% share in the joint venture.

## SPECIALISED ENGINEERING

BBR's Specialised Engineering business encompasses piling and foundation systems, post tensioning, stay cable systems, heavy lifting, bridge design and construction, maintenance repair, strengthening and retrofitting works, and PPVC.

Tan Kheng Hwee Andrew

## BBR will continue to contribute and enhance our value to ensure **Strength, Stability** and **Sustainability** of the Group in Singapore and Asia.

The revenue from specialised engineering amounted to S$134.6 million and constituted 20% of total revenue for FY2014.

Throughout the year, we have been actively involved in a number of post-tensioning and structural repair projects in both Singapore and Malaysia. Malaysia contributed a significant 15% to our top-line in FY2014. Our expertise in specialised engineering works, in particular for bridge construction, puts us in good stead to tap on the strong demand for such projects in Malaysia.

In 2014, the Group successfully secured two new contracts worth RM335 million for specialised engineering projects in Terengganu, Malaysia. Both projects were awarded by Class "A" Bumiputra Contractors to BBR Construction Systems (M) Sdn. Bhd., a Malaysia subsidiary which is 80% owned by the Group.

The first project involves the design and construction of a new marina base at Pulau Poh and the bridge connecting Pulau Poh to existing Pengkalan Gawi jetty in Kenyir Lake in Terengganu. Targeted for completion in June 2017, the scope of the project include the construction of main facilities, such as, floating passenger jetty, cargo jetty and cable bridge at Poh Island.

The second project comprises the design and construction of a 362 metre long precast girders bridge to connect the village of Dusun to the village of Dura in Kuala Berang District, Terengganu. The target date of completion is February 2016.

These project wins, among the many secured, have certainly marked a new milestone in our decade of strong track record of general construction and specialised engineering projects in Malaysia.

# CEO'S BUSINESS REVIEW

## PROPERTY DEVELOPMENT

BBR ventured into the property development segment in 2003 and carved a niche for itself as a boutique developer of contemporary residential properties. This year, BBR has steadily broadened its stronghold in the property development business by investing in a mixed commercial and residential development in Yishun, Singapore.

Currently, the Group is developing Bliss@Kovan, a freehold site, into a five storey condominium with 140 units of superior design concept. The development, which is 100% owned by the Group, is 95% sold and due for Temporary Occupation Permit ("TOP") by December 2015.

Likewise, BBR's 35% venture in Lakehomes Pte. Ltd. has also reaped sound returns with 98% of the 546 units at Lake Life Executive Condominium sold during the sales launch on 8 November 2014. The 99-year leasehold HDB land site at Yuan Ching/Tao Ching Road in Jurong, Singapore was awarded by The Housing & Development Board ("HDB") on 2 August 2013. Lake Life boasts of modern and lifestyle design elements to be built on a land area of 217,304 square metres. The development is due for TOP in 2017 and BBR's share of results in Lakehomes Pte. Ltd. will be recognised then.

Another highlight is a winning bid for the acquisition of land parcel at Yishun Avenue 4, Singapore on 25 January 2015, for a proposed mixed 60% residential and 40% commercial development through joint tenderers, Northern Resi Pte. Ltd. ("Resi") and Northern Retail Pte. Ltd. ("Retail"). Both Resi and Retail are wholly owned subsidiaries of NorthernOne Development Pte. Ltd., which is 50.1% held by Northern Development Pte. Ltd. ("Northern"). Northern's shareholders are BBR and Hexacon Construction Pte Ltd, each holding 50% in the company.

The 99-year leasehold site was awarded by HDB to Resi and Retail on 26 January 2015 for S$185,090,000 and has an area of approximately 9,759.8 square metres. The mixed development is expected to obtain TOP by end of 2017. Resi will develop and sell approximately 200 units of residential dwelling units and Retail, being a company incorporated for long-term property investment purposes, will develop the commercial units and be the single strata owner upon completion.

As part of the government's initiative to use labour-efficient construction methods and building design to improve construction productivity, PPVC and prefabricated bathroom units are required to be adopted for at least 65% of the constructed floor area and bathroom units, respectively, for the residential units of the development. This requirement brings synergy to the Group as its subsidiary, Moderna Homes Pte. Ltd., is an approved supplier for PPVC.


Lush on Holland Hill

## GREEN TECHNOLOGY

Established in 2013, the new Green Technology division incorporated a wholly-owned subsidiary, BBR Greentech Pte. Ltd. to carry out system integration and distribution of renewable energy.

The Group sets to bid for projects to supply, install and lease solar panels and grid connected systems for statutory boards and private sector customers. Riding on the wave of the potential growth for more green buildings, the Group is steadily implementing green technology as part of its total solutions package for potential project bids.

In 2014, this new business segment has taken off on a raring start with its first win with HDB for a 20-year lease contract for solar photovoltaic ("PV") system. Under the solar leasing model, BBR will design, install, operate and maintain the 5MWp grid-tied solar PV system to be installed on the rooftops of more than 75 HDB residential blocks in Ang Mo Kio Town. The Ang Mo Kio Town Council will undertake a power purchase agreement over a 20-year tenure to pay for the solar generated electricity, at a preferential rate that is not higher than retail electricity tariff rate.

The approximately 20,000 solar panels to be installed are expected to generate more than 6GWh of electricity annually when construction and installation works are completed in the last

Prestressing Works

Batang Sadong, Sarawak

Solar Panels

quarter of 2015. The electricity generated will be used to power public services in common areas such as lift operations, corridor and staircase lightings, and water pumps.

Consecutively, it has also secured a solar leasing contract with GKE Warehousing & Logistics Pte Ltd ("GKE"), a wholly-owned subsidiary of SGX-ST listed GKE Corporation Limited, for the installation of a solar PV grid-tied system. Under the 25-year power purchase agreement, BBR will design, install, commission and maintain the 490KWp PV system which comprises 1,848 high efficiency multi-crystalline panels to be installed on the rooftop of GKE's warehouse in Pioneer Road, Singapore. Upon the project's commissioning in April 2015, the system is expected to generate more than 576,000KWh in the first year and will account for 80% of the energy needs of GKE.

BBR's new contracts wins underscores the Group's competencies in building solar capabilities using PV technology which is key to sustainable development and vital in providing an alternative renewable energy source for Singapore. It also marks BBR's aspiration to play an active role in the adoption of solar energy among private and public sectors in Singapore and the region.

In addition, BBR has been selected to participate in a Floating PV test-bed pilot project in Singapore. Led by the Singapore Economic Development Board and the Public Utilities Board, the floating PV test-bed project at Tengeh reservoir requires participants to develop, test and evaluate the economic and technical feasibility of installing floating solar PV systems on water as an alternative to deploying solar systems on rooftops. The project will commence in 2015 and the system capacity deployed is around 100kWp.

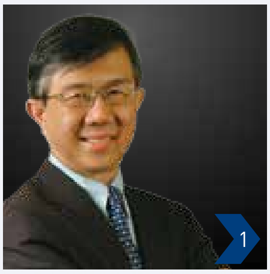
## CONCLUDING REMARKS

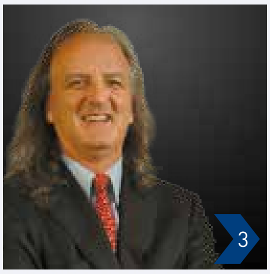
During the year, BBR has expanded both in breadth and depth its core competencies. Beyond the growth in business revenue, the newly-acquired building competencies in PPVC will put BBR in good stead for future new tender requirements and harness the increase in construction productivity.

BBR will continue to contribute and enhance our value to ensure Strength, Stability and Sustainability of the Group in Singapore and Asia.

**Tan Kheng Hwee Andrew**
Executive Director and
Chief Executive Officer

# BOARD OF DIRECTORS






## 1 PROF YONG KWET YEW

Independent Non-Executive Director, Chairman of the Board, Chairman of the Nomination Committee, Chairman of the Remuneration Committee, Chairman of the BBR Share Plan Committee and Member of the Audit Committee

Prof Yong Kwet Yew was appointed a Director of BBR Holdings (S) Ltd on 19 August 1997. He obtained his PhD from the University of Sheffield, UK under a Grouped Scholarship in Engineering and is currently a Professor of Civil Engineering and Vice President (Campus Infrastructure) at the National University of Singapore. He has conducted extensive research in Infrastructure and geotechnical engineering and has delivered over 30 keynote and guest lectures at international conferences, as well as published over 200 technical papers.

Highly respected for his industry expertise, he has served as a consultant to government agencies as well as local and international companies in more than 150 major construction projects in Singapore, Asean, China and the region. Prof Yong is Chairman of the Association of Geotechnical Societies in Southeast Asia and chairs several government advisory committees and professional committees. He is a Fellow of the Institution of Engineers and an Accredited Adjudicator of Singapore Mediation Centre.

He is also a Board and Executive Committee Member of the Land Transport Authority of Singapore, as well as the Non-Executive Chairman and Independent Director of Tritech Group Limited.

For his significant contributions to the university, construction safety and land transport development, he was conferred the Public Administration Medal (2000), the Public Service Medal (2004) and the Public Service Star (2008) respectively.

## 2 MR TAN KHENG HWEE ANDREW

Executive Director, Chief Executive Officer, Member of the BBR Share Plan Committee and Member of the Investment Committee

Mr Tan Kheng Hwee Andrew is a founding member of BBR Holdings (S) Ltd and was appointed as the Managing Director/Chief Executive Officer since 1 April 1994. He is responsible for the strategic management and business development of the Group. Prior to setting up the Company, he spent two years after graduation in the civil service and worked for another 13 years with a public listed company.

Mr Tan served as the President of Singapore Concrete Institute from 1997 to 1999.

Mr Tan holds a Bachelor of Engineering (Honours) from the University of Singapore and a Master of Science from the National University of Singapore. He is also a registered Professional Engineer and a member of the Institute of Engineers (Singapore).

### 3 MR BRUNO SERGIO VALSANGIACOMO

Non-Executive Director, Member of the Remuneration Committee and Member of BBR Share Plan Committee

Mr Bruno Sergio Valsangiacomo was appointed a Director of BBR Holdings (S) Ltd on 11 February 1997. He is the Chairman of Tectus S.A., BBR Holding Ltd., Proceq S.A. and FFC Fincoord Finance Coordinators Ltd., as well as a Board member of other Tectus Group's associated companies.

Mr Valsangiacomo is a founding shareholder and Executive Chairman of ITI Holdings S.A., Luxembourg, which controls the largest media group in Poland with business activities spanning television, Internet and entertainment. He is also Member of the Supervisory Boards of TVN Group of Poland, a company listed on the Warsaw Stock Exchange, and of other ITI Group companies.

He graduated with a Bachelor of Business Administration from the School of Economics and Administration in Zurich.

### 4 MR PETER MICHAEL EKBERG

Non-Executive Director

Mr Peter Michael Ekberg was appointed a Director of BBR Holdings (S) Ltd on 28 April 2009. With over 20 years of experience in accounting, finance and auditing, he is the Chief Financial Officer of the Tectus S.A. Group. He also serves on the boards of various Tectus S.A. Group companies including BBR Holding Ltd, Switzerland and other BBR companies.

He is a graduate in business administration (lic. oec) of the University of St. Gallen, Switzerland, and a Swiss Certified Accountant.

### 5 MR MARCEL POSER

Alternate Director to Mr Peter Michael Ekberg

Mr Marcel Poser was appointed an Alternate Director to Mr Peter Michael Ekberg on 4 August 2011.

Mr Poser has been Chief Executive Officer of Tectus S.A. since 2011. He is also concurrently the Chairman of BBR VT International, Executive Co-Chairman of Proceq S.A. as well as a member of the board of directors of Tectus S.A., BBR Holding Ltd, Switzerland and other Tectus Group's associated companies.

He started his professional career in the field of steel construction and construction engineering machinery for tunnels and bridges in Switzerland, the European Union, Asia-Pacific, Africa and the United States. In 2002, he joined the BBR Group as Project Manager, where he subsequently held the position of Chief Technical Officer. From 2006 until 2011, he spearheaded the development and formation of the BBR Network franchise as CEO of BBR VT International.

He is a graduate of Zurich University of Applied Sciences in Switzerland, a postgraduate in Structural Engineering of the University of Texas at Austin in the United States, and a member of the Swiss Association of Engineers and Architects.

### 6 MS LUK KA LAI CARRIE (MRS CARRIE CHEONG)

Independent Non-Executive Director, Chairperson of the Audit Committee, Member of the Nomination Committee, Member of the Remuneration Committee and Member of the Investment Committee

Ms Luk Ka Lai Carrie was appointed a Director of BBR Holdings (S) Ltd on 24 September 1997. She is a Director and Chief Executive Officer of Carrie Cheong & Ethel Low Consulting Pte. Ltd., a company which provides business advisory services, financial management and corporate services. She has extensive experience relating to corporate planning and financial exercises including corporate restructuring, initial public offers and mergers and acquisitions.

Ms Luk holds a Master of Business Administration from the University of Brunel, United Kingdom. She is a Fellow of the Association of Chartered Certified Accountant, a member of the Institute of Singapore Chartered Accountants, a practising Chartered Secretary and an Associate of The Institute of Chartered Secretaries and Administrators. She also serves as an Independent Director on the board of another public-listed company in Singapore.

### 7 MR SOH GIM TEIK

Independent Non-Executive Director, Chairman of the Investment Committee, Member of the Audit Committee and Member of the Nomination Committee

Mr Soh Gim Teik was first appointed a Director of BBR Holdings (S) Ltd on 8 August 2008. With more than 36 years of extensive industry experience in corporate governance, finance and general management, he is currently a member of the Institute of Singapore Chartered Accountants and a Fellow of the Singapore Institute of Directors (SID) where he serves on its Governing Council.

Besides serving as an Independent director on the boards of other listed companies, he also holds other independent directorship appointments in a number of charitable and non-profit organisations.

Mr Soh holds a Bachelor of Accountancy from the then University of Singapore (now the National University of Singapore).

# SENIOR MANAGEMENT


Lake Life Executive Condominium

## MR JOHN MO KUAN SHENG

Director, BBR Construction Systems Pte Ltd

Mr John Mo Kuan Sheng is the Director of BBR Construction Systems Pte Ltd since 1999. He is in charge of day-to-day operations, marketing and business development for the Specialised Engineering business. He is also a Director of BBR Piling Pte. Ltd., Moderna Homes Pte. Ltd., Siam-BBR Co., Ltd. and BBR Philippines Corporation.

Prior to joining the Group in 1994, Mr Mo worked in several construction companies from 1988 to 1993.

He holds a Bachelor of Engineering (Civil) from the National University of Singapore.

## MR CHOO SIEW MENG

Executive Director, Singapore Piling & Civil Engineering Private Limited

Mr Choo Siew Meng was appointed Executive Director, Singapore Piling & Civil Engineering Private Limited on 1 March 2009. He has more than 40 years of experience in the construction industry in building, civil engineering and infrastructure works, including a stint with the Housing and Development Board from 1973 to 1977.

Prior to joining the Group, he held a senior management position in another public listed company, where he was responsible for the overall performance of the Construction Division. Mr Choo has in-depth knowledge and experience in highly specialised civil engineering projects.

He holds a Bachelor of Engineering from the University of Singapore.

## MR CHAN TUCK MENG

Commercial Manager, BBR Development Pte. Ltd.

Mr Chan Tuck Meng is the Commercial Manager of BBR Development Pte. Ltd., where he is responsible for property development and sales and marketing of the Group's development properties.

Prior to BBR Development Pte. Ltd., he has worked in various other capacities within the BBR Group.

He holds a Bachelor of Engineering (Civil) (Honours) from the National University of Singapore and a Master of Business Administration (Accountancy) from the Nanyang Technological University.

## MR VOON YOK LIN

Managing Director, BBR Construction Systems (M) Sdn. Bhd.

Mr Voon Yok Lin is the Managing Director of BBR Construction Systems (M) Sdn. Bhd., where he is responsible for the overall operations and management.

Prior to joining the Group in 1994, he worked in various capacities in a Malaysian construction firm, which specialises in pre-stressing construction technology.

He holds a Bachelor of Science (Honours) in Civil Engineering from the University of Strathclyde, Scotland, in the United Kingdom. He is a registered Professional Engineer with the Board of Engineers Malaysia and a member of The Institution of Engineers Malaysia.

## MR PAUL CHEONG KIN FOO

Director, BBR Construction Systems (M) Sdn. Bhd.

Mr Paul Cheong Kin Foo joined BBR Construction Systems (M) Sdn. Bhd. as an Accounts/Administration Manager on 15 November 1997 and is responsible for the financial and administration matters of the company. He was appointed as a Director of BBR Construction Systems (M) Sdn. Bhd. on 4 January 2007.

Prior to joining the Group, he worked for about 15 years in the trading, manufacturing and services industries.

He is a graduate of the Association of International Accountants (United Kingdom) and has a Diploma in Computer Studies from the National Centre for Information Technology, United Kingdom.

## MS MARIA LOW SIEW JOO

Chief Financial Officer

Ms Maria Low Siew Joo joined BBR Holdings (S) Ltd as Deputy Chief Financial Officer on 9 September 2009 and was appointed the Chief Financial Officer in December 2009. She is responsible for all financial matters within the Group.

Prior to joining the Group, she was the General Manager, Finance of a public listed company involved in providing engineering solutions to the port industry.

She holds a Bachelor of Accountancy from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

# AWARDS & ACCOLADES


**2014** Award for Construction Excellence from the Building and Construction Authority (BCA) for Lush on Holland Hill

**1997** Award for Construction Excellence from the Construction Industry Development Board (CIDB) for SAFTI Military Institute Phase III

**1994** Award for Construction Excellence from the CIDB for Reconstruction of Sir Arthur's Bridge


**2009** Architectural Heritage Award from the Urban Redevelopment Authority (URA) for the restoration of 9 King George's Avenue (Peoples' Association Headquarters)

**2003** Architectural Heritage Award from the URA for the restoration of Asian Civilisation Museum, Empress Place

**2001** Architectural Heritage Award from the URA for the Restoration of 101 Penang Road (House of Tan Yeok Nee)

**1998** Architectural Heritage Award from the URA for the Restoration of Asian Civilisation Museum

**1995** Architectural Heritage Award from the URA for the Restoration of River House at Clarke Quay


**2013** BCA Quality Mark (QM) Star Award for good workmanship for Lush on Holland Hill

**2012** Housing and Development Board (HDB) Quality Partners Award for Building Improvement Works to Void Deck Columns using Polymer Fibre Wrapping


**2014** Green and Gracious Builder Star Award

**2013** Green and Gracious Builder Merit Award

**2012** Construction Environmental Award – Certificate of Merit from the Land Transport Authority (LTA) for Contract ER361 (Widening of Keppel Viaduct)


**2014** Construction Productivity Gold Award from the BCA for Lush on Holland Hill

**2014** BCA BIM Gold Award as the Builder for Residential Halls at North Hill, Nanyang Technological University


| | |
|---|---|
| **2013** | Certificate of Recognition for Million Accident Free Man-hours from LTA for Contract 937B Tai Seng Facility Building |
| **2006** | Safety Management Silver Award from Concord Associates for Deep Tunnel Sewerage System Changi Water Reclamation Plant Contract C4A |
| **1999** | Safety Performance Merit Award from the Ministry of Manpower for Temasek Secondary School |
| **1998** | Safety Performance Merit Award from the Ministry of Manpower for Raffles Girls' Primary School |
| **1996** | Safety Management Bronze Award from Concord Associates for Central Ministries Building |


| | |
|---|---|
| **2011** | Green Mark GoldPlus from the BCA for Bliss @Kovan |
| **2010** | Green Mark Certified from the BCA for Lush on Holland Hill |
| **2009** | Green Mark GoldPlus from the BCA for Icon@IBP |
| **2008** | Green Mark Gold from the BCA for 8 Nassim Hill |
| **2007** | Green Mark GoldPlus from the BCA for Peoples' Association Headquarters |


| | |
|---|---|
| **2015** | ANZ Global Business Excellence Award |
| **2014** | Singapore 1000 Company - Emerging 2014 Award from DP Information Group |
| **2013** | Singapore 1000 Company – Emerging 2013 Award from DP Information Group |
| **2012** | Singapore 1000 Company – Emerging 2012 Award from DP Information Group |


| | |
|---|---|
| **2006** | Best Buildable Design Award from the BCA for Yu Neng Primary School |
| **2001** | Best Buildable Design Award from the BCA for North Spring Primary School and Poi Ching School |

# PROJECTS GALLERY

# PROJECTS GALLERY

## COMPLETED PROJECTS

### MIXED-USE DEVELOPMENT AT FUSIONOPOLIS PLACE, Singapore

This is a contract originally worth $153.1 million from Ascendas Fusion 5 Pte Ltd to design and construct a mixed-use development at Fusionopolis Place in Buona Vista area.

The project commenced in September 2012 and involved the design and construction of a 17-storey business park, a two-storey retail block, a four office-storey office block and two basement carparks. The completed development is currently named "The Galaxis".

### DULWICH COLLEGE AT BUKIT BATOK WEST AVENUE 8, Singapore

Construction of Dulwich College, Singapore's first British independent school, commenced in February 2013 and included the building of three-storey, five-storey and single-storey blocks with two basements and a two-storey administration block. Currently, classrooms and facilities for children in early/foundation years and junior school, a gymnasium and a swimming pool sit on a five-hectare site in Bukit Batok West Avenue 8.

# PROJECTS GALLERY

## COMPLETED PROJECTS

### SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN AT CHANGI, Singapore

The $102.7 million contract was awarded by Singapore University of Technology and Design to build Phase 1 construction of housing and sports facilities for its campus at Somapah Road and Changi South Avenue 1.

This contract involved the construction of three 11-storey hostel blocks, two 11-storey faculty blocks, a sports complex, and a multipurpose hall with basement car park and support area. Other works include boring and piling foundation works, design and installation of earth retaining systems, construction of link ways, bridges, canopies, rain screens, roads, drainage works, bio-ponds, landscaping works, and mechanical and electrical service trenches.

### COSTA RIS AT PASIR RIS, Singapore

The $179 million contract was the second contract awarded in recent years from the Housing and Development Board (HDB) to build 1,386 new homes in Pasir Ris Neighbourhood 5. Work on the 17 blocks of 13 storeys each commenced in November 2011 and was carried out in 13 phases.

The contract also included the construction of a multi-storey carpark, supermarket, childcare centre and shophouses. Hardscape and soft landscape works such as a precinct pavilion, pergola, shelter, site works and civil engineering works were also within the scope of works.

## ONGOING PROJECTS

### THE SPRINGSIDE, Singapore

The contract for The Springside involved the construction and maintenance of Phases 14 and 15 of the mixed-use development at The Springside at Jalan Ulu Seletar/Sembawang Road, Singapore.

The scope of works encompasses the construction and maintenance of 2-blocks of a 4-storey development comprising 1-storey shops and 3-storey apartments with 2 basement car parks.

Other works comprise bored piling foundation, earthworks, driveway, box drains/culverts, surface water drains, general landscaping and turfing, and mechanical and electrical services. Construction works has commenced on 19 September 2013 and is scheduled for completion in the last quarter of 2015.

### PULAU SEKATI BRIDGE IN TERENGGANU, Malaysia

The construction of Pulau Sekati Bridge at Kuala Terengganu, Malaysia, was awarded by Zainal @ Shariff Ibrahim Sdn. Bhd. The new bridge will span across Sungai Terengganu and Pulau Sekati, providing an access link from Kuala Terengganu to Telok Pasu and Jeram.

Comprising two bridges side by side, each bridge consists of a 280-metre box girder bridge and two approach T-shaped girder bridges, with bridge lengths of 174-metre on Teluk Pasu side and 600-metre on Kuala Terengganu side. The 11.9-metre wide box girder bridge carries a three-traffic lane carriageway while the T-shaped girder bridge carries a four-traffic lane carriageway. Work for the bridge has commenced and is expected to be completed at the end of 2015.

# PROJECTS GALLERY

## ONGOING PROJECTS

### PULAU POH AT TERENGGANU, Malaysia

The project involves the design and construction of a new marina base at Pulau Poh and the bridge connecting Pulau Poh to existing Pengkalan Gawi jetty in Kenyir Lake in Terengganu. The project was awarded by a Class "A" Bumiputra contractor in 2014.

Targeted for completion in June 2017, the scope of the project include the construction of main facilities, such as, floating passenger jetty, cargo jetty and cable bridge at Poh Island.

### BLISS @KOVAN, Singapore

This 98,063 square feet freehold land at 2A/B/C/D Simon Lane is being developed into a five-storey lowrise condominium project comprising 140 homes of one to three-bedroom units, and penthouses.

Nestled in a quiet neighbourhood of landed properties and located in close proximity to the Kovan MRT Station which is about 360 metres away, the site is also easily accessible from the Tampines Expressway. Food outlets and other amenities are conveniently available along Upper Serangoon Road, and at Heartland Mall at Kovan Town Centre and the Nex Mall at Serangoon Central.

Launched in September 2011, the development is expected to obtain Temporary Occupation Permit by 31 December 2015. To date, 133 units have been sold.

The 99-year leasehold development, Lake Life Executive Condominium, is a prestigious project led by Lakehomes Pte. Ltd, a 35% owned associate of the Group.

Located at Yuan Ching Road/Tao Ching Road in Jurong West, it is the first executive condominium in the Jurong district after 17 years. At the heart of the URA Masterplan for Jurong Lake District, the project spans 217,304 square feet of land which will be developed into 546 units of executive condominium with modern and lifestyle design features.

Due for TOP in 2017, 98% of the 546 units were sold during the sales launch on 8 November 2014.

### LAKE LIFE EXECUTIVE CONDOMINIUM, Singapore

## HDB 5MWP SOLAR LEASING @ ANG MO KIO TOWN, Singapore

Under a solar leasing model, BBR will design, install, operate and maintain a 5MWp (Megawatt peak) grid-tied solar photovoltaic ("PV") system to be installed on the rooftops of more than 75 HDB residential blocks in Ang Mo Kio Town. The Ang Mo Kio Town Council will undertake a power purchase agreement over a 20-year tenure to pay for the solar generated electricity, at a preferential rate that is not higher than retail electricity tariff rate.

The approximately 20,000 solar panels to be installed are expected to generate more than 6GWh of electricity annually. The electricity generated will be used to power public services in common areas such as lift operations, corridor and staircase lightings, and water pumps.


## 490KWP SOLAR LEASING @ PIONEER ROAD, Singapore

This solar leasing contract for the installation of a solar PV grid-tied system is awarded by GKE Warehousing & Logistics Pte Ltd ("GKE"), a wholly-owned subsidiary of SGX-ST listed, GKE Corporation Limited.

Under the 25-year power purchase agreement, BBR will design, install, commission and maintain the 490KWp PV system which comprises 1,848 high efficiency multi-crystalline panels to be installed on the rooftop of the warehouse in Pioneer Road, Singapore.

Upon the project's commissioning in April 2015, the system is expected to generate more than 576,000KWh in the first year and will account for 80% of the energy needs of GKE.

# BBR CARE

At BBR, we aim to contribute back to the community and advocate the best practices within the Group to achieve sustainable growth. As an active corporate citizen, BBR supports community outreach as part of staff development. We highly encourage the spirit of volunteerism to support charitable causes.

BBR CARE is a corporate initiative set up in early 2014 to underscore BBR's commitment to invest in social and community development, as part of our goal to be a socially and environmentally responsible organisation. BBR CARE focuses on employees' welfare as well as engages in community programmes and environmental sustainability efforts.

An initial Corporate Social Responsibility programme embarked by the Group was the collaboration with the LienAID in support of their ongoing Gift for Water Programme in Cambodia. This programme aids poor rural floating communities living on the Ton Le Sap Lake gain improved access to affordable drinking water. In September 2013, BBR co-funded the set-up of water-treatment plants and encouraged its staff to perform community services in these villages.

Recent initiatives on community involvement undertaken by the BBR CARE were the introduction of a healthy snack programme to the staff of BBR, which was subsequently extended to the 140 residents of Asian Woman Welfare Association (AWWA) Community Home for Senior Citizens; and a relief drive for flood victims in Malaysia through the collection and donation of clothing within the Group.

BBR CARE plans to continue its care and share programme with the AWWA Community Home for Senior Citizens. In its latest fundraising efforts, the team raised some $6,000, which was generously matched dollar for dollar by the Company. With the total proceeds contributed, the BBR CARE team purchased and distributed Chinese New Year festive goodie packs to the residents to liven the festive mood in the community home.

Other activities to encourage the staff to stay engaged in social and community development are in the works.

## Relief Drive for Flood Victims in Malaysia


## Outreach Programme at AWWA Community Home for Senior Citizens



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Prof Yong Kwet Yew**
Independent Director
PhD, B.E (Hons), PEng, FIES, MSID,
Accredited Adjudicator

**Mr Tan Kheng Hwee Andrew**
Executive Director and Chief Executive Officer
B.E. (Hons), M.Sc., MIES, PEng, FSCI, MSID

**Mr Bruno Sergio Valsangiacomo**
Non-Executive Director
BBA

**Mr Peter Michael Ekberg**
Non-Executive Director
BBA

**Mr Marcel Poser**
Alternate Director to Mr Peter Michael Ekberg
M.Sc. Eng./Dipl.Ing.SIA

**Ms Luk Ka Lai Carrie**
Independent Director
MBA, FCCA, ACIS, CA (Singapore),
MSID, MSIM

**Mr Soh Gim Teik**
Independent Director
BAcc, CA (Singapore), FSID

## AUDIT COMMITTEE AND RISK MANAGEMENT COMMITTEE

**Ms Luk Ka Lai Carrie** (Chairperson)
**Prof Yong Kwet Yew**
**Mr Soh Gim Teik**

## NOMINATION COMMITTEE

**Prof Yong Kwet Yew** (Chairman)
**Ms Luk Ka Lai Carrie**
**Mr Soh Gim Teik**

## REMUNERATION COMMITTEE

**Prof Yong Kwet Yew** (Chairman)
**Mr Bruno Sergio Valsangiacomo**
**Ms Luk Ka Lai Carrie**

## BBR SHARE PLAN COMMITTEE

**Prof Yong Kwet Yew** (Chairman)
**Mr Bruno Sergio Valsangiacomo**
**Mr Tan Kheng Hwee Andrew**

## INVESTMENT COMMITTEE

**Mr Soh Gim Teik** (Chairman)
**Mr Tan Kheng Hwee Andrew**
**Ms Luk Ka Lai Carrie**

## COMPANY SECRETARY

Ms Chiang Chai Foong
ACIS

## REGISTERED OFFICE

50 Changi South Street 1
BBR Building
Singapore 486126
Tel: (65) 6546 2280
Fax: (65) 6546 2268
Website: www.bbr.com.sg
Email: enquiry@bbr.com.sg

## SHARE REGISTRAR

Boardroom Corporate &
Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel : (65) 6536 5355
Fax : (65) 6536 1360

## AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in-charge: Chan Yew Kiang
(since financial year ended 31 December 2011)

## BANKERS

Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd
Malayan Banking Berhad
Standard Chartered Bank
The Hongkong & Shanghai Banking Corporation Limited
Hong Leong Finance Limited
AFC Merchant Bank
Australia and New Zealand Banking Group Limited
RHB Bank Berhad
Ambank Bhd
AmIslamic Bank Bhd

# FINANCIAL REPORT CONTENTS



# DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of BBR Holdings (S) Ltd ("the Company") and its subsidiaries (collectively, "the Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014.

## DIRECTORS

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

Prof. Yong Kwet Yew (Non-Executive Chairman)
Tan Kheng Hwee Andrew (Executive Director and Chief Executive Officer)
Bruno Sergio Valsangiacomo
Luk Ka Lai Carrie
Soh Gim Teik
Peter Michael Ekberg
Marcel Poser (Alternate Director to Peter Michael Ekberg)

## 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 object 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** | **At the beginning of financial year** | **At the end of financial year** | **At the beginning of financial year** | **At the end of financial year** |
| **The Company** | | | | |
| **BBR Holdings (S) Ltd** | | | | |
| **Ordinary shares** | | | | |
| Tan Kheng Hwee Andrew | 17,050,474 | 17,250,474 | 228,400 | 228,400 |
| Bruno Sergio Valsangiacomo | – | – | 85,632,978 | 85,632,978 |
| Peter Michael Ekberg | 150,000 | – | – | – |
| **Contingent award of performance shares** | | | | |
| Tan Kheng Hwee Andrew | 200,000 | – | – | – |

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2015.

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(continued)*

By virtue of section 7 of the Singapore Companies Act, Cap. 50, Bruno Sergio Valsangiacomo is deemed to have interests in shares of the subsidiaries of the Company.

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

## THE BBR SHARE PLAN

The BBR Share Plan ("the Plan") was approved by members of the Extraordinary General Meeting held on 28 April 2010.

The Plan is a share incentive plan. The Plan is proposed on the basis that it is important to retain employees whose contributions are important to the well-being and prosperity of the Group and to recognise outstanding executives and directors of the Group who have contributed to the growth of the Group. The Plan will give participants an opportunity to have a personal equity interest in the Company and will assist in achieving the following positive objectives:

(a) the motivation of each participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;

(b) the retention of key executives and directors of the Group whose contributions are important to the long-term growth and profitability of the Group;

(c) to instil loyalty to, and a stronger identification by employees with the long term prosperity of the Group;

(d) to make employee remuneration sufficiently competitive to recruit and retain employees with relevant skills to contribute to the Group and to create value for the shareholders; and

(e) to align the interests of the participants with the interests of the shareholders.

The Plan is administered by The BBR Share Plan Committee ("the Committee") whose members are Prof. Yong Kwet Yew (Chairman), Tan Kheng Hwee Andrew and Bruno Sergio Valsangiacomo.

The size of the Plan shall not exceed 10% of the issued ordinary share capital of the Company. The participants are not required to pay for the grant of awards or for the shares allotted or allocated pursuant to an award.

Group executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time on or before the award date and are not undischarged bankrupts and have not entered into a composition with their respective creditors and non-executive Directors are eligible to participate in the Plan.

# DIRECTORS' REPORT

## THE BBR SHARE PLAN *(continued)*

Controlling shareholders and associates of controlling shareholders shall not be eligible to participate in the Plan.

The Plan shall be in force up to a maximum period of 10 years from the date on which the Plan was adopted and may be continued beyond the stipulated period with the approval of shareholders by way of ordinary resolution in general meeting and of such relevant authorities which may then be required.

Details of performance share awards of the Company during the year are set out as follows:

| Name of participant | Granted in financial year ended 31.12.14 | Aggregate granted since commencement of Plan to 31.12.14 | Released in financial year ended 31.12.14 | Aggregate released since commencement of Plan to 31.12.14 | Aggregate outstanding as at 31.12.14 |
|---|---|---|---|---|---|
| **Director of the Company** | | | | | |
| **- Tan Kheng Hwee Andrew** | – | 650,000 | 200,000 | 650,000 | – |
| **Key management and executives of the Group** | – | 3,210,000 | 1,210,000 | 3,210,000 | – |
| **As at 31 December 2014** | – | 3,860,000 | 1,410,000 | 3,860,000 | – |

## 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:

- Reviewed the audit plan and scope of audit examination of the external auditors and evaluated their overall effectiveness through regular meetings with the auditors;
- Reviewed with the internal auditors their evaluation of the Company's internal accounting control;
- Reviewed with the external auditors their report on the financial statements and the assistance given by the Company's officers to them;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX).

Other functions performed by the AC are described in the report on corporate governance included in the annual report, which includes a review of the external auditor's objectivity and independence vis-à-vis the non-audit services provided by them, if any.

The AC has recommended to the board of directors that the auditors, Ernst & Young LLP, be nominated for re-appointment as auditors at the next annual general meeting of the Company.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

## AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Tan Kheng Hwee Andrew
Executive Director and Chief Executive Officer

Luk Ka Lai Carrie
Non-Executive Director

27 March 2015

# STATEMENT BY DIRECTORS

We, Tan Kheng Hwee Andrew and Luk Ka Lai Carrie, being two of the directors of BBR Holdings (S) Ltd, do hereby state that, in the opinion of the directors,

(i) the accompanying statements of financial position, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with the 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 2014 and of the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company 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,

Tan Kheng Hwee Andrew
Executive Director and Chief Executive Officer

Luk Ka Lai Carrie
Non-Executive Director

27 March 2015

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BBR HOLDINGS (S) LTD

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of BBR Holdings (S) Ltd ("the Company") and its subsidiaries (collectively, "the Group") set out on pages 36 to 100, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company and the 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 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 the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

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

## REPORT ON OTHER LEGAL 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 Chartered Accountants
Singapore
27 March 2015

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | $'000 | $'000 |
| **Revenue** | 4 | 671,572 | 426,251 |
| **Cost of sales** | | (642,917) | (382,663) |
| **Gross profit** | | 28,655 | 43,588 |
| Other operating income | 5 | 9,299 | 2,971 |
| Other income/(expense) | | 135 | (181) |
| Administrative costs | | (9,151) | (7,207) |
| Other operating costs | | (13,810) | (17,013) |
| Finance costs | 6 | (592) | (285) |
| Share of results of a joint venture | | – | (4,000) |
| Share of results of associates | | 269 | 5,083 |
| **Profit before taxation** | 7 | 14,805 | 22,956 |
| Income tax expense | 8 | (3,006) | (928) |
| **Profit for the year** | | 11,799 | 22,028 |
| **Other comprehensive income:** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation loss | | (351) | (101) |
| Other comprehensive income for the year | | (351) | (101) |
| **Total comprehensive income for the year** | | 11,448 | 21,927 |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | 11,230 | 21,839 |
| Non-controlling interests | | 569 | 189 |
| | | 11,799 | 22,028 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | 10,927 | 21,775 |
| Non-controlling interests | | 521 | 152 |
| | | 11,448 | 21,927 |
| **Earnings per share** | 9 | | |
| Basic earnings per share | | 3.66 cents | 7.13 cents |
| Fully diluted earnings per share | | 3.66 cents | 7.10 cents |

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2014 | 2013 | 2014 | 2013 |
| | | $'000 | $'000 | $'000 | $'000 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 10 | 25,222 | 28,152 | 7,264 | 8,576 |
| Intangible assets | 11 | 419 | 119 | – | – |
| Investments in subsidiaries | 12 | – | – | 68,549 | 53,695 |
| Investments in associates | 13 | 8,195 | 9,166 | 260 | 92 |
| Investment in a joint venture | 14 | – | – | – | – |
| Other investments | 15 | – | – | – | – |
| Deferred tax assets | 16 | 1,085 | 1,318 | – | – |
| Trade receivables | 17 | 13,698 | 11,580 | – | – |
| Loans to an associate | 18 | 31,952 | 31,286 | – | – |
| **Current assets** | | | | | |
| Amounts due from subsidiaries | 19 | – | – | 18,805 | 18,685 |
| Development properties | 20 | 75,200 | 71,101 | – | – |
| Gross amount due from customers for contract work-in-progress | 21 | 31,890 | 42,882 | – | – |
| Inventories | 22 | 3,944 | 3,242 | – | – |
| Trade receivables | 17 | 75,706 | 84,771 | – | – |
| Other receivables | 23 | 4,741 | 3,633 | 122 | 610 |
| Tax recoverable | | – | 1,388 | – | 27 |
| Pledged deposits | 24 | 6,638 | 3,552 | – | – |
| Cash and cash equivalents | 24 | 38,002 | 20,192 | 729 | 804 |
| | | 236,121 | 230,761 | 19,656 | 20,126 |
| **Current liabilities** | | | | | |
| Amounts due to subsidiaries | 19 | – | – | 11,161 | 10,287 |
| Gross amount due to customers for contract work-in-progress | 21 | 35,171 | 25,274 | – | – |
| Trade and other payables | 25 | 88,653 | 82,776 | 165 | 89 |
| Other liabilities | 26 | 3,656 | 5,911 | 1,461 | 2,236 |
| Loans and borrowings | 27 | 33,139 | 50,868 | 1,640 | 1,640 |
| Income tax payables | | 1,139 | 3,010 | 213 | 46 |
| | | 161,758 | 167,839 | 14,640 | 14,298 |
| **Net current assets** | | 74,363 | 62,922 | 5,016 | 5,828 |
| **Non-current liabilities** | | | | | |
| Trade payables | 25 | 10,923 | 9,494 | – | – |
| Deferred tax liabilities | 16 | 4,045 | 2,557 | – | – |
| Loans and borrowings | 27 | 3,035 | 5,010 | 1,640 | 3,280 |
| | | 136,931 | 127,482 | 79,449 | 64,911 |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 28 | 43,967 | 43,967 | 43,967 | 43,967 |
| Treasury shares | 29 | (69) | (450) | (69) | (450) |
| Share plan reserve | 30 | – | 172 | – | 172 |
| Foreign currency translation reserve | | (880) | (577) | – | – |
| Retained earnings | | 91,299 | 82,527 | 35,551 | 21,222 |
| | | 134,317 | 125,639 | 79,449 | 64,911 |
| Non-controlling interests | | 2,614 | 1,843 | – | – |
| **Total equity** | | 136,931 | 127,482 | 79,449 | 64,911 |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| Group | Share capital (Note 28) | Treasury shares (Note 29) | Share plan reserve (Note 30) | Foreign currency translation reserve | Retained earnings | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the Parent | | | | | | |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 January 2014** | 43,967 | (450) | 172 | (577) | 82,527 | 1,843 | **127,482** |
| Total comprehensive income | | | | | | | |
| Profit for the year | – | – | – | – | 11,230 | 569 | **11,799** |
| Other comprehensive income for the year | – | – | – | (303) | – | (48) | **(351)** |
| **Total comprehensive income for the year** | – | – | – | (303) | 11,230 | 521 | **11,448** |
| Contributions by and distributions to owners | | | | | | | |
| Share based compensation expense | – | – | 209 | – | – | – | **209** |
| Treasury shares reissued pursuant to employee share plan | – | 381 | (381) | – | – | – | **–** |
| Dividends paid on ordinary shares (Note 31) | – | – | – | – | (2,458) | – | **(2,458)** |
| **Total transactions with owners in their capacity as owners** | – | 381 | (172) | – | (2,458) | – | **(2,249)** |
| Others | | | | | | | |
| Acquisition of a subsidiary (Note 12) | – | – | – | – | – | 250 | **250** |
| **Balance at 31 December 2014** | 43,967 | (69) | – | (880) | 91,299 | 2,614 | **136,931** |

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

| Group | Share capital (Note 28) | Treasury shares (Note 29) | Share plan reserve (Note 30) | Foreign currency translation reserve | Retained earnings | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the Parent | | | | | | |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 January 2013** | 43,967 | (416) | 135 | (513) | 64,372 | 1,691 | **109,236** |
| Total comprehensive income | | | | | | | |
| Profit for the year | – | – | – | – | 21,839 | 189 | **22,028** |
| Other comprehensive income for the year | – | – | – | (64) | – | (37) | **(101)** |
| **Total comprehensive income for the year** | – | – | – | (64) | 21,839 | 152 | **21,927** |
| Contributions by and distributions to owners | | | | | | | |
| Share based compensation expense | – | – | 299 | – | – | – | **299** |
| Purchase of treasury shares | – | (296) | – | – | – | – | **(296)** |
| Treasury shares reissued pursuant to employee share plan | – | 262 | (262) | – | – | – | **–** |
| Dividends paid on ordinary shares (Note 31) | – | – | – | – | (3,684) | – | **(3,684)** |
| **Total transactions with owners in their capacity as owners** | – | (34) | 37 | – | (3,684) | – | **(3,681)** |
| **Balance at 31 December 2013** | 43,967 | (450) | 172 | (577) | 82,527 | 1,843 | **127,482** |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| Company | Attributable to equity holders of the Company | | | | |
|---|---|---|---|---|---|
| | Share capital (Note 28) | Treasury shares (Note 29) | Share plan reserve (Note 30) | Retained earnings | Total equity |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 January 2014** | 43,967 | (450) | 172 | 21,222 | **64,911** |
| Profit for the year | – | – | – | 16,787 | **16,787** |
| **Total comprehensive income for the year** | – | – | – | 16,787 | **16,787** |
| Contributions by and distributions to owners | | | | | |
| Share based compensation expense | – | – | 209 | – | **209** |
| Treasury shares reissued pursuant to employee share plan | – | 381 | (381) | – | **–** |
| Dividends paid on ordinary shares (Note 31) | – | – | – | (2,458) | **(2,458)** |
| **Total transactions with owners in their capacity as owners** | – | 381 | (172) | (2,458) | **(2,249)** |
| **Balance at 31 December 2014** | 43,967 | (69) | – | 35,551 | **79,449** |
| **Balance at 1 January 2013** | 43,967 | (416) | 135 | 18,924 | **62,610** |
| Profit for the year | – | – | – | 5,982 | **5,982** |
| **Total comprehensive income for the year** | – | – | – | 5,982 | **5,982** |
| Contributions by and distributions to owners | | | | | |
| Share based compensation expense | – | – | 299 | – | **299** |
| Purchase of treasury shares | | (296) | – | – | **(296)** |
| Treasury shares reissued pursuant to employee share plan | – | 262 | (262) | – | **–** |
| Dividends paid on ordinary shares (Note 31) | – | – | – | (3,684) | **(3,684)** |
| **Total transactions with owners in their capacity as owners** | – | (34) | 37 | (3,684) | **(3,681)** |
| **Balance at 31 December 2013** | 43,967 | (450) | 172 | 21,222 | **64,911** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before taxation | 14,805 | 22,956 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 6,368 | 4,761 |
| Interest expense | 407 | 285 |
| (Write-back of allowance)/allowance for doubtful receivables (net) | (1,280) | 1,420 |
| Allowance for inventories obsolescence | 156 | – |
| Write-off of trade receivables | – | 3 |
| Share based compensation expense | 209 | 299 |
| Share of results of a joint venture | – | 4,000 |
| Share of results of associates | (269) | (5,083) |
| Interest expense arising from the discount implicit in non-current trade receivables | 185 | – |
| Gain on disposal of property, plant and equipment | (2,980) | (86) |
| Gain on disposal of an associate | (1,518) | – |
| Gain on liquidation and deregistration of subsidiaries | (440) | – |
| Impairment loss on property, plant and equipment | – | 323 |
| Interest income | (188) | (261) |
| Net effect of exchange rate changes in consolidating subsidiaries | (441) | 76 |
| **Operating profit before working capital changes** | 15,014 | 28,693 |
| Increase in development properties | (3,463) | (8,292) |
| Decrease/(increase) in amount due from customers for work-in-progress (net) | 20,890 | (2,479) |
| Decrease/(increase) in trade receivables | 8,360 | (37,547) |
| Increase in other receivables | (1,083) | (896) |
| Increase in inventories | (818) | (989) |
| Increase in trade and other payables | 7,110 | 32,852 |
| (Decrease)/increase in other liabilities | (2,278) | 1,745 |
| Cash from operations | 43,732 | 13,087 |
| Interest paid | (1,043) | (1,134) |
| Interest received | 188 | 261 |
| Income tax paid | (1,770) | (2,729) |
| **Net cash from operating activities** | 41,107 | 9,485 |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment (Note 24) | (3,081) | (10,206) |
| Proceeds from disposal of property, plant and equipment | 4,300 | 413 |
| Proceeds from disposal of an associate | 2,380 | – |
| Net cash inflow arising on liquidation and deregistration of subsidiaries, representing cash and cash equivalents of subsidiaries liquidated and deregistered (Note 12) | 440 | – |
| Dividends received from an associate | – | 15,120 |
| Investment in associates | (218) | (350) |
| Net cash outflow on acquisition of a subsidiary (Note 12) | (50) | – |
| Net cash from investing activities | 3,771 | 4,977 |
| **Cash flows from financing activities** | | |
| Loans to an associate | (3,220) | (33,676) |
| Repayment of loans from an associate | 3,150 | – |
| (Repayment of)/proceeds from bank borrowings, secured | (1,390) | 2,146 |
| Dividends paid on ordinary shares | (2,458) | (3,684) |
| Purchase of treasury shares | – | (296) |
| Proceeds from long term borrowings | – | 4,920 |
| Repayment of long term borrowings | (18,140) | (8,000) |
| Repayment of finance leases | (1,950) | (3,332) |
| Increase in pledged deposits | (3,038) | (162) |
| **Net cash used in financing activities** | (27,046) | (42,084) |
| Net increase/(decrease) in cash and cash equivalents | 17,832 | (27,622) |
| Net effect of exchange rate changes on cash and cash equivalents | (22) | (21) |
| Cash and cash equivalents at beginning of the year | 20,192 | 47,835 |
| **Cash and cash equivalents at end of the year (Note 24)** | 38,002 | 20,192 |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 1. CORPORATE INFORMATION

BBR Holdings (S) Ltd ("the Company") is a limited liability company, which is incorporated in the Republic of Singapore and publicly traded on the mainboard of Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 50 Changi South Street 1, BBR Building, Singapore 486126.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries and associates are set out in Notes 12 and 13 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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 ("SGD" or "$") and all values are rounded to the nearest thousand ("$'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 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

### 2.3 Standards issued but not yet effective

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

| *Description* | *Effective for annual periods beginning on or after* |
|---|---|
| Amendments to FRS 102: Definition of Vesting Condition | 1 July 2014 |
| Amendments to FRS 103: Accounting for Contingent Consideration in a Business combination and Scope exception for Joint Ventures | 1 July 2014 |
| Amendments to FRS 108: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets | 1 July 2014 |
| Amendments to FRS 113: Scope of Paragraph 52 (Portfolio Exception) | 1 July 2014 |
| Amendments to FRS 16: Revaluation Method – Proportionate Restatement of Accumulated Depreciation | 1 July 2014 |
| Amendments to FRS 19: Employee Contributions | 1 July 2014 |
| Amendments to FRS 24: Key Management Personnel | 1 July 2014 |
| Amendments to FRS 28: Revaluation Method – Proportionate Restatement of Accumulated Amortisation | 1 July 2014 |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.3 Standards issued but not yet effective *(continued)*

| *Description* | *Effective for annual periods beginning on or after* |
|---|---|
| Amendments to FRS 40: Clarifying the Inter-relationship between FRS 103 and FRS 40 When Classifying Property as Investment Property or Owner-Occupied Property | 1 July 2014 |
| FRS 19 Amendments to FRS 19: Defined Benefit Plans: Employee Contributions | 1 July 2014 |
| FRS 114 Regulatory Deferral Accounts | 1 January 2016 |
| FRS 16 & 41 Amendments to FRS 16 Property, Plant and Equipment & FRS 41 Agriculture | 1 January 2016 |
| FRS 27 Amendments to FRS 27 Equity Method in Separate Financial Statements | 1 January 2016 |
| Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |
| Amendments to FRS 110 & FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2016 |
| Amendments to FRS 1: Disclosure Initiative | 1 January 2016 |
| Amendnents to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception | 1 January 2016 |
| FRS 115 Revenue from Contracts with Customers | 1 January 2017 |
| FRS 109 Financial Instruments | 1 January 2018 |

Except for FRS 115, the directors expect that the adoption of the standards 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 FRS 115 is described below.

**FRS 115 Revenue from Contracts with Customers**

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

### 2.4 Foreign currency

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

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 statement of financial position date. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.4 Foreign currency *(continued)*

Exchange differences arising on the settlement of monetary items or on translating monetary items at the statement of financial position date are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in equity as foreign currency translation reserve in the statement of financial position and recognised in the statement of comprehensive income on disposal of the subsidiary.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the statement of financial position date and their statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

### 2.5 Basis of consolidation and business combinations

(a) ***Basis of consolidation***

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 control 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 the statement of comprehensive income;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to the statement of comprehensive income or retained earnings, as appropriate.

(b) ***Business combinations and goodwill***

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.

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 the statement of comprehensive income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.5 Basis of consolidation and business combinations *(continued)*

(b) ***Business combinations and goodwill*** *(continued)*

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, 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. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the statement of comprehensive income on the acquisition date.

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 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 units to which goodwill have 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.

### 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 statement of financial position, 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 parent.

### 2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.8 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified as joint operation or joint venture, based on the rights and obligations of the parties to the agreement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) ***Joint operations***

The Group recognises in relation to its interest in a joint operation,

(i) its assets, including its share of any assets held jointly;

(ii) its liabilities, including its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) ***Joint ventures***

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in 2.9.

### 2.9 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.9 Joint ventures and associates *(continued)*

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

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 associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in the statement of comprehensive income.

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

### 2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Leasehold building and certain plant and equipment are measured at fair value less depreciation charged subsequent to the date of revaluation. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers.

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:

| | |
|---|---|
| Leasehold properties | 6 to 8 years |
| Plant and equipment | 1 to 13 years |
| Motor vehicles | 5 years |
| Other assets | 1 to 10 years |

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, 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 property, plant and equipment.

An item of property, plant and equipment 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 the statement of comprehensive income in the year the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.11 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 such indication exists, or when annual impairment assessment 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the statement of comprehensive income.

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. 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 be recognised previously. Such reversal is recognised in the statement of comprehensive income.

### 2.12 Financial assets

Financial assets are recognised on the statement of financial position 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.

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.

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

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

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 the statement of comprehensive income. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

The Group does not designate any financial assets at fair values through profit and loss, held-to-maturity investments or available-for-sale financial assets.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.12 Financial assets *(continued)*

(b) ***Loans and receivables***

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 the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

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 has been recognised directly in equity is recognised in the statement of comprehensive income.

### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and demand deposits which are subject to an insignificant risk of changes in value. These also include unsecured bank overdrafts that form an integral part of the Group's cash management.

### 2.14 Development properties, completed properties held for sale and revenue recognition

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 measured at the lower of cost and net realisable value.

The costs of development properties include:

- Freehold land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property taxes, construction overheads and other related costs.

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 development properties sold and are recognised in the statement of comprehensive income are 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.

### 2.15 Trade and other receivables

Trade and other receivables 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 2.12.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.16 below.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.16 Impairment of financial assets

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) ***Assets carried at amortised cost***

If there is objective evidence that an impairment loss on financial assets carried at amortised 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 financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the statement of comprehensive income.

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 been 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 reversed is recognised in the statement of comprehensive income.

(b) ***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.

### 2.17 Inventories

Inventories are valued at the lower of cost (weighted average method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimate costs necessary to make the sale.

### 2.18 Construction 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 statement of financial position date, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable 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.

Contract revenue comprises the initial amount of revenue agreed in the contract and 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.

The stage of completion is determined by reference to professional surveys of work performed.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.19 Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 30 to 90 days' terms, and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

### 2.20 Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying 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 ready for their intended use or sale.

### 2.21 Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

The Group does not designate any financial liabilities upon initial recognition as fair value through profit or loss.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of comprehensive income. Net gains or losses on derivatives include exchange differences.

### 2.22 Provision

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each statement of financial position date 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.23 Employee benefits

(a) ***Defined contribution plans***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The state pension schemes for Singapore and Malaysia are Central Provident Fund and Employee Provident Fund respectively. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to statement of financial position date.

(c) ***Performance share plan***

Eligible employees of the Group may be granted performance share awards which will be released subject to the completion of service and achievement of prescribed performance targets. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted. The cost is recognised in the statement of comprehensive income, with a corresponding increase in equity.

### 2.24 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.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(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 the statement of comprehensive income. 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 Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.24 Leases *(continued)*

(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 basis as rental income. The accounting policy for rental income is set out in Note 2.26 (e).

### 2.25 Taxation

(a) ***Current tax***

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

Current taxes are recognised in the statement of comprehensive income except for items relating to equity that is recognised directly in equity.

(b) ***Deferred tax***

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

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

Where the deferred tax 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;

In respect of temporary differences associated with investments in subsidiaries, associates and interest in a joint venture, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date 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 each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 statement of financial position date.

Deferred taxes are recognised in the statement of comprehensive income except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.25 Taxation *(continued)*

(c) ***Sales tax***

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the tax 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 tax authority is included as part of receivables or payables in the statement of financial position.

### 2.26 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. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales 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) ***Construction contracts***

Accounting policy for recognising construction contract revenue is stated in Note 2.18.

(b) ***Sale of development properties under construction***

Where development property is under construction and agreement has been reached to sell such property before construction is completed, the directors consider whether the contract comprises:

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

(i) 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.

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

- 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.

- 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. For Singapore trading properties under deferred payment scheme and overseas trading properties, revenue and profit are recognised upon transfer of significant risks and rewards of ownership of the properties to the purchases using the completion of construction method.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.26 Revenue *(continued)*

(c) ***Sale of goods***

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(d) ***Interest income***

Interest income is recognised using the effective interest method.

(e) ***Rental income***

Rental income arising on commercial property sub-leases and the Group's plant and equipment rented is accounted for on a straight-line basis over the lease terms.

(f) ***Dividend income***

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

(g) ***Management fees***

Management fees are recognised when services are rendered.

### 2.27 Share capital and share issuance 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.

### 2.28 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 in the statement of financial position 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.29 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 the 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).

### 2.30 Treasury shares

The Group's own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received is recognised directly in equity.

### 2.31 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 receivable fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability 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 the statement of comprehensive income 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 statement of comprehensive income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.32 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 statement of financial position and is amortised to statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

## 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.

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

***Income taxes***

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax, deferred tax provisions and deferred tax assets in the period in which such determination is made. The carrying amounts of the Group's tax recoverable, income tax payables, deferred tax assets and deferred tax liabilities at 31 December 2014 were $Nil (2013: $1,388,000), $1,139,000 (2013: $3,010,000), $1,085,000 (2013: $1,318,000) and $4,045,000 (2013: $2,557,000), respectively.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, 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:

***Useful lives of plant and equipment***

The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipments' useful lives. Management estimates the useful lives of these plant and equipment to be within 1 to 13 years. These are common life expectancies applied in the construction industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the statement of financial position date is disclosed in Note 10 to the financial statements. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 1% (2013: 1%) variance in the Group's profit before taxation for the year. The carrying amount of property, plant and equipment is disclosed in Note 10 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

### 3.2 Key sources of estimation uncertainty *(continued)*

***Revenue recognition on construction contracts***

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the statement of financial position date, when the outcome of a construction contract can be estimated reliably. The stage of completion is determined by reference to professional surveys of work performed.

Significant judgments by management are required in assessing the recoverability of the contracts based on estimated total contract revenue and contract costs. In assessing total contract revenue, an estimation of the recoverable variation works from the customers and claims have been included. In making the judgement, management's evaluation is based on the actual level of work performed and past experience. The carrying amounts of assets and liabilities as well as the construction revenue are disclosed in Note 21 Gross amount due from/(to) contract work-in-progress and Note 4 Revenue to the financial statements, respectively.

***Revenue recognition on development property under construction***

The Group recognises revenue for pre-completion sales of development property by reference to the stage of completion using the percentage of completion method. The stage of completion is determined by reference to professional surveys of work performed. Significant assumptions are required to estimate the works performed that affect the stage of completion and the revenue respectively. In making these estimates, management has relied on past experience and knowledge of the professional surveyors. 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 20 Development Properties and Note 4 Revenue to the financial statements respectively.

***Foreseeable losses***

The Group reviews its work-in-progress for projects to determine whether there is any indication of foreseeable losses. Identified foreseeable losses are recognised immediately in the statement of comprehensive income when it is probable that total costs will exceed total contract revenue. As at 31 December 2014, the carrying amount of provision for foreseeable losses was $3,568,000 (2013: $5,000,000) in respect of work-in-progress for projects.

## 4. REVENUE

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Construction revenue | 592,745 | 384,720 |
| Sale of development properties | 78,592 | 41,197 |
| Sale of goods | 207 | 306 |
| Management fee from an associate | 28 | 28 |
| | 671,572 | 426,251 |

## 5. OTHER OPERATING INCOME

| | Group 2014 $'000 | Group 2013 $'000 |
|---|---|---|
| Gain on disposal of property, plant and equipment | 2,980 | 86 |
| Training and testing fees | 1,569 | 527 |
| Gain on disposal of an associate | 1,518 | – |
| Rental income of premises | 1,417 | 1,010 |
| Gain on liquidation and deregistration of subsidiaries | 440 | – |
| Sale of scrap | 323 | 47 |
| Rental income of equipment | 306 | 175 |
| Interest income from deposits | 188 | 261 |
| Management service fees | 78 | 658 |
| Others | 480 | 207 |
| | 9,299 | 2,971 |

## 6. FINANCE COSTS

| | Group 2014 $'000 | Group 2013 $'000 |
|---|---|---|
| Interest expense on: | | |
| Bank loans and bank overdrafts | 195 | 86 |
| Finance leases | 212 | 199 |
| Interest expense arising from the discount implicit in non-current trade receivables | 185 | – |
| | 592 | 285 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 7. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Audit fees to: | | |
| Auditors of the Company | 209 | 195 |
| Other auditors | 25 | 21 |
| Depreciation of property, plant and equipment | 6,368 | 4,761 |
| Inventories recognised as expenses in cost of sales (Note 22) | 100,254 | 95,894 |
| Foreign exchange (gain)/loss (net) | (135) | 181 |
| Grant income from government authorities | (312) | (524) |
| Impairment loss on property, plant and equipment | – | 323 |
| Allowance for inventories obsolescence | 156 | – |
| (Write-back of allowance)/allowance for doubtful receivables (net) | (1,280) | 1,420 |
| Share based compensation expense | 209 | 299 |
| Write-off of trade receivables (Note 17) | – | 3 |
| Rental of: | | |
| Premises | 2,343 | 1,866 |
| Equipment | 37 | 37 |

## 8. INCOME TAX EXPENSE

**Major components of income tax expense**

The major components of income tax expense for the years ended 31 December are as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| ***Statement of comprehensive income*** | | |
| Current income tax: | | |
| – Singapore | 33 | 2,195 |
| – Foreign | 1,113 | 354 |
| Under/(over) provision in respect of previous years | 139 | (1,125) |
| | 1,285 | 1,424 |
| Deferred income tax: | | |
| Origination and reversal of temporary differences | 1,773 | (618) |
| (Over)/under provision of deferred income tax in respect of previous year | (52) | 122 |
| | 1,721 | (496) |
| Income tax expense recognised in the statement of comprehensive income | 3,006 | 928 |

## 8. INCOME TAX EXPENSE *(continued)*

**Relationship between income tax expense and accounting profit**

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

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Profit before taxation | 14,805 | 22,956 |
| Tax at the domestic rates applicable to profits in the countries where the Group operates | 2,998 | 3,969 |
| *Adjustments:* | | |
| Income not subject to tax | (1,536) | (147) |
| Under/(over) provision of income tax in respect of previous years | 139 | (1,125) |
| (Over)/under provision of deferred income tax in respect of previous year | (52) | 122 |
| Benefits from previously unrecognised tax losses and deferred tax assets | (988) | (887) |
| Utilisation of investment and enhanced allowances | (151) | (485) |
| Non-deductible expenses | 322 | 472 |
| Effect of partial tax exemption and tax relief | (138) | (183) |
| Deferred tax assets not recognised | 2,434 | – |
| Share of results of associates | (46) | (864) |
| Others | 24 | 56 |
| Income tax expense recognised in the statement of comprehensive income | 3,006 | 928 |

During the financial year, in relation to the Singapore group relief system, the Group utilised tax losses of $1,306,000 (2013: $1,023,006) to set off the assessable income of certain companies within the Group. At the statement of financial position date, the Group recognised deferred tax assets of $1,085,000 (2013: $1,318,000) arising from unutilised tax losses amounting to $6,382,000 (2013: $7,753,000) as disclosed in Note 16. The Group has unutilised tax losses of approximately $22,542,000 (2013: $13,996,000) that are available for offset against future taxable profits of the companies in which these arose for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses and capital allowances are subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

**Tax consequence of proposed dividends**

There are no income tax consequences (2013: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 9. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

| | **2014** | **2013** |
|---|---|---|
| | $'000 | $'000 |
| Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share | 11,230 | 21,839 |
| | **No. of Shares** | **No. of Shares** |
| Weighted average number of ordinary shares for basic earnings per share computation * | 307,122,514 | 306,351,692 |
| Effect of dilution: | | |
| – Performance shares (Note 30) | – | 1,410,000 |
| Weighted average number of ordinary shares for diluted earnings per share computation * | 307,122,514 | 307,761,692 |

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

As at the end of the financial year, there were no unissued shares of the Company under option.

## 10. PROPERTY, PLANT AND EQUIPMENT

| Group | Plant and equipment | Leasehold properties | Motor vehicles | Construction -in-progress | Other assets | Total |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Cost** | | | | | | |
| Balance at 1 January 2013 | 35,672 | 2,200 | 3,876 | – | 1,383 | **43,131** |
| Additions | 1,467 | 8,441 | 790 | – | 136 | **10,834** |
| Disposals | (491) | – | (34) | – | – | **(525)** |
| Translation adjustments | (82) | – | (36) | – | (14) | **(132)** |
| Balance at 31 December 2013 and 1 January 2014 | 36,566 | 10,641 | 4,596 | – | 1,505 | **53,308** |
| Additions | 2,774 | – | 1,124 | 824 | 59 | **4,781** |
| Disposals | (123) | (2,200) | (165) | – | (65) | **(2,553)** |
| Write-off | – | – | (21) | – | – | **(21)** |
| Translation adjustments | (89) | – | (35) | – | (12) | **(136)** |
| Balance at 31 December 2014 | 39,128 | 8,441 | 5,499 | 824 | 1,487 | **55,379** |
| **Accumulated depreciation** | | | | | | |
| Balance at 1 January 2013 | 16,406 | 484 | 2,535 | – | 942 | **20,367** |
| Depreciation charge for the year | 3,735 | 392 | 443 | – | 191 | **4,761** |
| Disposals | (164) | – | (34) | – | – | **(198)** |
| Impairment loss | 323 | – | – | – | – | **323** |
| Translation adjustments | (59) | – | (27) | – | (11) | **(97)** |
| Balance at 31 December 2013 and 1 January 2014 | 20,241 | 876 | 2,917 | – | 1,122 | **25,156** |
| Depreciation charge for the year | 4,087 | 1,411 | 660 | – | 210 | **6,368** |
| Disposals | (123) | (880) | (165) | – | (65) | **(1,233)** |
| Write-off | – | – | (21) | – | – | **(21)** |
| Translation adjustments | (72) | – | (30) | – | (11) | **(113)** |
| Balance at 31 December 2014 | 24,133 | 1,407 | 3,361 | – | 1,256 | **30,157** |
| **Net carrying amount** | | | | | | |
| Balance at 31 December 2013 | 16,325 | 9,765 | 1,679 | – | 383 | **28,152** |
| Balance at 31 December 2014 | 14,995 | 7,034 | 2,138 | 824 | 231 | **25,222** |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

| Company | Plant and equipment | Leasehold property | Motor vehicles | Other assets | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Cost** | | | | | |
| Balance at 1 January 2013 | – | – | 348 | 28 | **376** |
| Additions | – | 8,441 | – | 5 | **8,446** |
| Balance at 31 December 2013 and 1 January 2014 | – | 8,441 | 348 | 33 | **8,822** |
| Additions | 73 | – | – | 8 | **81** |
| Balance at 31 December 2014 | 73 | 8,441 | 348 | 41 | **8,903** |
| **Accumulated depreciation** | | | | | |
| Balance at 1 January 2013 | – | – | 17 | 28 | **45** |
| Depreciation charge for the year | – | 128 | 70 | 3 | **201** |
| Balance at 31 December 2013 and 1 January 2014 | – | 128 | 87 | 31 | **246** |
| Depreciation charge for the year | 36 | 1,279 | 70 | 8 | **1,393** |
| Balance at 31 December 2014 | 36 | 1,407 | 157 | 39 | **1,639** |
| **Net carrying amount** | | | | | |
| Balance at 31 December 2013 | – | 8,313 | 261 | 2 | **8,576** |
| Balance at 31 December 2014 | 37 | 7,034 | 191 | 2 | **7,264** |

*Construction-in-progress*

Construction-in-progress relates to costs incurred for the construction of solar leasing infrastructure and installations at the clients' premises. Upon completion and commissioning of respective projects, the corresponding construction costs will be classified to plant and equipment, and amortised over the lease period.

*Other assets*

Other assets comprise furniture and fittings, office equipment, air-conditioners and computers.

*Assets held under finance leases*

The Group acquired property, plant and equipment with an aggregate fair value of $2,181,000 (2013: $736,000) by means of finance leases. The carrying amounts of property, plant and equipment held under finance leases for the Group as at 31 December 2014 were $6,393,000 (2013: $7,661,000).

*Assets pledged as securities*

As at 31 December 2014, property, plant and equipment of the Group and the Company with net book value of $13,427,000 (2013: $15,974,000) and $7,034,000 (2013: $8,313,000), respectively were mortgaged as securities for the banking facilities.

## 10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

*Impairment of assets*

In 2013, a wholly owned subsidiary of the Company, BBR Piling Pte Ltd carried out an impairment assessment and impairment losses of $323,000 on idle plant and equipment, representing the write down of plant and equipment to the recoverable amount was recognised in administrative costs in the statement of comprehensive income.

## 11. INTANGIBLE ASSETS

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| **Goodwill on consolidation** | | |
| Balance at 1 January | 119 | 119 |
| Acquisition of a subsidiary (Note 12) | 300 | – |
| Balance at 31 December | 419 | 119 |

Goodwill acquired through business combinations has been allocated to the Group's cash-generating units identified, General construction and Specialised engineering, for impairment testing. The recoverable amount for goodwill was determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a two-year period. Management have considered and determined the factors applied in these financial budgets which include budgeted gross margins and average growth rates. The budgeted gross margins are based on past performance and its expectation of market development. Average growth rates used are consistent with forecasts included in industry reports. The discount rate applied is assumed at 5.4% (2013: 6.0%) for value-in-use calculations, which is also the Group's weighted average cost of capital.

**Sensitivity to changes in assumptions**

With regards to the assessment of value in use for goodwill, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of goodwill to materially exceed its recoverable amount.

## 12. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Unquoted shares, at cost | 79,916 | 78,866 |
| Additional investment * | 109 | 109 |
| Impairment losses | (11,476) | (25,280) |
| Carrying amount | 68,549 | 53,695 |

* This arises from performance shares of the Company granted in 2011 under the BBR Share Plan to the employees of the subsidiaries, for which the share based compensation expense had not been charged to the respective subsidiaries. With effect from 2012, share based compensation expense was charged to respective subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 12. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of subsidiaries at the end of the financial year are as follows:

| Name of company | Proportion of ownership interest | | Country of incorporation | Cost of investment | | Principal activities |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | | 2014 | 2013 | |
| | % | % | | $'000 | $'000 | |
| ***Held by the Company*** | | | | | | |
| BBR Construction Systems Pte Ltd [1] | 100 | 100 | Singapore | 55,012 | 55,012 | Structural engineering and design and build services and investment holding |
| BBR Construction Systems (M) Sdn. Bhd. [2] | 80 | 80 | Malaysia | 793 | 793 | Structural engineering and design and build services and investment holding |
| BBR Development Pte. Ltd. [1] | 100 | 100 | Singapore | 1,000 | 1,000 | Property development and investment holding |
| BBR Piling Pte. Ltd. [1] | 100 | 100 | Singapore | 3,500 | 3,500 | Bored piling works |
| Singapore Piling & Civil Engineering Private Limited [1] | 100 | 100 | Singapore | 18,119 | 18,119 | General building, civil and structural engineering, renovation and retro- fitting and investment holding |
| BBR Greentech Pte. Ltd. [1] | 100 | 100 | Singapore | 10 | 10 | System integration and distribution of renewable energy |
| Moderna Homes Pte. Ltd. [1] | 75 | – | Singapore | 1,050 | – | Design and assembly of prefabricated buildings |
| Siam-BBR Co., Ltd [3] | 100 | 100 | Thailand | 432 | 432 | Dormant |
| | | | | 79,916 | 78,866 | |

## 12. INVESTMENTS IN SUBSIDIARIES *(continued)*

| Name of company | Proportion of ownership interest | | Country of incorporation | Cost of Investment | | Principal activities |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | | 2014 | 2013 | |
| | % | % | | $'000 | $'000 | |
| ***Held by Singapore Piling & Civil Engineering Private Limited*** | | | | | | |
| Singa Development Pte Ltd [1] | 100 | 100 | Singapore | 3,600 | 3,600 | Building contractors, project and contract managers for all kinds of building and civil engineering works |
| ***Held by BBR Construction Systems Pte Ltd*** | | | | | | |
| BBR Construction Systems (HK) Limited [4] | – | 100 | Hong Kong SAR | – | 2 | Dormant |
| ***Held by BBR Construction Systems (M) Sdn. Bhd.*** | | | | | | |
| SP Piling Sdn. Bhd. [2] | 100 | 100 | Malaysia | 15 | 15 | Building contractor |
| ***Held by BBR Development Pte. Ltd.*** | | | | | | |
| SP Holland Hill Private Limited [5] | – | 100 | Singapore | – | 10 | Property development |
| BBR Property Pte. Ltd. [1] | 100 | 100 | Singapore | + | + | Investment holding |
| BBR Kovan Pte. Ltd. [1] | 100 | 100 | Singapore | 1,000 | 1,000 | Property development |

[1] Audited by Ernst & Young LLP, Singapore.
[2] Audited by member firms of Ernst & Young Global in the respective countries.
[3] Audited by Audit Wise Co., Ltd.
[4] Under the process of de-registration and dissolved on 6 March 2015.
[5] Placed under voluntary liquidation proceedings and the liquidation process was completed on 28 November 2014.
\+ Cost of investment is $2.

**Investment in a subsidiary**

On 9 September 2014, the Company and BBR Construction System Pte Ltd, a wholly owned subsidiary of the Company, acquired a total equity interest of 75% in Moderna Homes Pte. Ltd. ("Moderna") by subscribing for 1,499,999 shares and 1 share, respectively in Moderna. Moderna is in the business of Pre-fabricated Pre-finished Volumetric Construction, Pre-fabricated bathroom units and other related businesses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 12. INVESTMENTS IN SUBSIDIARIES *(continued)*

The fair values of the identifiable assets and liabilities of Moderna as at the date of acquisition were as follows:

| | 2014 |
|---|---|
| | $'000 |
| Other receivables | 19 |
| Cash and cash equivalents | 1,000 |
| Less: Trade payables | (4) |
| Other liabilities | (15) |
| Net identifiable assets | 1,000 |
| Non-controlling interests | (250) |
| Goodwill on consolidation | 300 |
| Total purchase consideration settled in cash | 1,050 |
| Less: Cash and cash equivalents of subsidiary acquired | (1,000) |
| Net cash outflow on acquisition | 50 |

As at 9 September 2014, the fair values of the assets and liabilities arising from the acquisition of Moderna have been determined on a provisional basis. The fair values of the assets and liabilities have subsequently been finalised. There is no adjustment arising from the finalisation of such provisional purchase price allocation.

From the date of the acquisition, Moderna has contributed a loss of $286,000 to the net profit of the Group. If the acquisition had taken place on 1 January 2014, the net profit of the Group would have been $11,306,000 and revenue would have remained unchanged at $671,572,000 respectively for financial year 2014.

**Liquidation and deregistration of subsidiaries**

*SP Holland Hill Private Limited*

SP Holland Hill Private Limited ("SP Holland"), a wholly owned subsidiary of the Group, was placed under member's voluntary liquidation after its single property development project, Lush on Holland Hill, sold out completely and received Certificate of Statutory Completion in 2012. The liquidation process was completed on 28 November 2014.

*BBR Construction Systems (HK) Limited*

On 21 October 2014, the Hong Kong Companies Registry issued an approval letter to deregister BBR Construction Systems (HK) Limited ("BBRHK"), a wholly owned subsidiary of the Company. BBRHK was deregistered and dissolved on 6 March 2015. BBRHK was deregistered because no projects are expected to be secured in Hong Kong.

## 12. INVESTMENTS IN SUBSIDIARIES *(continued)*

The effects of the liquidation and deregistration of subsidiaries of the Group were as follows:

| | SP Holland $'000 | BBRHK $'000 | Total $'000 |
|---|---|---|---|
| Cash and cash equivalents | 441 | (1) | 440 |
| Fair value of total net assets / (liabilities) | 441 | (1) | 440 |
| Gain/(loss) on liquidation and deregistration of subsidiaries | 441 | (1) | 440 |
| | 882 | (2) | 880 |
| Less: Cash and cash equivalents in subsidiaries liquidated and deregistered | (441) | (1) | (440) |
| Net cash inflow/(outflow) on liquidation and deregistration | 441 | (1) | 440 |

**Impairment losses**

Analysis of impairment losses of investments in subsidiaries are as follows:

| | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|
| Balance at 1 January | 25,280 | 28,343 |
| Write-back to statement of comprehensive income | (13,804) | (3,063) |
| Balance at 31 December | 11,476 | 25,280 |

An impairment loss of $13,804,000 (2013: $3,063,000) was written back to the statement of comprehensive income, subsequent to an assessment performed on recoverable amount of the investments in subsidiaries at the end of the financial year.

**Interest in a subsidiary with material non-controlling interest ("NCI")**

The Group has the following subsidiary that has NCI that are material to the Group.

| Name of subsidiary | Principal place of business | Proportion of ownership interest held by NCI | Profit allocated to NCI during the reporting period $'000 | Accumulated NCI at the end of reporting period $'000 | Dividends paid to NCI $'000 |
|---|---|---|---|---|---|
| **31 December 2014:** | | | | | |
| BBR Construction Systems (Malaysia) Sdn Bhd | Malaysia | 20% | 569 | 2,614 | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 12. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) ***Summarised financial information***

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of a subsidiary with material NCI are as follows:

**Summarised statement of financial position**

| | BBR Construction Systems (M) Sdn Bhd | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| *Current* | | |
| Assets | 37,222 | 29,575 |
| Liabilities | (31,797) | (24,250) |
| Net current assets | 5,425 | 5,325 |
| *Non-current* | | |
| Assets | 8,030 | 4,687 |
| Liabilities | (1,111) | (740) |
| Net non-current assets | 6,919 | 3,947 |
| Net assets | 12,344 | 9,272 |

**Summarised statement of comprehensive income**

| | | |
|---|---|---|
| Revenue | 100,618 | 44,227 |
| Profit before taxation | 4,595 | 1,308 |
| Profit for the year | 3,308 | 997 |
| Other comprehensive income for the year | – | – |
| Total comprehensive income for the year | 3,308 | 997 |

**Other summarised information**

| | | |
|---|---|---|
| Net cash flows from/(used in) operating activities | 11,142 | (2,521) |
| Acquisition of property, plant and equipment | 3,396 | 627 |

## 13. INVESTMENTS IN ASSOCIATES

| | Group 2014 | Group 2013 | Company 2014 | Company 2013 |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Unquoted shares, at cost | 1,140 | 1,047 | 260 | 92 |
| Share of post-acquisition reserves | 5,261 | 20,849 | – | – |
| Dividends received from an associate | – | (15,120) | – | – |
| Discount implicit in the interest-free loans to an associate | 1,794 | 2,390 | – | – |
| Carrying amount | 8,195 | 9,166 | 260 | 92 |

Details of associates at the end of the financial year are as follows:

| Name of company | Proportion of ownership interest 2014 % | Proportion of ownership interest 2013 % | Country of incorporation | Cost of Investment 2014 $'000 | Cost of Investment 2013 $'000 | Principal activities |
|---|---|---|---|---|---|---|
| ***Held by the Company*** | | | | | | |
| BBR Philippines Corporation [1] | 40 | 40 | Philippines | 260 | 92 | Structural engineering |
| ***Held by Singapore Piling & Civil Engineering Private Limited*** | | | | | | |
| FOSTA Pte Ltd [2] | – | 25 | Singapore | – | 125 | Soil investigation, instrumentation and monitoring, and structural health monitoring using fibre optic sensors |
| ***Held by BBR Development Pte. Ltd.*** | | | | | | |
| Tennessee Pte Ltd [3] | 48 | 48 | Singapore | 480 | 480 | Property development |
| Lakehomes Pte. Ltd. [3] | 35 | 35 | Singapore | 350 | 350 | Property development |
| ***Held by BBR Greentech Pte. Ltd.*** | | | | | | |
| Angels Medical Pte. Ltd. [4] | 49 | – | Singapore | 50 | – | Provision of healthcare services |

[1] Not required to be audited by the law of its country of incorporation.
[2] Audited by Singapore Assurance PAC.
[3] Audited by Ernst & Young LLP, Singapore
[4] Audited by Odds & Even Associates

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 13. INVESTMENTS IN ASSOCIATES *(continued)*

Aggregate information about the Group's investments in associates that are not individually material are as follows:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| **Assets and liabilities:** | | |
| Non-current assets | 238 | 4,900 |
| Current assets | 330,301 | 321,874 |
| Total assets | 330,539 | 326,774 |
| Non-current liabilities | (297,572) | (297,787) |
| Current liabilities | (13,188) | (6,568) |
| Total liabilities | (310,760) | (304,355) |
| **Results:** | | |
| Revenue | 14,668 | 53,145 |
| Profit for the year | 658 | 10,271 |

**Investment in an associate**

On 19 April 2014, BBR Greentech Pte. Ltd., a wholly owned subsidiary of the Company, acquired a 49% equity interest in Angels Medical Pte. Ltd. ("Angels") by subscribing for 44,606 new shares at an aggregate consideration of $50,000. The principal activity of Angels is that of provision of healthcare systems integration for the elderly.

**Disposal of equity interest in an associate**

On 15 July 2014, Singapore Piling & Civil Engineering Private Limited, a wholly owned subsidiary of the Company, divested its entire 25% investment in an associated company, FOSTA Pte. Ltd ("FOSTA"), to an existing shareholder of FOSTA for a total cash consideration of $2,380,000.

**Increase in cost of investment in an associate**

In 2014, the Company completed the subscription of 60,000 new shares in an existing 40% associate, BBR Philippines Corporation for a consideration of $168,000.

## 14. INVESTMENT IN A JOINT VENTURE

Details of a joint venture at the end of the financial year are as follows:

| Name of company | Proportion of ownership interest | | Country of incorporation | Cost of Investment | | Principal activities |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | | 2014 | 2013 | |
| | % | % | | $'000 | $'000 | |
| ***Held by Singapore Piling & Civil Engineering Private Limited*** | | | | | | |
| Singapore Piling – Shincon JV | 51 | – | Singapore | – | – | Design and construction of covered linkways |

On 28 May 2014, Singapore Piling & Civil Engineering Private Limited, a wholly owned subsidiary of the Company, entered into a joint venture agreement with Shincon Industrial Pte Ltd for the purpose of undertaking a construction project. The Group has 51% interest and equal voting rights in the joint venture, Singapore Piling – Shincon JV. The Group jointly controls the venture with Shincon Industrial Pte Ltd under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

There was no profit or loss recorded by Singapore Piling – Shincon JV for the financial year ended 31 December 2014.

## 15. OTHER INVESTMENTS

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| **Non-current:** | | |
| Unquoted equity shares, at cost | 3,981 | 3,981 |
| Impairment in value of unquoted equity shares | (3,981) | (3,981) |
| | – | – |

Analysis of impairment losses in other investments are as follows:

| | | |
|---|---|---|
| Balance at 1 January and 31 December | 3,981 | 3,981 |

Unquoted equity shares relates to the following:

(a) 33.3% (2013: 33.3%) equity interest in a Korean incorporated company, whose principal activities are those of the construction, operation and collection of tolls for expressway. This company was formed pursuant to a joint venture agreement between Singapore Piling & Civil Engineering Private Limited ("Singapore Piling"), a wholly-owned subsidiary of the Company, and two other consortium parties. As the Group does not exercise any significant influence over the financial and operating policy decisions of this Korean company, the equity interest has been accounted for as other investment. In prior years, the Group recognised an impairment loss of $2,981,000.

(b) 1% (2013: 1%) equity interest held via Singapore Piling in Takenaka-Singapore Piling JV, an unincorporated and fully integrated jointly controlled entity in Singapore to undertake restoration works to the former Supreme Court and City Hall buildings. In prior years, the Group recognised an impairment loss of $1,000,000.

On 18 August 2014, Singapore Piling entered into a Supplementary Agreement with the other existing shareholder for the reduction of equity interest in Takenaka-Singapore Piling JV from 25% to 1% with effect from 1 July 2013.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 16. DEFERRED TAX ASSETS/(LIABILITIES)

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| **Deferred tax assets:** | | |
| Balance at 1 January | 1,318 | 486 |
| (Charge)/credit to statement of comprehensive income (Note 8) | (233) | 832 |
| Balance at 31 December | 1,085 | 1,318 |
| **Deferred tax liabilities:** | | |
| Balance at 1 January | (2,557) | (2,221) |
| Charge to statement of comprehensive income (Note 8) | (1,488) | (336) |
| Balance at 31 December | (4,045) | (2,557) |
| Net deferred tax liabilities | (2,960) | (1,239) |

Deferred tax as at 31 December related to the following:

| | 2014 | 2013 |
|---|---|---|
| **Deferred tax assets:** | | |
| Differences in depreciation for tax purposes | – | (678) |
| Unutilised tax losses | 1,085 | 1,357 |
| Unutilised investment and capital allowances | – | 465 |
| Others | – | 174 |
| Gross deferred tax assets | 1,085 | 1,318 |
| **Deferred tax liabilities:** | | |
| Differences in depreciation for tax purposes | (1,295) | (1,526) |
| Income taxed on completion basis for development properties | (2,756) | (1,031) |
| Others | 6 | – |
| Gross deferred tax liabilities | (4,045) | (2,557) |
| Net deferred tax liabilities | (2,960) | (1,239) |

## 17. TRADE RECEIVABLES

| | Group 2014 $'000 | Group 2013 $'000 | Company 2014 $'000 | Company 2013 $'000 |
|---|---|---|---|---|
| **Non-current:** | | | | |
| Retention receivables | 13,698 | 11,580 | – | – |
| **Current:** | | | | |
| Contract receivables | 67,641 | 83,277 | – | – |
| Less: Allowance for doubtful receivables | (1,749) | (3,120) | – | – |
| | 65,892 | 80,157 | – | – |
| Retention receivables | 10,049 | 4,786 | – | – |
| Less: Allowance for doubtful receivables | (235) | (172) | – | – |
| | 9,814 | 4,614 | – | – |
| Total current receivables | 75,706 | 84,771 | – | – |
| **Total trade receivables** | 89,404 | 96,351 | – | – |
| Add: | | | | |
| – Loans to an associate (Note 18) | 31,952 | 31,286 | – | – |
| – Amounts due from subsidiaries (Note 19) | – | – | 18,805 | 18,685 |
| – Other receivables (Note 23) | 4,741 | 3,633 | 122 | 610 |
| – Pledged deposits (Note 24) | 6,638 | 3,552 | – | – |
| – Cash and cash equivalents (Note 24) | 38,002 | 20,192 | 729 | 804 |
| Total loans and receivables | 170,737 | 155,014 | 19,656 | 20,099 |
| Write-off of trade receivables directly to statement of comprehensive income (Note 7) | – | 3 | – | – |

**Retention receivables**

Retention receivables from external parties are non-interest bearing, unsecured and relate to construction contracts.

**Contract receivables**

Contract receivables are non-interest bearing, unsecured and are generally on 30 to 90 days' (2013: 30 to 90 days') terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 17. TRADE RECEIVABLES *(continued)*

**Trade receivables that are past due but not impaired**

The Group has trade receivables amounting to $14,527,000 (2013: $9,281,000) that are past due at the statement of financial position date but not impaired. These receivables are unsecured and the analysis of their ageing at the statement of financial position date are as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Trade receivables past due: | | |
| Lesser than 30 days | 3,783 | 5,277 |
| 30 to 60 days | 2,536 | 338 |
| 61 to 90 days | 1,078 | 1,568 |
| 91 to 120 days | 840 | 1,899 |
| More than 120 days | 5,495 | 199 |
| | 13,732 | 9,281 |

**Trade receivables that are impaired**

| | | |
|---|---|---|
| Trade receivables – nominal amounts | 1,984 | 3,292 |
| Less: Allowance for doubtful receivables | (1,984) | (3,292) |
| | – | – |

Trade receivables that are individually determined to be impaired at the statement of financial position date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

**Allowance for doubtful receivables**

Analysis of allowance for doubtful receivables are as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| *Contract receivables* | | |
| Balance at 1 January | 3,120 | 1,430 |
| Charge to statement of comprehensive income | – | 2,436 |
| Write-back to statement of comprehensive income | (1,343) | (688) |
| Translation adjustments | (28) | (58) |
| Balance at 31 December | 1,749 | 3,120 |
| *Retention receivables* | | |
| Balance at 1 January | 172 | 520 |
| Charge to statement of comprehensive income | 80 | 52 |
| Write-back to statement of comprehensive income | (17) | (380) |
| Written off against allowance | – | (20) |
| Balance at 31 December | 235 | 172 |
| Total allowance for doubtful receivables | 1,984 | 3,292 |

## 17. TRADE RECEIVABLES *(continued)*

**Trade receivables and payables subject to offsetting arrangements**

The Group's trade receivables and payables in the statement of financial position as at 31 December that can be subject to offsetting arrangements are as follows:

| | Note | Gross carrying amounts | Gross amounts offset | Net amounts |
|---|---|---|---|---|
| | | $'000 | $'000 | $'000 |
| **2014** | | | | |
| Trade receivables - third party | a | 18,036 | (1,284) | 16,752 |
| Trade payables | b | (9,235) | 1,344 | (7,891) |
| **2013** | | | | |
| Trade receivables - third party | a | 21,950 | (6,625) | 15,325 |
| Trade payables | b | (6,425) | 3,496 | (2,929) |

(a) The Group purchases construction raw materials from its customer for project purposes. The customer has an arrangement to settle the net amounts payable to the Group on a 60 days' (2013: 60 days') term basis.

(b) Suppliers purchased construction raw materials from the Group via a customer for project purposes. The Group has an arrangement to settle the net amounts payable to these suppliers on a 30 to 60 days' (2013: 30 to 60 days') term basis.

## 18. LOANS TO AN ASSOCIATE

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Loans to an associate (non-current) | 31,952 | 31,286 |

Loans to an associate of the Group, Lakehomes Pte. Ltd. ("LKH") are non-trade, unsecured, non-interest bearing and are to be settled in cash. The purposes of the loans are to part finance the land acquisition, development charge and construction costs of a property development project undertaken by LKH. The loans are not expected to be repaid within 12 months from the statement of financial position date.

The loans were discounted using the current market rates for similar instruments and the differences between the loan amounts and then fair values were treated as additional investment in the associate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 19. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Amounts due from subsidiaries | 18,851 | 18,731 |
| Less: Allowance for doubtful receivables | (46) | (46) |
| | 18,805 | 18,685 |
| Amounts due to subsidiaries | (11,161) | (10,287) |

The amounts due from/(to) subsidiaries are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Analysis of allowance for doubtful receivables are as follows:

| | Company | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Balance at 1 January and 31 December | 46 | 46 |

## 20. DEVELOPMENT PROPERTIES

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Land and related costs | 88,217 | 87,586 |
| Construction costs | 37,990 | 15,093 |
| Interest costs | 1,884 | 1,248 |
| Stamp duties | 2,575 | 2,575 |
| Others | 7,813 | 5,205 |
| | 138,479 | 111,707 |
| Add: Attributable profits | 21,762 | 8,581 |
| Less: Progress billings | (85,041) | (49,187) |
| | 75,200 | 71,101 |
| (i) Interest capitalised during the financial year at an average rate of 1.76% (2013: 1.72%) paid/payable to financial institutions | 636 | 849 |

(ii) Land with carrying amount of $86,000,000 (2013: $86,000,000) is pledged to the bank in respect of the Group's long term borrowings (Note 27).

(iii) Included in the development properties is an amount of $636,000 (2013: $255,000) that is expected to be settled after one year from 31 December 2014.

## 20. DEVELOPMENT PROPERTIES *(continued)*

Details of development properties:

| Description and location | % owned | Site area (sq.m) | Gross floor area (sq.m) | Stage of completion as at 31 December 2014 (expected year of completion) |
|---|---|---|---|---|
| *Bliss @Kovan* | | | | |
| A 5-storey condominium development on Nos. 2A/B/C/D Simon Lane, Singapore | 100% | 9,110 | 14,030 | 69% (2015) (2013: 28% (2015)) |

## 21. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

| | Group 2014 $'000 | Group 2013 $'000 |
|---|---|---|
| Contract costs to date | 906,509 | 632,565 |
| Recognised profits (net of recognised losses) | 30,624 | 20,461 |
| Less: Provision for foreseeable losses | (3,568) | (5,000) |
| Aggregate amount of costs incurred and recognised profits less recognised losses to date | 933,565 | 648,026 |
| Less: Progress billings | (936,846) | (630,418) |
| | (3,281) | 17,608 |
| Presented as: | | |
| Gross amount due from customers for contract work-in-progress | 31,890 | 42,882 |
| Gross amount due to customers for contract work-in-progress | (35,171) | (25,274) |
| | (3,281) | 17,608 |
| Advances received from customers (included in trade payables) | – | 3,156 |
| Retention sums on construction contract (included in trade receivables) | 23,512 | 16,194 |

**Provision for foreseeable losses**

Analysis of provision for foreseeable losses are as follows:

| | Group 2014 $'000 | Group 2013 $'000 |
|---|---|---|
| Balance at 1 January | 5,000 | 2,338 |
| Charge to statement of comprehensive income | 3,504 | 2,662 |
| Foreseeable losses realised and incurred during the year | (4,936) | – |
| Balance at 31 December | 3,568 | 5,000 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 22. INVENTORIES

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| **Statement of financial position:** | | |
| Construction materials, at cost | 3,944 | 3,242 |
| **Statement of comprehensive income:** | | |
| Construction materials recognised as expenses in cost of sales (Note 7) | 100,254 | 95,894 |

## 23. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| Other deposits | 1,948 | 1,476 | 10 | – |
| Other receivables | 1,294 | 1,201 | – | 526 |
| Other recoverables | 624 | 691 | – | – |
| Loan to a director of a subsidiary | 550 | – | – | – |
| Amounts due from associates | 278 | 213 | 112 | 84 |
| Staff loans | 47 | 52 | – | – |
| | 4,741 | 3,633 | 122 | 610 |

**Loan to a director of a subsidiary**

Loan to a director of a subsidiary is unsecured, bears interest at SIBOR + 1% per annum, repayable on demand and is to be settled in cash.

**Amounts due from associates**

Amounts due from associates are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

## 24. CASH AND CASH EQUIVALENTS/PLEDGED DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| Cash at bank and in hand | 26,170 | 11,795 | 729 | 804 |
| Fixed deposits | 18,470 | 11,949 | – | – |
| | 44,640 | 23,744 | 729 | 804 |

Fixed deposits are mainly short-term deposits made for varying periods of approximately less than one to twelve months depending on the immediate cash requirements of the Group, and bears interest ranging from 0.04% to 3.5% (2013: 0.2% to 3.1%) per annum during the year.

As at 31 December 2014, cash at bank of the Group of $596,000 (2013: $295,000) are denominated in United States Dollar.

For the purpose of the consolidated statement of cash flows, cash and fixed deposits comprise the following at the statement of financial position date:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| Cash and cash equivalents | 38,002 | 20,192 |
| Pledged deposits | 6,638 | 3,552 |
| Cash and fixed deposits | 44,640 | 23,744 |

Pledged fixed deposits include $5,638,000 (2013: $2,552,000) placed as security for banking facilities granted to a subsidiary by various banks (Note 27) and $1,000,000 (2013: $1,000,000) for the issue of a performance bond by a bank.

**Note to the consolidated statement of cash flows**

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| Purchase of property, plant and equipment (Note 10) | 4,781 | 10,834 |
| Less: Finance leases | (1,700) | (628) |
| Cash payments to acquire property, plant and equipment | 3,081 | 10,206 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 25. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| **Non-current:** | | | | |
| Trade payables | 10,923 | 9,494 | – | – |
| **Current:** | | | | |
| Trade payables | 86,095 | 76,854 | – | – |
| Other payables | 2,558 | 5,922 | 165 | 89 |
| | 88,653 | 82,776 | 165 | 89 |
| **Total trade and other payables** | 99,576 | 92,270 | 165 | 89 |
| Add: | | | | |
| – Amounts due to subsidiaries (Note 19) | – | – | 11,161 | 10,287 |
| – Other liabilities (Note 26) | 3,656 | 5,911 | 1,461 | 2,236 |
| – Loans and borrowings (Note 27) | 36,174 | 55,878 | 3,280 | 4,920 |
| | 139,406 | 154,059 | 16,067 | 17,532 |
| Less: | | | | |
| – Finance leases (Note 27) | (3,461) | (3,689) | – | – |
| Total financial liabilities carried at amortised cost | 135,945 | 150,370 | 16,067 | 17,532 |

**Trade payables**

Trade payables are non-interest bearing and are generally on 30 to 90 days' (2013: 30 to 90 days') terms.

Included in trade payables are the following amounts denominated in foreign currencies at 31 December:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| United States Dollar | 595 | 903 | – | – |
| Euro | – | 44 | – | – |
| Malaysian Ringgit | – | 3 | – | – |

## 26. OTHER LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| Accrued operating expenses | 501 | 486 | 408 | 358 |
| Accrued staff costs | 2,137 | 3,764 | 977 | 1,830 |
| Deposits | 776 | 752 | 52 | 29 |
| Workers' retention | – | 316 | – | – |
| Loan from a director of a subsidiary | – | 386 | – | – |
| Sundry creditors | 242 | 207 | 24 | 19 |
| | 3,656 | 5,911 | 1,461 | 2,236 |

**Loan from a director of a subsidiary**

Loan from a director of a subsidiary in 2013 was unsecured, non-interest bearing and was fully repaid during the year.

## 27. LOANS AND BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| **Non-current:** | | | | |
| Finance leases | 1,395 | 1,730 | – | – |
| Long term borrowings (secured) | 1,640 | 3,280 | 1,640 | 3,280 |
| | 3,035 | 5,010 | 1,640 | 3,280 |
| **Current:** | | | | |
| Finance leases | 2,066 | 1,959 | – | – |
| Bankers' acceptances (secured) | 1,533 | 2,869 | – | – |
| Current portion of long term borrowings (secured) | 29,540 | 46,040 | 1,640 | 1,640 |
| | 33,139 | 50,868 | 1,640 | 1,640 |
| Total loans and borrowings | 36,174 | 55,878 | 3,280 | 4,920 |

The Group has undrawn loans and guarantee facilities of $76,589,000 (2013: $49,375,000) that may be available in the future for operating activities, settling capital commitments and issuing of guarantees. There is no restriction for the Group to use these facilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 27. LOANS AND BORROWINGS *(continued)*

**Finance leases**

The Group has finance leases for certain items of plant and equipment and motor vehicles.

Finance leases are secured by charges over plant and equipment and motor vehicles (Note 10). In addition, finance leases of $1,244,000 (2013: $1,789,000) are secured by a corporate guarantee from the Company. The average discount rate implicit in the leases is 2.3% to 7.0% (2013: 2.6% to 7.0%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| | 2014 $'000 | | 2013 $'000 | |
|---|---|---|---|---|
| | Minimum lease payments | Present value of payments | Minimum lease payments | Present value of payments |
| **Group** | | | | |
| Not later than one year | 2,186 | 2,066 | 2,043 | 1,959 |
| Later than one year but not later than five years | 1,462 | 1,395 | 1,815 | 1,730 |
| Total minimum lease payments | 3,648 | 3,461 | 3,858 | 3,689 |
| Less: Amounts representing finance charges | (187) | – | (169) | – |
| Present value of minimum lease payments | 3,461 | 3,461 | 3,689 | 3,689 |

**Long term borrowings (secured)**

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 $'000 | 2013 $'000 | 2014 $'000 | 2013 $'000 |
| **Non-current:** | | | | |
| Term loan 1 | – | – | – | – |
| Term loan 2 | 1,640 | 3,280 | 1,640 | 3,280 |
| | 1,640 | 3,280 | 1,640 | 3,280 |
| **Current:** | | | | |
| Term loan 1 | 27,900 | 44,400 | – | – |
| Term loan 2 | 1,640 | 1,640 | 1,640 | 1,640 |
| | 29,540 | 46,040 | 1,640 | 1,640 |
| Total long term borrowings | 31,180 | 49,320 | 3,280 | 4,920 |

## 27. LOANS AND BORROWINGS *(continued)*

*Term loan 1*

Term loan 1 is a Singapore dollar denominated loan of up to $68,800,000 secured in 2011 to finance the purchase of land in respect of a development property of the Group. The loan is repayable not later than six months after the date of issuance of Temporary Occupation Permit for the project, or 30 June 2015, whichever is the earlier. The bank agreed to extend the final repayment date from 8 October 2014 to 30 June 2015.

The average interest rate was 1.76% (2013: 1.72%) per annum and is secured by land with a carrying amount of $86,000,000 (2013: $86,000,000) (Note 20) and a corporate guarantee from the Company.

*Term loan 2*

Term loan 2 is a Singapore dollar denominated loan of up to $4,920,000 secured in 2013 to finance the purchase of leasehold land for warehousing and provision of engineering services for the Group. The loan is repayable in 12 equal quarterly instalments commencing on 17 March 2014.

The average interest rate was 1.83% (2013: 1.80%) per annum and is secured by the leasehold land with a carrying amount of $7,034,000 (2013: $8,313,000) (Note 10) and corporate guarantees from two subsidiaries.

**Multicurrency Medium Term Note**

The Group has established a $200 million Multicurrency Medium Term Note programme ("MTN") on 13 November 2014. The net proceeds arising from the issue of the notes under the MTN programme will be used for general corporate purposes, including financing investments, general working capital and capital expenditure.

There was no drawdown of the notes under the MTN programme for the year ended 31 December 2014.

## 28. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2014 | | 2013 | |
| | No. of shares | | No. of shares | |
| | '000 | $'000 | '000 | $'000 |
| **Issued and fully paid:** | | | | |
| Balance at 1 January and 31 December | 308,210 | 43,967 | 308,210 | 43,967 |

The holders of ordinary shares (excluding treasury 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.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 29. TREASURY SHARES

| | Group and Company | | | |
|---|---|---|---|---|
| | 2014 | | 2013 | |
| | No. of shares | | No. of shares | |
| | '000 | $'000 | '000 | $'000 |
| Balance at 1 January | (1,621) | (450) | (1,812) | (416) |
| Acquired during the financial year | – | – | (1,089) | (296) |
| Reissued pursuant to employee share plan | 1,410 | 381 | 1,280 | 262 |
| Balance at 31 December | (211) | (69) | (1,621) | (450) |

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired Nil (2013: 1,089,000) shares of the Company by way of market acquisitions on the Singapore Exchange during the financial year. In 2013, the total amount paid to acquire the shares was $296,000 and this was presented as a component within shareholders' equity.

## 30. SHARE PLAN RESERVE

| | Group and Company | | | |
|---|---|---|---|---|
| | 2014 | | 2013 | |
| | No. of shares | | No. of shares | |
| | '000 | $'000 | '000 | $'000 |
| Balance at 1 January | 1,410 | 172 | 1,280 | 135 |
| Performance shares granted | – | 209 | 1,410 | 299 |
| Reissued pursuant to employee share plan | (1,410) | (381) | (1,280) | (262) |
| Balance at 31 December | – | – | 1,410 | 172 |

In 2013, 1,410,000 performance shares were granted to eligible employees which were released via two tranches in 2014 subject to the completion of service and the achievement of prescribed performance targets. There was no performance shares granted in 2014.

## 31. DIVIDENDS

| | Group and Company | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| **Declared and paid during the financial year:** | | |
| First and final (tax exempt one-tier) dividend for 2013 of 0.8 cents (2012: 1.2 cents) per ordinary share | 2,458 | 3,684 |
| **Proposed but not recognised as a liability as at 31 December:** | | |
| First and final (tax exempt one-tier) dividend for 2014 of 0.8 cents (2013: 0.8 cents) per ordinary share | 2,464 | 2,453 |

Proposed dividend per ordinary share for 2014 is based on 307,999,418 (2013: 306,589,418) shares (excluding treasury shares) as disclosed in Notes 28 and 29.

## 32. COMMITMENTS AND CONTINGENCIES

(a) ***Capital commitments***

Capital expenditure contracted as at the statement of financial position date but not recognised in the financial statements are as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Capital commitments in respect of: | | |
| Property, plant and equipment | 2,002 | 453 |
| Solar leasing construction projects | 11,778 | – |

(b) ***Operating lease commitments – as lessor***

The Group has entered into various non-cancellable lease commitments in respect of office premises for a period of up to 3 years. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases.

Operating lease income recognised in the statement of comprehensive income during the year amounted to $1,417,000 (2013: $1,010,000).

Future minimum rental receivable under non-cancellable operating leases as at 31 December are as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Not later than one year | 258 | 883 |
| Later than one year but not later than five years | – | 232 |
| | 258 | 1,115 |

(c) ***Operating lease commitments – as lessee***

The Group has entered into various non-cancellable lease commitments in respect of office premises, buildings and equipment for a period of up to 8 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases.

Operating lease payments recognised in the statement of comprehensive income during the year amounted to $2,343,000 (2013: $1,866,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 32. COMMITMENTS AND CONTINGENCIES *(continued)*

(c) ***Operating lease commitments – as lessee*** *(continued)*

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | $'000 | $'000 | $'000 | $'000 |
| Not later than one year | 2,013 | 2,834 | 688 | 679 |
| Later than one year but not later than five years | 3,239 | 4,874 | 3,152 | 3,109 |
| Later than five years | 375 | 595 | 375 | 370 |
| | 5,627 | 8,303 | 4,215 | 4,158 |

(d) ***Contingent liabilities***

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | $'000 | $'000 | $'000 | $'000 |
| Corporate guarantees given to banks for credit facilities granted | – | 1,936 | 53,801 | 58,468 |

The Company provided corporate guarantees to banks as securities for credit and guarantee facilities granted to subsidiaries. The subsidiaries have utilised the credit and guarantee facilities of $53,801,000 (2013: $58,468,000) as of 31 December 2014.

In 2013, KRW 1,626,666,666 or the equivalent of S$1,936,000 was provided as security for a bank loan granted to a Korean incorporated company that was due for repayment in May 2014. On maturity date, the loan was extended without any security from the Group.

## 33. EMPLOYEE BENEFITS

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Employee benefits expense (including executive directors) | | |
| – Salaries and bonuses | 36,554 | 35,905 |
| – Central Provident Fund | 5,947 | 5,273 |
| – Share-based compensation | 209 | 299 |
| – Others | 1,108 | 1,242 |
| | 43,818 | 42,719 |

Employee benefits expenses capitalised during the year under contract work-in-progress amounted to $34,285,000 (2013: $31,471,000).

## 34. DIRECTORS' REMUNERATION

The number of directors in remuneration bands are as follows:

| | Company | |
|---|---|---|
| | 2014 | 2013 |
| $500,000 and above | 1 | 1 |
| $250,000 to $499,999 | – | – |
| Below $250,000 | 5 | 5 |
| | 6 | 6 |

## 35. 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 significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| Repayment of loans from an associate | (3,150) | – |
| Project management fees income from a related party | (96) | (114) |
| From an associate: | | |
| Finance services income | (96) | (40) |
| Licence fees income | (33) | (32) |
| Management fees income | (28) | (28) |
| Dividends received | – | (15,120) |
| Engineering services income | – | (87) |
| Loans to an associate | 3,220 | 33,676 |
| Loan to a director of a subsidiary | 550 | – |
| License fees to a related party | 157 | 153 |
| Professional fees to a firm in which a director has an interest | 60 | 60 |
| Loan from a director of a subsidiary | – | (386) |
| Engineering services fees to an associate | – | 884 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 35. RELATED PARTY TRANSACTIONS *(continued)*

(b) ***Compensation of key management personnel***

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| Short-term employee benefits | 4,546 | 3,649 |
| Central Provident Fund | 69 | 85 |
| Share-based compensation | 175 | 160 |
| | 4,790 | 3,894 |
| Comprise amounts paid/payable to: | | |
| – Directors of the Company | 2,862 | 2,099 |
| – Other key management personnel | 1,928 | 1,795 |
| | 4,790 | 3,894 |

## 36. 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 and foreign currency risk. It is, and has been the Group's policy throughout the current and previous financial year, 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 following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) ***Credit risk***

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

At the statement of financial position date, 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 statement of financial position.

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) ***Credit risk*** *(continued)*

*Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the statement of financial position date is as follows:

| | Group | | | |
|---|---|---|---|---|
| | 2014 | | 2013 | |
| | $'000 | % of total | $'000 | % of total |
| By country: | | | | |
| Singapore | 69,163 | 77.36 | 79,378 | 82.38 |
| Malaysia | 20,241 | 22.64 | 16,973 | 17.62 |
| | 89,404 | 100.00 | 96,351 | 100.00 |

*Financial assets that are neither past due nor impaired*

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

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 Trade receivables.

(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 monitors its liquidity risk and maintains adequate liquid financial assets and stand-by credit facilities with different banks to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) ***Liquidity risk*** *(continued)*

The table below summarises the maturity profile of the Group's financial assets and financial liabilities at the statement of financial position date based on contractual undiscounted payments.

| | Within 1 year | 2 - 5 Years | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **2014** | | | |
| **Financial assets:** | | | |
| Loans to an associate | – | 33,746 | 33,746 |
| Trade receivables | 75,706 | 13,883 | 89,589 |
| Other receivables | 4,741 | – | 4,741 |
| Pledged deposits | 6,638 | – | 6,638 |
| Cash and cash equivalents | 38,002 | – | 38,002 |
| Total undiscounted financial assets | 125,087 | 47,629 | 172,716 |
| **Financial liabilities:** | | | |
| Trade and other payables | 88,653 | 10,923 | 99,576 |
| Other liabilities | 3,656 | – | 3,656 |
| Finance leases | 2,186 | 1,462 | 3,648 |
| Short term borrowings | 1,533 | – | 1,533 |
| Long term borrowings | 29,860 | 1,673 | 31,533 |
| Total undiscounted financial liabilities | 125,888 | 14,058 | 139,946 |
| Total net undiscounted financial (liabilities)/assets | (801) | 33,571 | 32,770 |
| **2013** | | | |
| **Financial assets:** | | | |
| Loans to an associate | – | 33,676 | 33,676 |
| Trade receivables | 84,771 | 11,580 | 96,351 |
| Other receivables | 3,633 | – | 3,633 |
| Pledged deposits | 3,552 | – | 3,552 |
| Cash and cash equivalents | 20,192 | – | 20,192 |
| Total undiscounted financial assets | 112,148 | 45,256 | 157,404 |
| **Financial liabilities:** | | | |
| Trade and other payables | 82,776 | 9,494 | 92,270 |
| Other liabilities | 5,911 | – | 5,911 |
| Finance leases | 2,043 | 1,815 | 3,858 |
| Short term borrowings | 2,869 | – | 2,869 |
| Long term borrowings | 46,725 | 3,369 | 50,094 |
| Total undiscounted financial liabilities | 140,324 | 14,678 | 155,002 |
| Total net undiscounted financial (liabilities)/assets | (28,176) | 30,578 | 2,402 |

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their interest-bearing loans and borrowings.

The Group's policy is to obtain the most favourable interest rates available. Surplus funds are placed with reputable banks.

*Sensitivity analysis for interest rate risk*

At the statement of financial position date, if interest rates had been 10% (2013: 10%) lower/higher with all other variables held constant, the Group's profit before taxation would have been $77,000 (2013: $112,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(d) ***Foreign currency risk***

The Group has transactional currency exposures arising from its ordinary course of business that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD. The foreign currency in which these transactions are denominated is mainly the United States Dollar ("USD"). The Group does not consider foreign exchange risk arising from Euro and Malaysian Ringgit to be significant. As at 31 December 2014, trade payables denominated in USD is $595,000 (2013: $903,000) (Note 25).

The Group also holds cash at bank denominated in foreign currencies for working capital purposes. Such foreign currency balances for the Group are detailed in Note 24.

The Group may enter into forward currency contracts to eliminate the currency exposures on purchases in foreign currencies. These forward currency contracts will be in the same currency as the hedged item.

*Sensitivity analysis for foreign currency risk*

The following table demonstrates the increase/(decrease) in the Group's profit before taxation to a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | $'000 | $'000 |
| USD - strengthened 5% (2013: 5%) | – | –30 |
| USD - weakened 5% (2013: 5%) | – | +30 |

## 37. 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 to the objectives, policies or processes during the years ended 31 December 2014 and 2013. There is no external capital requirement imposed by a regulator or a prudential supervisor.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 37. CAPITAL MANAGEMENT *(continued)*

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, and other liabilities less cash and fixed deposits. Capital includes equity attributable to the equity holders of the parent.

| | Group | |
|---|---|---|
| | **2014 $'000** | **2013 $'000** |
| Trade and other payables (Note 25) | 99,576 | 92,270 |
| Other liabilities (Note 26) | 3,656 | 5,911 |
| Loans and borrowings (Note 27) | 36,174 | 55,878 |
| Less: Cash and fixed deposits (Note 24) | (44,640) | (23,744) |
| *Net debt* | 94,766 | 130,315 |
| Equity attributable to the equity holders of the parent | 134,317 | 125,639 |
| *Total capital* | 134,317 | 125,639 |
| **Capital and net debt** | 229,083 | 255,954 |
| **Gearing ratio** | 41% | 51% |

## 38. FAIR VALUES OF FINANCIAL INSTRUMENTS

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.

The Group have carried other investments at cost, less impairment loss (Note 15).

The Group do not have financial assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition.

**Financial instruments whose carrying amounts approximate fair value**

Non-current trade receivables and trade payables (Note 17 and 25)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values estimated by discounting expected future cash flows, at the market rate of interest.

There were no significant differences between the fair values and the carrying amounts of the non-current trade receivables and trade payables of the Group as at 31 December 2014 and 2013.

Current trade and other receivables and payables (Note 17, 23 and 25), other liabilities (Note 26), cash and fixed deposits (Note 24) and amounts due from/(to) subsidiaries (Note 19)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

## 38. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

**Financial instruments whose carrying amounts approximate fair value** *(continued)*

Loans to an associate (Note 18), loans and borrowings at floating rate and finance leases (Note 27)

The carrying amount of these financial instruments are reasonable approximation of fair values estimated by discounting expected future cash flows at market incremental lending rate for similar types of arrangements at the statement of financial position date. These are based on significant unobservable inputs (level 2).

There were no significant differences between the fair values and the carrying amounts of the loans to an associate and loans and borrowings of the Group as at 31 December 2014 and 2013.

## 39. SEGMENT INFORMATION

**Business 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:

*Specialised engineering*

This segment is in the business of post-tensioning, installation of stay cable systems for structural engineering applications, piling and foundation systems, heavy lifting, bridge design and construction, maintenance, strengthening and retrofitting. A new specialised engineering activity, Pre-fabricated Pre-finished Volumetric Construction System has been added to this segment in 2014.

*General construction*

This segment is in the business of design and build, general building construction and civil and structural engineering construction.

*Property development*

This segment is in the business of property development, focusing on developing residential properties, as well as mixed commercial and residential development.

*Green technology*

This segment is in the business of system integration and distribution of renewable energy, and supply, installation and leasing of solar panels and grid connected systems.

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.

Segment revenue and expenses, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Inter-segment transfers of revenue and expenses include transfers between business segments and are eliminated on consolidation. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 39. SEGMENT INFORMATION *(continued)*

**Business information** *(continued)*

(a) ***Analysis by business segment***

| | Specialised engineering $'000 | General construction $'000 | Property development $'000 | Green technology $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2014** | | | | | |
| **Revenue** | | | | | |
| External revenue | 134,626 | 458,326 | 78,592 | – | **671,544** |
| Inter-segment revenue | 328 | 36,907 | – | – | **37,235** |
| Total revenue | 134,954 | 495,233 | 78,592 | – | **708,779** |
| **Results:** | | | | | |
| Interest income | 145 | 37 | 6 | – | **188** |
| Interest expense | 292 | 38 | – | – | **330** |
| Depreciation of property, plant and equipment | 3,883 | 1,085 | 6 | – | **4,974** |
| Share of results of associates | 148 | – | 127 | (6) | **269** |
| **Other non-cash items:** | | | | | |
| Allowance for inventories obsolescence | 156 | – | – | – | **156** |
| Interest expense arising from the discount implicit in non-current trade receivables | 185 | – | – | – | **185** |
| Write-back of allowance for doubtful receivables, net | (1,280) | – | – | – | **(1,280)** |
| Share based compensation expense | 56 | 94 | 7 | – | **157** |
| Segment profit/(loss) before taxation | 11,332 | (5,828) | 10,019 | (275) | **15,248** |
| Income tax expense | 658 | 410 | 1,741 | – | **2,809** |
| **Assets** | | | | | |
| Investments in associates | 567 | – | 7,584 | 44 | **8,195** |
| Additions to property, plant and equipment | 3,565 | 303 | 8 | 824 | **4,700** |
| Segment assets | 73,691 | 111,749 | 121,729 | 1,409 | **308,578** |
| Segment liabilities | 45,613 | 98,176 | 30,752 | 100 | **174,641** |

## 39. SEGMENT INFORMATION *(continued)*

(a) ***Analysis by business segment** (continued)*

| | Specialised engineering $'000 | General construction $'000 | Property development $'000 | Total $'000 |
|---|---|---|---|---|
| **2013** | | | | |
| **Revenue** | | | | |
| External revenue | 111,971 | 273,055 | 41,197 | **426,223** |
| Inter-segment revenue | 37,058 | 13,170 | – | **50,228** |
| Total revenue | 149,029 | 286,225 | 41,197 | **476,451** |
| **Results:** | | | | |
| Interest income | 117 | 44 | 87 | **248** |
| Interest expense | 231 | 36 | 15 | **282** |
| Depreciation of property, plant and equipment | 3,578 | 977 | 6 | **4,561** |
| Share of results of associates | 261 | – | 4,822 | **5,083** |
| **Other non-cash items:** | | | | |
| Allowance/(write-back of allowance) for doubtful receivables, net | 1,713 | (293) | – | **1,420** |
| Impairment loss on property, plant and equipment | 323 | – | – | **323** |
| Share based compensation expense | 85 | 124 | 12 | **221** |
| Segment profit before taxation | 8,487 | 5,308 | 10,500 | **24,295** |
| Income tax expense/(credit) | 373 | (107) | 618 | **884** |
| **Assets** | | | | |
| Investments in associates | 1,113 | – | 8,053 | **9,166** |
| Additions to property, plant and equipment | 1,745 | 636 | 8 | **2,389** |
| Segment assets | 64,715 | 120,552 | 117,098 | **302,365** |
| Segment liabilities | 41,306 | 88,519 | 47,784 | **177,609** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 39. SEGMENT INFORMATION *(continued)*

(a) ***Analysis by business segment*** *(continued)*

**Reconciliations of reported segment revenue, profit before taxation, assets, liabilities and other material items**

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **Revenue** | | |
| Total revenues for reportable segments | 708,779 | 476,451 |
| Management fee from an associate | 28 | 28 |
| Elimination of intersegment revenue | (37,235) | (50,228) |
| | 671,572 | 426,251 |
| **Profit before taxation** | | |
| Total profit before taxation for reportable segments | 15,248 | 24,295 |
| Management fee from an associate | 28 | 28 |
| Unallocated amounts: | | |
| Other corporate income | 5,458 | 3,022 |
| Other corporate expenses | (5,929) | (4,389) |
| | 14,805 | 22,956 |
| **Assets** | | |
| Total assets for reportable segments | 308,578 | 302,365 |
| Other unallocated amounts | 8,114 | 10,017 |
| | 316,692 | 312,382 |
| **Liabilities** | | |
| Total liabilities for reportable segments | 174,641 | 177,609 |
| Other unallocated amounts | 5,120 | 7,291 |
| | 179,761 | 184,900 |

## 39. SEGMENT INFORMATION *(continued)*

(a) ***Analysis by business segment*** *(continued)*

| Other material items | 2014 Reportable segment totals $'000 | 2014 Adjustments $'000 | 2014 Entity totals $'000 | 2013 Reportable segment totals $'000 | 2013 Adjustments $'000 | 2013 Entity totals $'000 |
|---|---|---|---|---|---|---|
| Interest income | 188 | – | **188** | 248 | 13 | **261** |
| Interest expense | 330 | 77 | **407** | 282 | 3 | **285** |
| Allowance for inventories obsolescence | 156 | – | **156** | – | – | **–** |
| Interest expense arising from the discount implicit in non-current trade receivables | 185 | – | **185** | – | – | **–** |
| Depreciation of property, plant and equipment | 4,974 | 1,394 | **6,368** | 4,561 | 200 | **4,761** |
| (Write-back of allowance)/allowance for doubtful receivables, net | (1,280) | – | **(1,280)** | 1,420 | – | **1,420** |
| Share based compensation expense | 157 | 52 | **209** | 221 | 78 | **299** |
| Additions to property, plant and equipment | 4,700 | 81 | **4,781** | 2,389 | 8,445 | **10,834** |
| Income tax expense | 2,809 | 197 | **3,006** | 884 | 44 | **928** |

(b) ***Analysis by geographical segment***

| | Revenue 2014 $'000 | Revenue 2013 $'000 | Non-current assets 2014 $'000 | Non-current assets 2013 $'000 |
|---|---|---|---|---|
| Countries | | | | |
| Singapore | 570,999 | 381,843 | 72,023 | 76,379 |
| Malaysia | 100,573 | 44,408 | 8,182 | 5,113 |
| Others | – | – | 366 | 129 |
| | 671,572 | 426,251 | 80,571 | 81,621 |

Information about a major customer

Revenue from one major customer amount to $189,174,000 (2013: $125,866,000) arising from specialised engineering and provision of building works.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 40. EVENTS OCCURRING AFTER STATEMENT OF FINANCIAL POSITION DATE

Subsequent to the financial year end, in January 2015, BBR Property Pte. Ltd. ("BBR Property"), a wholly-owned subsidiary of the Group incorporated a wholly-owned subsidiary, Northern Development Pte. Ltd. ("Northern"). Northern in turn incorporated a wholly-owned subsidiary, NorthernOne Development Pte. Ltd. ("NorthernOne"), which is the immediate holding company of Northern Resi Pte. Ltd. ("Resi") and Northern Retail Pte. Ltd. ("Retail"), both 100% owned by NorthernOne.

Resi and Retail jointly submitted a winning bid of $185,090,000 to The Housing & Development Board for the acquisition of land parcel at Yishun Avenue 4 for a proposed mixed commercial and residential development. Resi will develop and sell approximately 200 units of residential dwelling units and Retail, being a company incorporated for long-term property investment purposes, will develop the commercial units and be the single strata owner upon completion.

In February 2015, NorthernOne alloted and issued 999,998 new shares (the "Allotment") at $1 each to consortium partners to jointly develop the site. The consortium partners are Northern Development Pte. Ltd., Santarli Venture Pte. Ltd., MUSE Capital Pte. Ltd. and AHPL (Investments) Pte. Ltd. and their equity interests in NorthernOne after the Allotment were 50.1%, 29.9%, 18% and 2%, respectively.

Subsequently, the paid-up capital of Resi and Retail were increased with the allotment and issue of 999,998 and 499,998 new shares at $1 each respectively, to the immediate holding company, NorthernOne.

In March 2015, BBR Property, together with Northern, entered into a Subscription Agreement with Hexacon Construction Pte Ltd ("Hexacon") whereby Northern has alloted and issued 2 new shares, representing 50% equity interest, to Hexacon for an aggregate cash consideration of $2.

## 41. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 27 March 2015.

# CORPORATE GOVERNANCE

The Directors and management of BBR Holdings (S) Ltd are committed to maintaining a high standard of corporate governance to protect the interests of shareholders as well as strengthen investors' confidence.

## BOARD OF DIRECTORS (Principles 1 and 2)

The Board of Directors comprises six (6) members, namely:

| | | |
|---|---|---|
| Executive | : | **Mr. Tan Kheng Hwee Andrew** |
| Non-Executive | : | **Mr. Bruno Sergio Valsangiacomo**<br>**Mr. Peter Michael Ekberg**<br>**Mr. Marcel Poser** (alternate to Mr. Peter Michael Ekberg) |
| Independent | : | **Prof. Yong Kwet Yew**<br>**Ms. Luk Ka Lai Carrie**<br>**Mr. Soh Gim Teik** |

Apart from its statutory responsibilities, the Board supervises the management and corporate affairs of the Company which includes a review of the Group's financial performance as well as the strategic direction of the Group.

The number of Board and other committee meetings held in financial year 2014 and the attendance of each Board member at those meetings were as follows:

| | **Board** | **AC** | **RC** | **NC** |
|---|---|---|---|---|
| Number of meetings held | 5 | 4 | 1 | 1 |
| **Name of Director** | | | | |
| Tan Kheng Hwee Andrew | 5 | N.A. | N.A. | N.A. |
| Bruno Sergio Valsangiacomo | 5 | N.A. | 1 | N.A. |
| Peter Michael Ekberg | 4 | N.A. | N.A. | N.A. |
| Prof. Yong Kwet Yew | 5 | 4 | 1 | 1 |
| Luk Ka Lai Carrie | 5 | 4 | 1 | 1 |
| Soh Gim Teik | 5 | 4 | N.A. | 1 |

The approval of the Board is required for certain material transactions, which include among other things, major investment proposals or divestitures, policy or strategic matters affecting the Group, reorganization or substantial transactions which have a material impact on the Group, periodic announcements of financial results and annual reports.

### Training and Development Programmes

Every new Director will receive appropriate orientation training and in-depth briefings by senior management on the Group's structure, business units, operations and policies when he/she is first appointed to the Board. This is to ensure that each incoming Director is familiar with the Company's business and governance practice.

During the year, the Directors were kept informed of and updated on the following:

- developments in accounting and governance standards;
- Group strategies and industry trends and developments in the construction and property development businesses; and
- relevant new laws, regulations and changing commercial risks.

The updates and briefings were facilitated via attendance at conferences conducted by external trainers, circulation of memoranda by Ernst & Young LLP and the Company, including briefings at Board and AC meetings.

# CORPORATE GOVERNANCE

Although the Company does not specifically set aside a training budget for directors, Directors are encouraged to attend training courses and conferences conducted by professional organisations or institutions to keep abreast of changing laws, regulations and financial reporting standards, at the Company's expense.

## ACCESS TO INFORMATION (Principles 6 and 10)

The management makes available to the Board its management accounts and such other material information on a regular and timely basis to enable the Board to fulfill its responsibilities.

All Directors have separate and independent access to the company secretary. The role of the company secretary is defined and includes responsibility for ensuring that board procedures are followed and that relevant statutes, applicable rules and regulations are complied with. The company secretary attends all board and board committee meetings as well as general meetings.

The Board has a procedure for Directors, either individually or as a group, in the furtherance of their duties and responsibilities, to take independent professional advice, if necessary, at the Company's expense.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER (Principle 3)

Prof. Yong Kwet Yew is the Chairman of the Board since 28 April 2008.

The Chairman's role includes the following:

(a) scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;

(b) preparing agendas for meetings in consultation with the Chief Executive Officer ("CEO");

(c) exercise control over quality, quantity and timeliness of the flow of information between management and the Board;

(d) assist in ensuring compliance with Company's guidelines on corporate governance;

(e) facilitating the effective contribution of the Independent Directors; and

(f) ensuring effective communication with shareholders.

Mr. Tan Kheng Hwee Andrew is the Executive Director and CEO of the Company, and together with the management team, is responsible for the daily operations and administration of the Company.

## AUDIT COMMITTEE (Principle 11)

The Audit Committee ("AC") comprises three (3) independent Directors. They are:

**Ms. Luk Ka Lai Carrie - Chairperson**
**Prof. Yong Kwet Yew**
**Mr. Soh Gim Teik**

Four (4) meetings were held during the financial year 2014.

The duties and responsibilities of the AC include those described in the Companies Act, Chapter 50 and the Code of Corporate Governance.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The CEO and the Chief Financial Officer ("CFO") were invited to attend meetings of the AC to report and brief the Committee on the financial and operational performance of the Group and answer queries raised by the Committee.

The AC has reviewed and is satisfied that the external auditors have not provided any non-audit services to the Group during the financial year 2014 that will prejudice their independence and objectivity.

The AC has nominated the external auditors, Ernst & Young LLP, for re-appointment as auditors of the Company at the forthcoming Twenty-First Annual General Meeting ("AGM"). The nomination of Ernst & Young LLP is in compliance with Rules 712 and Rule 715 of the Mainboard Listing Rules of the SGX-ST.

The Company's internal audit function is out-sourced to One e-Risk Services Pte Ltd. Their appointment, removal, evaluation and compensation is approved by the AC. The Company has given the internal auditors full access to its documents, records, premises and personnel in the course of their work.

The AC meets the external auditors without the presence of the management annually. The external auditors have attended meetings of the Committee held during the financial year to present their audit reports, where applicable.

The Company has in place a whistle-blowing framework which serves to encourage and provide a channel whereby employees may, in good faith and in confidence, raise concerns about possible improprieties in financial reporting and other concerns, to ensure independent investigation of such matters and appropriate follow-up action. There have been no reported incidents pertaining to whistle-blowing for the financial year 2014.

## RISK MANAGEMENT AND INTERNAL CONTROLS (Principle 12)

In 2013, the Board established a Risk Management Committee ("RMC") which reports to the AC to oversee all aspects of risk governance. The RMC has developed BBR's enterprise risk register, which involved identifying and evaluating key business risks, likely consequences should the event occur and mitigating controls in place to manage these risks. More importantly, the RMC's role is to constantly monitor identified risks and pre-empt new risks in a dynamic operating environment.

The members of the RMC comprises BBR's senior management.

The Risk Management Report is found on pages 110 to 111.

The Board and the AC are satisfied that there are adequate material internal controls in place for the Group to address financial, operational, compliance and information technology risks after considering the following:

- The Board, through the AC, is responsible for oversight of the risk management responsibilities, internal controls and governance processes delegated to management;
- Internal auditors ("IA") plans its internal audit schedules independently in consultation with the management. The IA Plan is submitted to the AC for approval at the beginning of each year. The AC also meets with the IA at least once a year without the presence of the management to gather feedback on management's level of cooperation and other matters that warrant the AC's attention. All IA reports are submitted to the AC for deliberation with copies of these reports extended to the relevant senior management for prompt corrective actions as recommended. Furthermore, IA's summary of findings, recommendations and updates on management actions taken are discussed at the quarterly AC meetings together with the external auditors;
- The AC reviews the audit plans of the external auditors of the Company and ensures the adequacy of controls for the accounting system. The AC held discussions with the management and the auditors on the observations of the auditors in the management letter. The AC was generally satisfied with the management's responses during the discussions and suggested improvements where appropriate;
- The AC reviews the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company together with the external auditors and management before their submission to the Board of Directors;
- The AC evaluates the effectiveness of the Group and the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the IA and observations of the external auditors;
- The AC reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual;

# CORPORATE GOVERNANCE

- The AC and the Board are satisfied that policies and procedures for key business processes had been established. These include ISO procedures, conflict of interest policy and a whistle blowing mechanism; and
- For financial year 2014, the CEO and CFO have given their assurance on the integrity of the financial statements of the Group and the Company and that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and an effective risk management and internal control systems has been put in place.

The system of internal controls maintained by the management is adequate to meet the needs of the current business environment. However, the Board notes that the review of the Group's systems of internal control is a continuing process and there is always room for improvement having regard that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, natural disasters, losses, fraud or other irregularities. The system of internal controls adopted by the Group is therefore designed to manage rather than eliminate the risk of failure to achieve business objectives.

## **INTERNAL AUDIT** (Principle 13)

The Company has established an internal audit function that is independent of the activities it audits. The internal audit function is presently outsourced and conducted by One e-Risk Services Pte Ltd.

The IA reports to the AC.

The IA meet the standards set by recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC has reviewed the adequacy of the internal audit functions and is satisfied that the Company's internal audit function is adequately resourced.

The AC will continue to review the adequacy of the internal audit function annually.

## **NOMINATION COMMITTEE** (Principles 4 and 5)

The Nomination Committee ("NC") comprises three (3) independent directors. The Chairman is not directly associated with the substantial shareholders of the Company.

**Prof. Yong Kwet Yew - Chairman**
**Ms. Luk Ka Lai Carrie**
**Mr. Soh Gim Teik**

One (1) NC meeting was held in financial year 2014 to advise and recommend re-election of retiring directors. The duties and responsibilities of the NC include those described in the Code of Corporate Governance.

The Board does not set a maximum limit on the number of listed companies' board representations for its Directors. Notwithstanding that some of the Board members have multiple board representations, the NC is satisfied that the Directors have shown commitment and devoted sufficient time in discharging their responsibilities adequately towards the Group.

The Board and NC have reviewed the independence of Prof. Yong Kwet Yew, Ms. Luk Ka Lai Carrie and Mr. Soh Gim Teik and are satisfied that there are no relationships identified by the Code of Corporate Governance in the current and last financial year which would deem any of them not to be independent. The independent directors are also independent of the substantial shareholders and 10% shareholders of the Company.

The Company has adopted the recommendations set out in the Code of Corporate Governance with respect to the re-nomination and re-election of Directors; all Directors of the Company are subject to re-nomination and re-election at regular intervals and at least once every three (3) years.

| Name | Date of First Appointment | Date of Last Re-election/ Re-appointment |
|---|---|---|
| Mr. Tan Kheng Hwee Andrew | 01/04/1994 | 26/04/2013 |
| Mr. Bruno Sergio Valsangiacomo | 11/02/1997 | 25/04/2014 |
| Prof. Yong Kwet Yew | 19/08/1997 | 25/04/2014 |
| Ms. Luk Ka Lai Carrie | 24/09/1997 | 27/04/2012 |
| Mr. Soh Gim Teik | 08/08/2008 | 27/04/2012 |
| Mr. Peter Michael Ekberg | 28/04/2009 | 26/04/2013 |
| Mr. Marcel Poser (alternate to Mr. Peter Michael Ekberg) | 04/08/2011 | – |

All retiring directors are subject to an assessment by their peers and NC on factors such as level of participation and effectiveness at meetings, depth of industry experience and business knowledge. Based on the assessment collated, the NC would recommend re-election of the retiring directors at each annual general meeting. In accordance with the Articles of Association of the Company, the following Directors are due to retire pursuant to Article 117 at the AGM:

**Ms. Luk Ka Lai Carrie**

**Mr. Soh Gim Teik**

The NC has recommended Ms. Luk Ka Lai Carrie and Mr. Soh Gim Teik (with Ms. Luk Ka Lai Carrie and Mr. Soh Gim Teik abstaining from the evaluation and voting of their own nominations) for re-election as Directors of the Company at the AGM. In making its recommendations, the NC evaluates their contributions and performance at the Board, participation and any special contributions.

If re-elected at the AGM, Ms. Luk Ka Lai Carrie, being an Independent Non-executive Director, will remain as the Chairperson of the AC, a member of the Remuneration Committee, NC and Investment Committee. Ms. Luk Ka Lai Carrie has served as an Independent Director of the Company for more than nine years. However, the NC (save for Ms. Luk Ka Lai Carrie) has assessed and is satisfied that she has continually exercised independent judgement for the benefits of the Company and all shareholders; and is always aware of her responsibilities towards the minority shareholders and acts in their interests. The NC is satisfied and confident that she will continue to exercise and maintain her independence as a Board member if re-elected.

If re-elected at the AGM, Mr. Soh Gim Teik, being an Independent Non-executive Director, will remain as the Chairman of the Investment Committee, a member of the AC and NC.

A board evaluation process has been implemented by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution and performance by an individual director to the effectiveness of the Board. The assessment parameters include the Board's composition, individual director's competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, their contributions to the Board and long-term strategies of the Company. The board evaluation process is conducted annually.

The NC strives to ensure that Directors on the Board possess the experience and knowledge that are critical to the Group's business, and that each Director brings to the Board an independent and objective perspective to enable balances and well-considered decisions to be made.

Mr. Marcel Poser has been appointed the alternate director to Mr. Peter Michael Ekberg on 4 August 2011 to facilitate full board attendance and representation by the controlling shareholders at each board meeting. Mr. Peter Michael Ekberg is a foreign non-executive director and his alternate shall attend board meetings should he be unable to do so.

## REMUNERATION COMMITTEE (Principles 7, 8 and 9)

The Remuneration Committee ("RC") comprises three (3) non-executive Directors, with the chairman being an independent non-executive Director. They are:

**Prof. Yong Kwet Yew - Chairman**

**Mr. Bruno Sergio Valsangiacomo**

**Ms. Luk Ka Lai Carrie**

# CORPORATE GOVERNANCE

The Board has reviewed the composition of the RC which comprises entirely non-executive Directors who are independent of management and free from any business relationship which may materially interfere with the exercise of their independent judgement.

Although Mr. Bruno Sergio Valsangiacomo, a member of the RC, is deemed to be a substantial shareholder of the Company, the Board is of the view that the risk for any potential conflict is minimal.

During the financial year, a meeting of the RC was held.

The duties and responsibilities of the RC include those described in the Code of Corporate Governance.

**Level and mix of remuneration**

The remuneration structure of the CEO and key executives comprises fixed and variable compensation components. The fixed compensation consists of basic salary and fixed allowances, and variable compensation, in the form of bonus and performance shares. The variable compensation is approved by the RC upon the achievement of corporate and individual performance conditions. Performance shares granted are also vested, subject to the satisfaction of specific performance conditions of the Group and individual service condition on vesting dates.

No personnel is entitled to termination, retirement and post-employment benefits. The Company has not structured any contractual provisions in employee appointment letters to reclaim incentive components of remuneration in exceptional circumstances of misstatements of financial results or misconduct resulting in financial loss to the Company. If such events were to occur, it shall avail itself to existing legal remedies to recover excessive incentives paid.

On 6 May 2011, Mr. Tan Kheng Hwee Andrew entered into a Service Agreement with the Company on agreed terms and conditions, and is valid for five years. His Service Agreement is renewable on re-negotiated terms every five years.

The Independent and Non-executive Directors are paid directors' fees only, having considered the director's scope and extent of responsibilities and benchmarked against market expectations. The yearly fees are proposed by the Board and will be subject to approval by shareholders at each AGM.

**Directors' Remuneration**

The remuneration bands and components of the Directors' Remuneration for financial year 2014 are as follows:

| Name of Director | Basic salary % | Variable performance bonus % | Benefits-in-kind and others % | Director's fee % | Performance shares % | **Total %** |
|---|---|---|---|---|---|---|
| **Above $500,000** | | | | | | |
| Mr. Tan Kheng Hwee Andrew | 22 | 74 | 1 | 1 | 2 | **100** |
| **Below $250,000** | | | | | | |
| Mr. Bruno Sergio Valsangiacomo | – | – | – | 100 | – | **100** |
| Prof. Yong Kwet Yew | – | – | – | 100 | – | **100** |
| Ms. Luk Ka Lai Carrie | – | – | – | 100 | – | **100** |
| Mr. Soh Gim Teik | – | – | – | 100 | – | **100** |
| Mr. Peter Michael Ekberg/ Mr. Marcel Poser [1] | – | – | – | 100 | – | **100** |

Notes:
(1) Mr. Marcel Poser is the alternate director to Mr. Peter Michael Ekberg

The Company is of the view that due to competitive reasons, the total remuneration of each director is not disclosed.

The Directors' fees were approved at annual general meetings.

Key Executives

The Company does not have any employee who is a relative of a director or the CEO or substantial shareholder in the financial year 2014. Key executives' compensation consists of salary, bonus and performance share awards that are dependent on the performance of the Group and individual performance.

Remuneration bands of the top 5 key executives are as follows:

| Remuneration Bands | 2014 | 2013 |
|---|---|---|
| $250,000 to below $500,000 | 3 | 4 |
| Below $250,000 | 2 | 1 |
| Total | 5 | 5 |

The Company is of the view that due to competitive reasons, the remuneration bands of key executives are not disclosed on a named basis. The annual aggregate remuneration paid to the top 5 key executives (excluding the CEO) for the financial year 2014 is approximately $1,408,000.

There were no employees who are immediate family members of the directors or CEO.

The BBR Share Plan

The Company has a share plan known as "The BBR Share Plan" (the "Plan") which was approved by members at the Extraordinary General Meeting held on 28 April 2010. Employees (including executive directors) of the Company and its subsidiaries and non-executive directors of the Company are eligible to participate in the Plan. Controlling shareholders and their associates (as defined in the Plan) are not eligible to participate in the Plan.

The BBR Share Plan Committee comprises three (3) Directors who have been appointed to administer the Plan.

**Prof. Yong Kwet Yew – Chairman**
**Mr. Bruno Sergio Valsangiacomo**
**Mr. Tan Kheng Hwee Andrew**

Directors in the BBR Share Plan Committee abstain from discussions relating to their own performance and award of performance shares, respectively.

Information on number of performance shares granted to a director of the Company and employees and terms of the BBR Share Plan can be found in the Directors' Report on page 32.

## SHAREHOLDER RIGHTS (Principle 14)

Our Directors and management are mindful of the obligation to provide shareholders with information on all major developments and other material information that affects the Group on a timely basis. The Company does not practice selective disclosure of material information.

Information is communicated to shareholders on a timely basis through:

- SGXNET announcements and press releases;
- Quarterly results and annual reports that are prepared and broadcast via SGXNET within the prescribed period; and
- the Company's website at http://www.bbr.com.sg

# CORPORATE GOVERNANCE

Shareholders can access both general information such as business activities, project history, as well as investor-related information on the Group via the website.

Shareholders are notified of general meetings within prescribed period before the scheduled date of such meetings via notices in annual reports or circulars, announcements on SGXNET and advertisements in the Business Times. The Company's articles currently allow shareholders, including shares held through custodial institutions, to appoint up to two proxies to attend and vote on their behalf at the general meetings. The Company would consider amending its Articles of Association to allow corporations which provide nominee or custodial services to appoint more than two proxies.

## COMMUNICATION WITH SHAREHOLDERS (Principle 15)

The Directors and management of the Company continue to place a strong emphasis on its investor relations efforts to engage and strengthen relationships with shareholders. It believes that regular, timely, effective and fair communication with shareholders is part of good corporate governance practices.

The Investor Relations team communicates with financial analysts to update them on the latest corporate development and at the same time address their queries, if any. Together with the CEO and CFO, the Company regularly holds analysts' briefings on the Company's financial results after they have been announced on SGXNET. Interviews with the appropriate media are also organised from time to time.

Although the Company does not have a fixed dividend policy in place, it has been paying dividends to shareholders yearly since 2009, after putting aside sufficient cash for re-investments, capital expenditure, working capital and other requirements as the Board may deem fit for the best interest of the Company.

## CONDUCT AT SHAREHOLDER MEETINGS (Principle 16)

The general meetings, annual general meetings and Extraordinary General Meetings, are principal forums for dialogue with shareholders and venues for shareholders to express their views on various matters affecting the Company and to stay informed of the Group's strategy and goals. Shareholders are encouraged to participate in the meetings by raising relevant questions or to seek clarification on the motions to be debated and decided upon.

The chairpersons of the respective committees, if possible, are present and available to address questions at general meetings. The external auditors are invited to general meetings, in particular, the annual general meetings, to assist the Directors in addressing any relevant queries by the shareholders.

## DEALINGS IN THE COMPANY'S SHARES (Rule 1207(18) of the Mainboard Rules of SGX-ST Listing Manual)

The Company has adopted policies in line with the requirements of the Listing Manual of the SGX-ST on dealings in the Company's securities. All officers and employees of the Group are not allowed to deal in the Company's shares while in possession of unpublished material price-sensitive information and on short-term considerations, and during the period commencing two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full year financial statements.

## RISK MANAGEMENT POLICIES AND PROCESSES (Rule 1207(4)(d) of the Mainboard Rules of SGX-ST Listing Manual)

The Group's overall risk management policy aims to minimise potential adverse effects on the financial performance of the Group. The Group has adopted risk management policies and processes that seek to mitigate these risks in a cost-effective manner.

The financial risks and management of the Group are disclosed in the financial statements ended 31 December 2014. Other risks and their management are as follows:

Contractual Risks and Management

The Group has established a Tender Committee to evaluate the risks associated with contractual issues and tender compliances. The objective of the evaluation is to minimise contractual risks of the Group. Prior to the submission of tenders, additional clarification is sought from clients/consultants and queries received by the management are discussed and appropriate replies to the clients/consultants are prepared accordingly.

All agreed contractual matters are incorporated in the contracts for completeness and accuracy after discussions. However, in the event that clarifications sought by the management is not complete by the deadline stipulated for the tender, the management will enclose a qualification to that particular effect in the tender submission and these are further discussed at the tender interview with the clients/ consultants.

Technical Risks and Management

The Group's technical risks exposure is minimal as it has highly qualified technical personnel and it also engages technical consultants to look into all aspects of technical matters. Projects that involve higher risks and which can be quantified will be factored into during the tender stage. Clarification will be sought from the clients/ consultants for matters that are not clear and proper records and documentation, where applicable, are prepared.

## MATERIAL CONTRACTS
## (Rule 1207(8) of the Mainboard Rules of SGX-ST Listing Manual)

There were no material contracts entered into by the Company and its subsidiaries in financial year 2014 which involved the interests of the chief executive officer, any director or controlling shareholder of the Company, except as disclosed in the financial statements.

## INTERESTED PERSON TRANSACTIONS
## (Rule 907 of the Mainboard Rules of SGX-ST Listing Manual)

The aggregate value of interested persons transactions carried out during the financial year by the Group was as follows:

| Name of interested person | Aggregate value of all interested persons transactions conducted during the year | |
|---|---|---|
| | 2014<br>$'000 | 2013<br>$'000 |
| *Licence Fee* | | |
| BBR VT International Ltd<br>(A related corporation of BBR Holding Ltd, Switzerland, a controlling shareholder of the Company) | 157 | 153 |

The above interested persons transactions were carried out on arm's-length basis.

# RISK MANAGEMENT REPORT

The Board of Directors is responsible for overseeing the risk governance framework of BBR so as to ensure that management maintains a sound system of risk management to safeguard shareholders' interest and the company's key assets. To this end, it has established a Risk Management Committee in 2013 to oversee risk governance.

BBR's Enterprise Risk Management (ERM) framework is an integral part of its business decision-making process and by identifying potential risks which may affect its business, and putting in place measures to mitigate the likelihood of these risks occurring, the ERM framework provides better assurance that its business objectives, as well as BBR's long term and short term objectives can be achieved.

BBR's ERM framework is a platform with consistent risk management procedures and methodologies applied across the whole organization. Risks are also managed to be within the Group's risk profile as determined by the Board of Directors. The ERM framework delineates risk preventive measures, risk detective measures and risk corrective action for risks identified by the Group in the context of its operational and business environment. Preventive measures reduce or eliminate the likelihood of a risk event occurring. Detective measures identify risk events that have occurred or are impending. Corrective actions reduce or eliminate the consequences of a risk event that has occurred. More priority is put into identifying and preventing risk events from occurring than in corrective action for events that occur; as prevention is far more cost efficient than correction.

BBR's ERM framework improves the Group's operational efficiency, enhances its business strategizing and creates value for shareholders in the following ways:

1. By identifying and managing risks via a suite of mitigating controls, else the occurrence leads to severe consequences, the ERM framework avoids surprises which materially impact the Group's business performance;

2. By assigning clear risk roles and responsibilities to staff for better accountability, and by having clear risk reporting channels, the Group is able to ensure better corporate governance and transparency. In addition, staff are encouraged to pro-actively escalate knowledge of risks as they occur as opposed to waiting for annual updates of BBR's risk register; and

3. By having an organisation-wide platform for managing risks, ERM empowers personnel to take ownership of relevant risks identified in their departments and at construction sites, and ensure that the appropriate controls are rigidly implemented to mitigate the occurrence and impact of these risks, thus ultimately facilitating the achievement of corporate objectives.

## ENTERPRISE RISK MANAGEMENT PROCESS

The ERM process begins with BBR's individual business units defining the operating environment, followed by identification of associated risks and establishing likely consequences should the event occurs. The process also involves identifying existing mitigating controls and their design effectiveness. BBR's operating environment is defined in the context of the Group's strategic objectives i.e. its Vision, Mission, key business objectives, and what it considers as key assets which need to be protected. The risks identified are grouped into the following four categories:

- Strategic Risk
- Operational Risk
- Financial Risk
- Compliance Risk

Next, an Enterprise Risk Assessment methodology is used to rate the risks. This involves risks analysis to determine the level of risk exposure to enable the prioritisation of risk and calibrate the amount of management focus and effort required. Each risk is evaluated to determine the likelihood of occurrence, and severity of each consequence for that risk after factoring the effectiveness of existing mitigating controls. All the components of the ERM framework are quantitative i.e. objective, measurable and able to be documented and rated for effectiveness. They are also amenable to mathematical manipulation and transformations.

Example: Overall Risk Rating = Consequence of the Event x Likelihood of Occurrence

The constant monitoring of identified risks and pre-empting new risks in a dynamic operating environment is crucial to the Group's risk management framework. BBR conducts a formal review of the ERM framework on an annual basis.

## RISKS IDENTIFIED FOR THE GREEN TECHNOLOGY BUSINESS

In its new solar panel leasing business, the Group may enter into power purchase agreements ("PPAs") for up to 25 years where the selling price of solar energy is pegged to the prevailing Singapore electricity tariff set by the Energy Market Authority ("EMA") and there is no floor price set. As a key component in determining the cost of electricity is fuel cost, the income stream derived from the PPAs over the lease period would be affected by movements in oil prices, which would have resulted in EMA adjusting the electricity tariff.

In addition, the income stream of the PPAs are dependent on the amount of solar energy generated from the solar panel system which is, in turn, dependent on environmental factors and weather conditions such as the amount of sunlight, haze, cloud cover and shading.

# CORPORATE SOCIAL RESPONSIBILITY

## PROMOTING AND IMPLEMENTING CORPORATE SOCIAL RESPONSIBILITY

To advocate best practices in its business operations and achieve sustainable growth, the Group is involved in corporate social responsibility (CSR). As an active corporate citizen, the Group aims to contribute to the welfare of society and encourage the spirit of volunteerism among its employees to support charitable causes.

According to Singapore Compact, a national society promoting CSR in Singapore, adopting CSR brings a wealth of intangible business benefits such as good corporate reputation, high morale among employees, improved business performance and strong investors' confidence. Employees will also take greater pride in their company and this will improve productivity.

The Group is committed to promoting and implementing CSR in the following ways:

- Seeking to incorporate green features in BBR's development and design-and-build projects, as evident from its Green Mark awards from the Building and Construction Authority (BCA). The BCA Green Mark is a green building rating system to evaluate a building for its environmental impact and performance. The assessment criteria include energy efficiency, water efficiency, environmental protection, indoor environmental quality and other green features and innovation. The Group has won Green Mark awards since 2007 for its various projects such as Green Mark GoldPlus for Bliss @Kovan in 2011 and Icon@IBP in 2009;

- Implementing earth control measure systems at project sites. These include investing in water treatment plants to clean water consumed at project sites before discharging into public drains, or recycle for washing bays;

- Placing recycling bins for paper, plastics and general waste in BBR's offices and premises;

- Educating employees to conserve trees such as printing only when necessary, using double-sided printing, and recycling of used paper; and

- Participating in clean water projects through funding and staff involvement.

## SUPPORTING CSR PROJECTS

BBR's first CSR programme was to collaborate with the Lien AID in support of their ongoing Gift for Water Programme in Cambodia. This programme aids poor rural floating communities living on the Ton Le Sap Lake gain improved access to affordable drinking water. The project aims to provide affordable drinking water for the villagers and propagate hygiene practices through raising awareness and encourage behavioural change. BBR co-funded the set-up of water treatment plants and encourage its staff to perform community services in these villages.

Another noteworthy project involved contribution in cash and kind from BBR and its staff towards providing educational and learning aid tools for the students of Ronas Primary School in Cambodia. This primary school is located in Koah Dach Commune, an island on the banks of Mekong River, Phnom Penh.

In 2014, BBR embraced more new local community initiatives under the banner of ***BBR CARE*** which focuses on employees' welfare as well as engages in community programmes and environmental sustainability efforts. BBR CARE introduced a healthy snack programme to the staff of BBR, which was subsequently extended to the 140 residents of Asian Woman Welfare Association (AWWA) Community Home for Senior Citizens. At the end of 2014, it rolled out a relief drive for flood victims of Malaysia through the collection and donation of clothing within the Group.

***BBR CARE*** plans to continue its care and share programme with the AWWA Community Home for Senior Citizens. In its latest fundraising efforts, the team raised some $6,000, which was generously matched dollar for dollar by the Company. With the contributions, the BBR CARE team purchased and distributed Chinese New Year festive goodie packs to the residents to liven the festive mood in the community home.

# STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2015

| | | |
|---|---|---|
| Number of ordinary shares in issue | : | 308,210,418 |
| Number of ordinary shares in issue with voting rights | : | 307,999,418 |
| Voting Rights | : | On a show of hands: 1 vote for each member<br>On a poll: 1 vote for each ordinary share |

## DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 – 99 | 40 | 0.44 | 1,362 | 0.00 |
| 100 – 1,000 | 2,219 | 24.56 | 1,397,420 | 0.45 |
| 1,001 – 10,000 | 4,463 | 49.40 | 21,826,087 | 7.09 |
| 10,001 – 1,000,000 | 2,289 | 25.34 | 110,888,258 | 36.00 |
| 1,000,001 AND ABOVE | 23 | 0.26 | 173,886,291 | 56.46 |
| **TOTAL** | **9,034** | **100.00** | **307,999,418** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

| NO. | NAME | NO. OF SHARES | % |
|---|---|---|---|
| 1 | BBR HOLDING LTD | 85,632,978 | 27.80 |
| 2 | TAN KHENG HWEE ANDREW | 17,250,474 | 5.60 |
| 3 | DB NOMINEES (SINGAPORE) PTE LTD | 11,577,000 | 3.76 |
| 4 | DBS NOMINEES (PRIVATE) LIMITED | 7,043,000 | 2.29 |
| 5 | ONG KIAN KOK | 6,671,000 | 2.17 |
| 6 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 6,073,900 | 1.97 |
| 7 | RAFFLES NOMINEES (PTE) LIMITED | 5,985,400 | 1.94 |
| 8 | HONG LEONG FINANCE NOMINEES PTE LTD | 4,527,000 | 1.47 |
| 9 | KOH SEOW NGANG | 4,235,000 | 1.38 |
| 10 | PHILLIP SECURITIES PTE LTD | 3,518,200 | 1.14 |
| 11 | DUNCAN PRODUCTS PTE LTD | 2,700,073 | 0.88 |
| 12 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 2,180,800 | 0.71 |
| 13 | JONATHAN CHADWICK | 2,000,000 | 0.65 |
| 14 | TAN YEW MENG | 1,919,600 | 0.62 |
| 15 | TIONG WOON CRANE & TRANSPORT (PTE) LTD | 1,696,788 | 0.55 |
| 16 | TYT BUILDERS PTE LTD | 1,560,182 | 0.51 |
| 17 | TAN BAN PIN | 1,522,700 | 0.49 |
| 18 | MAYBANK KIM ENG SECURITIES PTE. LTD. | 1,490,200 | 0.48 |
| 19 | RYOBI-KISO (S) PTE LTD | 1,481,200 | 0.48 |
| 20 | HSBC (SINGAPORE) NOMINEES PTE LTD | 1,342,796 | 0.44 |
| | **TOTAL** | **170,408,291** | **55.33** |

## PUBLIC SHAREHOLDING

As at 20 March 2015, based on the registers of shareholders and to the best knowledge of the Company, approximately 66.15% of the Company's shares were held in the hands of the public. The Company has complied with the Mainboard Rule 723 of the Listing Manual of the Singapore Securities Trading Limited.

## TREASURY SHARES

As at 20 March 2015, 211,000 ordinary shares are held as treasury shares, representing 0.07% of the total number of issued shares excluding treasury shares.

# STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2015

## SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2014

| | NUMBER OF SHARES HELD | | |
|---|---|---|---|
| **Name** | **Direct Interest** | **Deemed Interest** | **Total Interest** |
| BBR Holding Ltd, Switzerland | 85,632,978 | – | 85,632,978 |
| Tectus S.A [1] | – | 85,632,978 | 85,632,978 |
| Claudia Valsangiacomo-Brandestini [2] | – | 85,632,978 | 85,632,978 |
| Bruno Sergio Valsangiacomo [3] | – | 85,632,978 | 85,632,978 |
| Vesna Eckert- Brandestini [2] | – | 85,632,978 | 85,632,978 |
| Nick Brandestini [2] | – | 85,632,978 | 85,632,978 |
| Tan Kheng Hwee Andrew [4] | 17,250,474 | 228,400 | 17,478,874 |

**Notes:**

(1) Tectus S.A. is deemed to have interests in the Company's shares held by BBR Holding Ltd, Switzerland by virtue of its holding in aggregate not less than 20% of the voting shares of BBR Holding Ltd, Switzerland.

(2) Mrs Claudia Valsangiacomo-Brandestini, Ms Vesna Eckert-Brandestini and Mr Nick Brandestini are each deemed to have an interest in the Company's shares held by BBR Holding Ltd, Switzerland by virtue of each of them holding not less than 20% of the voting shares of Tectus S.A.

(3) Mr Bruno Sergio Valsangiacomo is deemed to have an interest in the Company's shares held by BBR Holding Ltd, Switzerland by virtue of him together with his wife, Mrs Claudia Valsangiacomo-Brandestini, holding in aggregate not less than 20% of the voting shares of Tectus S.A.

(4) Mr Tan Kheng Hwee Andrew is deemed to have an interest in the Company's shares held by his wife, Ms Koh Peck Poh, Phyllis.

# NOTICE OF ANNUAL GENERAL MEETING

**BBR HOLDINGS (S) LTD**
(Incorporated in the Republic of Singapore)
Company Registration No. 199304349M

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of BBR HOLDINGS (S) LTD (the "Company") will be held at 50 Changi South Street 1, BBR Building, Singapore 486126 on Friday, 24 April 2015 at 10.00 a.m. for the following purposes:

**ORDINARY BUSINESS**

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

2. To declare a first and final (tax exempt one-tier) dividend of 0.8 cents per ordinary share for the year ended 31 December 2014. (2013: 0.8 cents) **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Article 117 of the Company's Articles of Association:-

   3.1 Mr. Soh Gim Teik
   *(Note: Mr. Soh Gim Teik is an Independent Non-Executive Director, Chairman of the Investment Committee, a member of Audit Committee and Nomination Committee. He will, upon re-election as a Director of the Company, remain as the Chairman of the Investment Committee, a member of Audit Committee and Nomination Committee.)* **(Resolution 3)**

   3.2 Ms. Luk Ka Lai Carrie
   *(Note: Ms. Luk Ka Lai Carrie is an Independent Non-Executive Director, Chairperson of the Audit Committee, a member of the Nomination Committee, Remuneration Committee and Investment Committee. She will, upon re-election as a Director of the Company, remain as the Chairperson of the Audit Committee, a member of the Nomination Committee, Remuneration Committee and Investment Committee.)* **(Resolution 4)**

   *(More information about the retiring Directors can be found on pages 15 and 105)*

4. To approve the payment of $280,000.00 as Directors' fees for the year ended 31 December 2014. (2013: $280,000.00) **(Resolution 5)**

5. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix the auditors' remuneration. **(Resolution 6)**

6. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

**SPECIAL BUSINESS**

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

   **General Share Issue Mandate**

   "THAT pursuant to Section 161 of the Singapore Companies Act (Chapter 50) and the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors to:

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

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

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues, at any time 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) issue Shares in pursuance of any Instrument made or granted by the Directors while such authority was in force (notwithstanding that the authority conferred by the members may have ceased to be 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):

(A) does not exceed 50% of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below); and

(B) 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 pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

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

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

(B) new shares arising from the exercise of share option or the vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

(C) any subsequent bonus issue, consolidation or subdivision of shares, where applicable.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Rules 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) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by laws to be held, whichever is earlier.” **(Resolution 7)**

*(See Explanatory Note 1)*

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

**Authority to issue shares under The BBR Share Plan**

“THAT the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of The BBR Share Plan (“**Plan**”) and to allot and issue from time to time such number of ordinary shares in the capital of the Company (“**Shares**”) as may be required to be allotted and issued pursuant to the vesting of awards under the Plan provided that the aggregate number of new Shares issued and to be issued pursuant to the Plan shall not exceed 10% of the total number of issued Shares of the Company excluding treasury shares from time to time.” **(Resolution 8)**

*(See Explanatory Note 2)*

BY ORDER OF THE BOARD

Chiang Chai Foong
Company Secretary

Singapore, 9 April 2015

**Explanatory Notes to the Notice of Annual General Meeting**

(1) Ordinary Resolution 7 in item 7, if passed, will empower the Directors to issue shares and convertible securities in the Company up to a number not exceeding 50% of the total number of issued shares of the Company (excluding treasury shares), of which up to 20% may be issued other than on a pro rata basis to the existing shareholders. For the purpose of determining the aggregate number of shares and convertible securities that may be issued, the percentage of issued shares is based on the Company's issued share capital (excluding treasury shares) at the date of passing of the Resolution after adjusting for new issuance of shares, any subsequent consolidation or subdivision of shares, where applicable.

(2) Ordinary Resolution 8 in item 8, if passed, will empower the Directors of the Company to grant awards in accordance with the provisions of The BBR Share Plan and to allot and issue shares thereunder.

**Notes:**

1. A member of the Company entitled to attend and vote at the above meeting may appoint not more than two (2) proxies to attend and vote in his stead. However, where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.

2. A proxy need not be a member of the Company. If the member is a corporation, the instrument appointing the proxy must be executed under seal or the hand of an officer or attorney duly authorized.

3. The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **50 Changi South Street 1, BBR Building, Singapore 486126** at least forty-eight (48) hours before the time appointed for the holding of the meeting.

**Personal Data Privacy:**

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

## NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that the Transfer Book and the Register of Members of the Company will be closed from 6 May 2015 to 7 May 2015, both dates inclusive for the purpose of determining members' entitlements to the first and final (tax exempt one-tier) dividend of 0.8 cents per share (the "**Proposed Dividend**").

Duly completed registrable transfers received by the Company's share registrar, Boardroom Corporate and Advisory Services Pte. Ltd. of 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 pm on 5 May 2015 will be registered to determine members' entitlements to the Proposed Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 pm on 5 May 2015 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved at the Twenty-First Annual General Meeting to be held on 24 April 2015, will be paid on 21 May 2015.

BY ORDER OF THE BOARD

Chiang Chai Foong
Company Secretary

Singapore, 9 April 2015

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BBR HOLDINGS (S) LTD

Registration No.: 199304349M
(Incorporated in Singapore)

# PROXY FORM

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

**Important:**

1. For investors who have used their CPF monies to buy the shares of BBR Holdings (S) Ltd, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We ____________________

of ____________________

being a *member/members of BBR Holdings (S) Ltd (the "Company"), hereby appoint

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

*and/or

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

as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Twenty-First Annual General Meeting ("AGM") of the Company to be held at 50 Changi South Street 1, BBR Building, Singapore 486126 on Friday, 24 April 2015 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated below. If no specific direction as to voting is given or in the event of any matter arising at the AGM, *my/our *proxy/proxies will vote or abstain from voting at *his/her own discretion.

| No | Resolution relating to | To be used on a show of hand | | To be used in the event of a poll | |
|---|---|---|---|---|---|
| | | | | No. of votes | |
| | | For (1) | Against (1) | For (2) | Against (2) |
| | **Ordinary Business** | | | | |
| 1. | Adoption of audited Financial Statements ended 31 December 2014, Directors and Auditors' Reports | | | | |
| 2. | Approval of First and Final Dividend – 0.8 cents per share | | | | |
| 3. | Re-election of Mr. Soh Gim Teik as a Director | | | | |
| 4. | Re-election of Ms. Luk Ka Lai Carrie as a Director | | | | |
| 5. | Approval of Directors' Fees – S$280,000.00 | | | | |
| 6. | Re-appointment of Auditors and authority to fix their remuneration | | | | |
| | **Special Business** | | | | |
| 7. | General Share Issue Mandate | | | | |
| 8. | Authority to issue shares under The BBR Share Plan | | | | |

* Delete where applicable

(1) Please indicate your vote "For" or "Against" with a "√" within the box provided
(2) If you wish to use all your votes "For" or "Against", please indicate with a "√" within the box provided. Otherwise, please indicate the number of votes.

| Total Number of Shares Held in | | |
|---|---|---|
| (a) | CDP Register | |
| (b) | Register of Members | |

Dated this ____________ day of ________________________ 2015

____________________

Signature(s) of the Shareholder(s)/
Common Seal of Corporate Shareholder

**Notes:**

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of shares to be represented by each proxy.
3. A member should insert the total number of shares held.

3.1 If the member has shares entered against his name in the Depository Register (as defined under Section 130A of the Companies Act, Chapter 50, he should insert that number of shares.

3.2 If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. The instrument appointing a proxy or proxies must be executed either under its common seal or under the hand of its attorney or a duly authorised officer if it is to be executed by a corporation.
5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof shall be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporate 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 AGM, in accordance with Section 179 of the Companies Act, Chapter 50.
7. The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **50 Changi South Street 1, BBR Building, Singapore 486126** at least forty-eight (48) hours before the time appointed for the holding of the meeting.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
9. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member is not shown to have shares entered against his name in the Depository Register forty-eight (48) hours before the time appointed for the holding of the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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AFFIX
STAMP

Company Secretary
BBR HOLDINGS (S) LTD
50 CHANGI SOUTH STREET 1
BBR BUILDING
SINGAPORE 486126

Please fold here

BBR HOLDINGS (S) LTD

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www.bbr.com.sg
Reg. No.: 199304349M