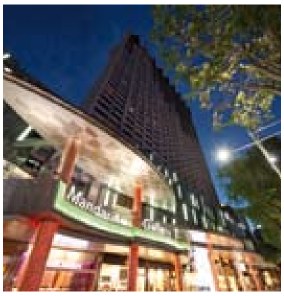
Low Keng Huat (Singapore) Limited



FOCUSED ON building tomorrow's icons today

Annual Report 2010/2011

Panorama,KL

Contents

Corporate **Profile**

Low Keng Huat (Singapore) Limited (“LKHS”) is a builder established since 1969. Today, its business has grown to encompass building construction, property development, hotels and investments.

The Company is one of the largest general building and civil engineering companies in Singapore in terms of capital employed. It is an A1 registered general building contractor, the highest grade under the Building and Construction Authority of Singapore Classification, and is qualified to tender for public sector contracts with unlimited tender sums. Complementing the construction activity is the Company’s property development business in Singapore and Malaysia.

In addition, LKHS owns and operates deluxe hotels in Perth (Australia) and Ho Chi Minh City (Vietnam) under the in-house brand Duxton Hotel. Its other hospitality-related business is food & beverage business in Singapore. Among its investment portfolio are investment properties in Singapore, Malaysia and China.

nex Shopping Centre

Hard Rock Hotel

Chairman's **Statement**

Review of Financial Performance

For the financial year ended 31 January 2011, the Group recorded a net profit attributable to shareholders of $81.7 million, an increase of 30% compared to the previous financial year. The increase was mainly due to higher construction profit offset by more profits from development, investment and hotel segment.

The Group's shareholders' funds increased to $333.2 million as at 31 January 2011 from $268.7 million as at 31 January 2010. Consequently, the net tangible asset per ordinary share of the Group increased to $0.45 as at 31 January 2011 from $0.36 as at 31 January 2010.

Corporate Development & Prospects

The Singapore economy expanded by 14.5% in 2010 and 8.5% in Q1 2011. The robust economic performance together with the low interest rate environment have led to a strong property market. The property cooling measures announced by the Singapore government in January 2011 and the release of more government land sales in recent months are expected to slow down volume of property transactions in the coming months. We remain vigilant and cautious in our cost control and land tendering activities. We will continue our efforts to search for new projects and businesses that will generate consistent revenue and profitability streams.

During the year we have substantially completed the construction of Hard Rock Hotel at Sentosa, Meritus Mandarin Hotel at Orchard Road and nex mega shopping mall at Serangoon Central. The Group secured a construction project at 6 Battery Road for $62.5 million.

Property development will continue to recognize profits from projects launched and sold by our joint ventures and associated companies. The 1,145 units Minton at Hougang was launched in May 2010 and we have sold 550 units as of March 2011. During the year, we won a HDB tender to develop about 650 units under the Design, Build and Sell Scheme at Upper Serangoon Road. It is expected to complete by 2014. In addition we have successfully tendered in April 2011 for a URA land parcel at Paya Lebar Road/Eunos Road 8 via a joint venture with Guthrie GTS and Sun Venture groups of companies where we hold majority stake. The proposed development for the site with gross floor area of 671,452 square feet will comprise of office and retail components. The project is estimated to be completed by 2018 and will complement the other developments already located or planned for Paya Lebar Central which include Certis Cisco Centre, Singapore Post Centre and the National Continuing Education and Training Centre (CET) East Campus. We will continue to focus on our core business and explore opportunities to expand our property investment and development business.

Duxton Hotel Perth and Duxton Hotel Saigon are expected to perform well in view of the recovery in the economies of Western Australia & Vietnam respectively.

Dividend

The Board is pleased to recommend a first and final dividend of 3.0 cents per share and a special dividend of 1.0 cent per share making a total dividend of 4.0 cents. Both dividends are tax exempt (one-tier) and total dividend payment will amount to $29.6 million.

This proposed dividend represents 35% of our earnings per share of 11.06 cents and is 33% higher than last year's dividend of 3.0 cents. This recommendation is subject to the approval of shareholders at the Annual General Meeting to be held on 31 May 2011.

The proposed dividend, if approved by shareholders will be paid on 23 June 2011.

Appreciation

On behalf of the Board, I would like to express my sincere appreciation to the management and staff of the Group for their hard work, dedication and commitment to our shareholders, associates and customers, for their continued support.

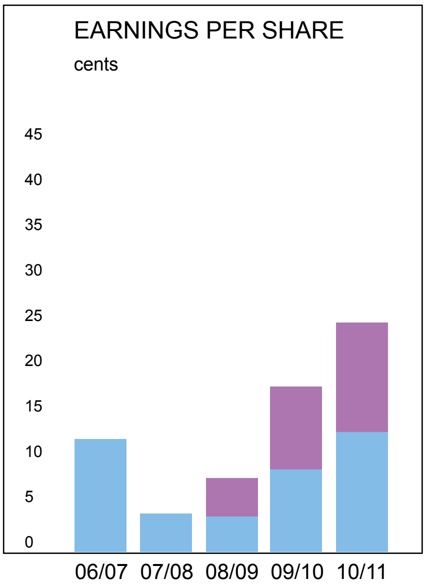
Tan Sri Dato' Low Keng Huat
Non-Executive Chairman
April 2011

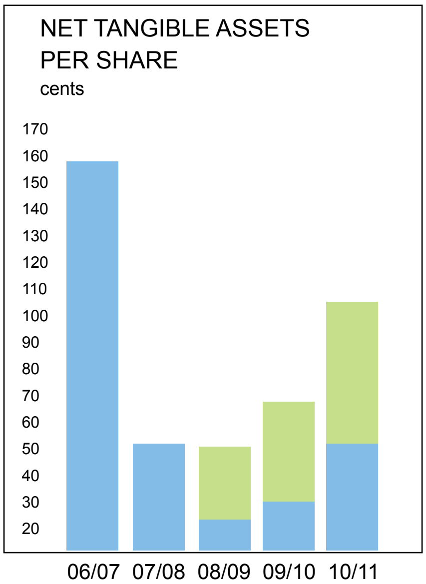

minton


Duchess Residence

5 years **Financial Highlights**

	2006/07	2007/08	2008/09	2009/10	2010/11
OPERATING RESULTS					
Revenue ($'000)	105,443	113,322	274,602	595,451	272,164
EBITDA ($'000)	22,462	27,000	41,033	74,134	105,978
Pretax profit ($'000)	17,181	19,846	35,053	67,926	100,453
Net profit ($'000)	13,134	13,687	30,682	64,276	83,687
EBITDA margin (%)	21.3	23.8	14.9	12.5	38.9
Pretax margin (%)	16.3	17.5	12.8	11.4	36.9
Net margin (%)	12.5	12.1	11.2	10.8	30.7
FINANCIAL POSITION					
Total assets ($'000)	270,778	317,416	359,768	547,227	548,894
Total borrowings ($'000)	34,964	75,273	38,569	6,001	-
Shareholders' equity ($'000)	190,762	198,864	209,583	268,716	333,187
Net debt : equity (times)	0.02	0.24	0.03	-	-
PER SHARE DATA					
Earnings (cents)	10.7	4.2	4.0	8.5	11.1
Dividend (cents)	92.5	2.5	1.5	3.0	4.0
Net tangible assets (cents)	154.9	56.2	28.0	36.0	45.0
Year end share price (cents)	160.0	45.0	16.0	46.0	46.0
SHAREHOLDERS' RETURN					
Return on equity (%)	6.9	6.9	14.6	23.9	25.1
Return on assets (%)	4.9	4.3	8.5	11.7	15.2
Dividend yield (%)	57.8	5.6	9.4	6.5	8.8
Dividend payout ratio (%)	867.0	60.0	38.0	35.0	36.0





Earnings per share would have been 22.2 cents and 17.0 cents in FY 2010/11 and FY 2009/10 respectively if there was no share split.

Net tangible assets per share would have been 90.0 cents and 72.0 cents in FY2010/11 and FY 2009/10 respectively if there was no share split.

In July 2007, the Company successfully completed a rights issue of new shares on the basis of two shares for every one existing share held by shareholders at a subscription price of $0.369 per share.

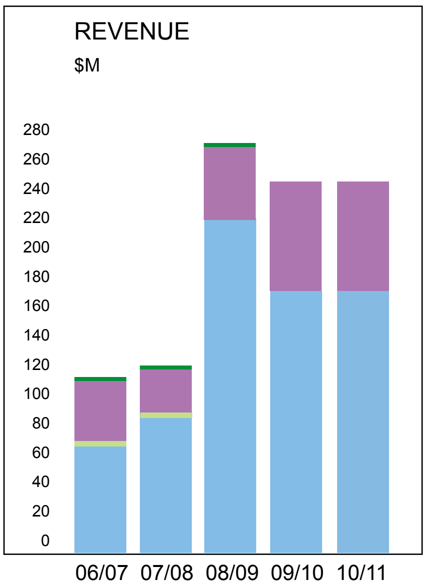
In June 2008, the Company successfully completed a Share-Split exercise where each ordinary share was split into two ordinary shares.

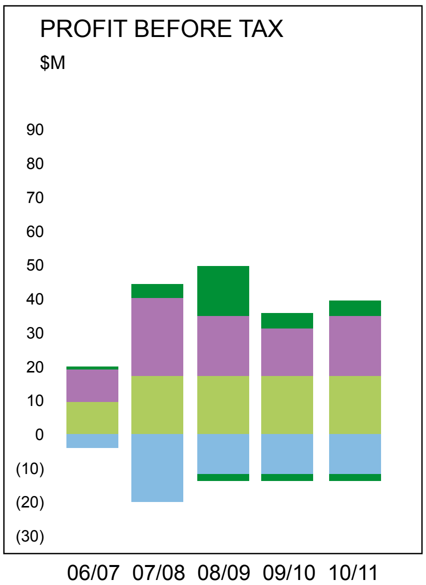
5 years **Financial Highlights**

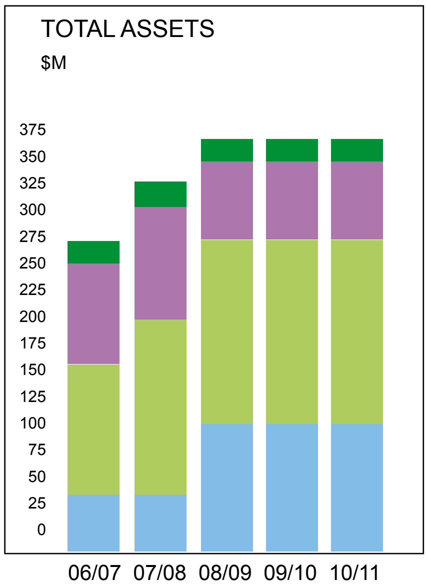
	2006/07 ($'000)	2007/08 ($'000)	2008/09 ($'000)	2009/10 ($'000)	2010/11 ($'000)
REVENUE					
Construction	63,929	56,777	219,992	545,645	221,202
Development	255	21	-	148	234
Hotels	40,900	56,135	54,278	48,356	48,791
Investments	359	389	332	1,302	1,937
	105,443	113,322	274,602	595,451	272,164
PROFIT BEFORE TAX					
Construction	(4,019)	(21,308)	(11,641)	16,923	66,951
Development	7,852	15,169	31,279	31,756	23,918
Hotels	12,930	24,756	16,238	12,659	5,851
Investments	418	1,229	(823)	6,588	3,733
	17,181	19,846	35,053	67,926	100,453
TOTAL ASSETS *					
Construction	44,526	40,628	97,829	225,250	163,471
Development	105,779	157,292	172,140	182,846	226,196
Hotels	96,116	93,835	68,648	73,606	70,847
Investments	24,357	25,661	21,086	64,993	87,876
	270,778	317,416	359,703	546,695	548,390

** Excluding tax*

Construction Development Hotels Investments







Operating & **Financial Review**

Gross profit increased by **$51.8** million to **$105.1** million during FY ended 31 January 2011 from **$53.3** million during FY ended 31 January 2010.

Duxton Saigon

Mandarin Gallery

OVERALL

The Group's four business segments are construction, property development, hotels and investments. In recent years, the Company shifted the business mix from hotels to property development.

Net profit attributable to shareholders increased by 29.9% to $81.7M during current year compared to $62.9M during previous year. It increased by 27.0% to $19.2M in Q4 current year from $15.0M in Q4 previous year. The increase for current year was mainly due to higher profit from construction segment offset by less profits from development, investment and hotel segments.

Group revenue decreased by $323.3M to $272.2M during current year from $595.5M during previous year. It decreased by $106.4M to $39.0M in Q4 current year from $145.4M in Q4 previous year. These decreases in revenue were mainly due to the decrease in construction activity. Development revenue and investment revenue were not significant.

Gross profit increased by $51.8M to $105.1M during current year from $53.3M during previous year. It increased by $23.3M to $37.0M in Q4 current year from $13.7M in Q4 previous year. The increase for current year was mainly due to increased contributions from construction project Nex at Serangoon Central Mall and adjustment of profits upon finalisation of accounts for completed projects, Meritus Mandarin Hotel and Hard Rock Hotel at Sentosa.

Other income decreased by $4.3M to $5.3M during current year from $9.6M during previous year. It decreased by $2.0M to $1.8M in Q4 current year from $3.8M in Q4 previous year. These decreases were mainly due to lower gain on disposal of quoted equity investment during current year.

The loss of concessionary income is derived from the gaming centre operations in Duxton Hotel Saigon which opened for business in November 2006. The licence for operating the gaming centre was withdrawn by the Vietnamese government in April 2010. The hotel remains open and is running as per normal business operations. The concessionary loss increased by $6.5M and $6.0M over previous year and Q4 previous year mainly due to under provision of income tax for gaming centre. The Vietnamese authorities had rejected our appeal and tax the gaming centre on revenue declaration method instead of fixed tax method based on number of gaming machines.

Administrative costs increased by $4.2M to $22.2M during current year from $18.0M during previous year. It increased by $1.9M to $7.0M in Q4 current year from $5.1M in Q4 previous year. The increase was mainly due to increases in profit share to Managing and Deputy Managing directors which increased in tandem with increased profit performance of the Group. Provision for profit share was made in accordance with service contracts.

Share of results of associated companies and joint ventures decreased by $7.6M to $23.8M during current year from $31.4M during previous year. It decreased by $6.1M to $1.5M in Q4 current year from $7.6M in Q4 previous year. The decrease for current year was mainly due to the completion of one-north Residence, South Bank and Duchess Residences. South Bank and Duchess Residences obtained T.O.P. in April 2010 and January 2011 respectively.

CONSTRUCTION

Construction revenue decreased by 59.5% to $221.2M during current year from $545.6M during previous year. It decreased by 79.5% to $27.0M in Q4 current year from $132.0M in Q4 previous year. The decreases were due to the completion of Meritus Mandarin Hotel and Hard Rock Hotel at Sentosa. Net profit before tax & non-controlling interests for construction segment increased by $50.4M to $67.0M during current year from $16.6M during previous year. It increased by $23.6M to $27.2M in Q4 current year from $3.6m in Q4 previous year. The improved profit performance for current year was due to higher contributions from nex at Serangoon Central Mall and decrease in accruals for completed projects Meritus Mandarin Hotel and Hard Rock Hotel at Sentosa. In October 2010, we secured a construction project at 6 Battery Road for $62.5 million.

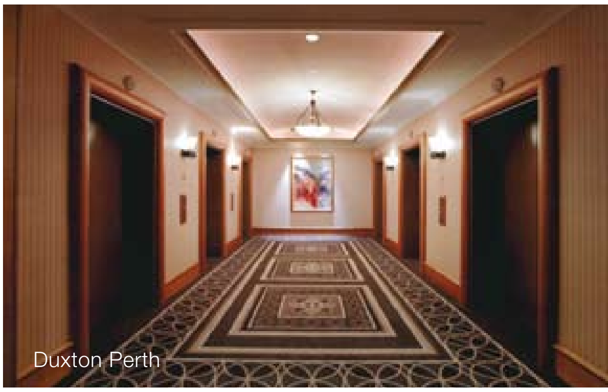
HOTEL & F&B BUSINESS

Revenue for hotel & F&B businesses increased by 0.8% to $48.8M during current year from $48.4M during previous year mainly due to higher revenue from Duxton Perth offset by lower revenue from Duxton Saigon and F&B business. It decreased by 11.5% to $11.5M in Q4 current year from $13.0M in Q4 previous year. The higher revenue in Duxton Perth was due to higher occupancy rate and average room rate while the lower revenue from F&B business was due to cessation of Chijmes Hall, Capella and Upper Club in Q3 current year. Net profit before tax and non-controlling interests for hotel segment decreased by $7.1M to $5.9M during current year from $13.0M during previous year. It decreased by $5.9M to negative $3.6M in Q4 current year from $2.3M in Q4 previous year. The decreases were mainly due to decrease in revenue and concessionary loss in gaming centre.

DEVELOPMENT

Contributions from associated companies and joint ventures decreased by 24.8% to $23.9M during current year from $31.8M during previous year. It decreased by 80.3% to $1.5M in Q4 current year from $7.6M in Q4 previous year. The decreases were mainly due to decreased contributions

Duxton Perth



Duxton Perth

Operating & **Financial Review**

DEVELOPMENT PROJECT ON HAND	LOCATION	LKH'S SHARE(%)	TYPE	NO. OF UNITS	STATUS
Duchess Residences	Duchess Avenue	30	Condominium	120	Obtained TOP Jan 2011
Masai Industrial Park	Seri Alam, Johor	49	Industrial	25	Launched Apr 2008 13 units sold
Panorama	Persiaran Hampshire, Kuala Lumpur	25	Serviced Apartments	223	Launched Apr 2008 204 units sold
Minton Rise	Hougang Street 11	40	Condominium /Shops	1145	Launched May 2010 550 units sold
Unnamed	Jalan Conlay Kuala Lumpur	20	Condominium	-	To Launch in 2011
Unnamed	Upper Serangoon Road	100	DBSS Apartments	650	To Launch in 2011
Unnamed	Paya Lebar Central	80	Commercial -Office & Retail	-	To Launch in 2011

LAND BANK	LOCATION	LKH'S SHARE(%)	AREA (SQF)	USE
Unnamed	Seri Alam, Johor	49	3,298,458	Bungalows
Tiram Park	Tiram, Johor	49	6,622,184	Houses/shops
Unnamed	Seri Alam, Johor	49	759,770	Houses/shops
Unnamed	Kuala Lumpur	100	14,041	Office


Chijmes Carnivore


Chijmes Carnivore

from one-north Residence, South Bank and Duchess Residences. South Bank and Duchess Residences obtained T.O.P. in April 2010 and January 2011 respectively. The Minton was launched in May 2010 and out of a total of 1,145 units, 550 units were sold as of March 2011. We successfully tendered for a DBSS project at Upper Serangoon Road in November 2010. The project will be launched in later part of 2011 and is expected to yield about 650 units. In addition we have successfully tendered in April 2011 for a URA land parcel at Paya Lebar Road/Eunos Road 8 via a joint venture with Guthrie GTS and Sun Venture groups of companies where we hold majority stake. The proposed development for the site with gross floor area of 671,452 square feet will comprise of office and retail components. The project is estimated to be completed by 2018 and will complement the other developments already located or planned for Paya Lebar Central which include Certis Cisco Centre, Singapore Post Centre and the National Continuing Education and Training Centre (CET) East Campus.

INVESTMENTS

The Group's current investments are investment properties mainly in Singapore and Malaysia as well as some quoted equity investments. Net profit before tax and non-controlling interest in investment segment decreased by $2.9M to $3.7M during current year from $6.6M during previous year mainly due to decreased gains on disposal of quoted equity investments. It decreased by $1.6M to $1.1M in Q4 current year from $2.7M in Q4 previous year mainly due to fair value gain on available-for-sale financial assets charged to income statement on reclassification to short-term quoted equity investments and lower impairment of investment.

Corporate **Information**

BOARD OF DIRECTORS

Tan Sri Dato' Low Keng Huat
(Non-Executive Chairman)

Low Keng Boon
(Managing Director)

Low Keng Hoo
(Deputy Managing Director)

Low Poh Kuan
(Executive Director)

Dato' Marco Low Peng Kiat
(Non-Independent,
Non-Executive Director)

Lee Han Yang
(Lead Independent,
Non-Executive Director)

Lucas Liew Kim Voon
(Independent, Non-Executive Director)

Wey Kim Long
(Independent,
Non-Executive Director)

Jimmy Yim Wing Kuen
(Independent, Non-Executive Director)

AUDIT COMMITTEE

Lucas Liew Kim Voon
(Chairman)

Lee Han Yang

Wey Kim Long

NOMINATING COMMITTEE

Lucas Liew Kim Voon
(Chairman)

Lee Han Yang

Low Keng Boon

REMUNERATION COMMITTEE

Lee Han Yang
(Chairman)

Lucas Liew Kim Voon

Wey Kim Long

Jimmy Yim Wing Kuen

COMPANY SECRETARY

Chin Yeok Yuen, FCPA

SOLICITORS

TSMP Law Corporation
6 Battery Road
#33-01
Singapore 049909

AUDITORS

Foo Kon Tan Grant Thornton LLP
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365
Partner-in-charge: Tan Hon Chye
(Year of appointment: FYE 31 January 2010)

BANKERS

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

Malayan Banking Berhad

The Bank of East Asia, Limited

DBS Bank Limited

Standard Chartered Bank

SHARE REGISTRARS & SHARE TRANSFER OFFICE

KCK CorpServe Pte. Ltd.
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

REGISTERED OFFICE

80 Marine Parade Road
#18-05/09 Parkway Parade
Singapore 449269
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Fax: +65 6345 7841

LISTING

The Company's ordinary shares are listed and traded on the Main Board of the Singapore Exchange Securities Trading Limited.

FINANCIAL REPORTS

A copy of the Company's Annual Report and announcement of quarterly, half-year and full-year financial results is available on request without charge.

WORLD WIDE WEB HOME PAGE

Visit us at www.lkhs.com.sg

Board of **Directors**

Tan Sri Dato' Low Keng Huat
Non-executive Chairman

Tan Sri Dato' Low Keng Huat is a co-founder of the Company and its Chairman since its incorporation on 14 April 1969. He was last re-elected on 30 May 2008. He is a director of Consistent Record Sdn. Bhd. which has become our substantial shareholder in August 2010. A builder by profession, Tan Sri Dato' Low is a former President of the Master Builders Association, Malaysia and is now its Honorary President. He has wide experience in business, property construction and development in a career spanning more than 50 years.

Low Keng Boon @ Lau Boon Sen
Managing Director

Mr Low Keng Boon is a co-founder and the Managing Director of the Company since its incorporation on 14 April 1969. His wide experience in building and construction is evidenced by the successful handling of prestigious projects like the OCBC Centre, UOB Plaza, Singapore Press Holdings headquarters, Novena Square and SIA Engineering Hangar. He was a member of the Singapore Construction Industry Development Board between March 1984 and March 1988. Mr Low was also instrumental in the Company's successful diversification into the hotel business.

Low Keng Hoo @ Lau Keeng Foo
Deputy Managing Director

Mr Low Keng Hoo is a co-founder and the Deputy Managing Director of the Company. He was appointed to the Board on 14 April 1969 and last re-elected on 30 May 2008. He is responsible for overseeing all site work, execution, site administration, control and liaison between the Company and its sub-contractors. He has contributed to the successful completion of many major projects undertaken by the Company, including OCBC Centre, MAS Building and Mandarin Gardens condominium.

Low Poh Kuan
Executive Director

Mr Low Poh Kuan joined the Company in March 1998 as its Purchasing Manager for construction projects. He was appointed to the Board on 5 April 2004 and was last re-elected on 30 May 2008. In addition to his purchasing function, Mr Low is involved in the Company's property development projects and the F&B businesses under our subsidiary, Starworth, group of companies. Mr Low co-managed the overall operations of the Chijmes entertainment complex before it was sold in 2006. He is also the QEHS (Quality, Environmental, Occupational Health and Safety) System Manager under the Company's ISO system. Prior to joining the Company, he had extensive experience in sales and marketing in the contract furnishing industry. Mr Low has a Diploma in Mechanical Engineering from Ngee Ann Polytechnic and a Bachelor of Science in Marketing and Economics from the University of Indiana, Bloomington, USA.

Dato' Marco Low Peng Kiat
Non-Executive Director

Dato Marco Low Peng Kiat was appointed as a Non-Executive Director of the Company on 7 November 2006. He is a director of Consistent Record Sdn. Bhd. which has become our substantial shareholder in August 2010. He holds a Bachelor Science in Management & Systems from City University, England. He spent about two years in the corporate finance unit of one of the big four international accounting firms before joining Fung Keong Rubber Manufactory (Malaya) Sdn Bhd as Executive Director on 29 January 1997.

Lee Han Yang
Independent Director

Mr Lee Han Yang was appointed as an independent director of the Company on 28 January 1992. He was last re-elected on 30 May 2008. He is also serving on the Company's Audit, Nominating and Remuneration Committees. Mr Lee is a Barrister-at-Law of Lincoln's Inn, London. He is an Advocate and Solicitor of the Supreme Court of Singapore and is a Consultant at Messrs Peter Low Partnership. He is also a director of several public and private companies in Singapore, including Wing Tai Holdings Ltd and Tan Chong International Ltd. Mr Lee is an active member of the Law Society of Singapore and has served on several committees of the Law Society. At present, he serves on the boards of National Council of Social Services and Law Society Inquiry Panel. In August 2006, he was awarded the Public Service Star (BBM).

Lucas Liew Kim Voon
Independent Director

Mr Lucas Liew was appointed as an independent director of the Company on 28 January 1992. He was last re-elected on 30 May 2008. He is an accountant by profession and was formerly the finance director of Singapore Airlines Limited until his retirement in 1992. He has extensive expertise and experience in finance and accounting. Mr Liew, a Certified Public Accountant, obtained his Bachelor of Commerce (Accountancy) degree from the University of New South Wales, Australia.

Wey Kim Long
Independent Director

Mr Wey Kim Long was appointed as a non-executive director of the Company on 5 April 2004 and was re-designated an Independent Director on 12 September 2006. He was last re-elected on 29 May 2007. Mr Wey had worked with UOL for 30 years until his retirement in January 2004 as Deputy President (Property). During his tenure at UOL, Mr Wey was involved in all aspects of property development and marketing, property investment and management of all properties in the UOL Group. Mr Wey holds a Bachelor of Science (Estate Management) degree from the then University of Singapore. He is also a Fellow of the Singapore Institute of Surveyors & Valuers and the Royal Institution of Chartered Surveyors.

Jimmy Yim Wing Kuen
Independent Director

Mr. Jimmy Yim was appointed an Independent Director of the Company on 1 March 2009. He is the incumbent Managing Director of the Litigation & Dispute Resolution Department of Drew & Napier LLC, a leading law practice in Singapore, established since 1889. He was admitted to the Singapore Bar in 1983 and is one of the earliest batches of Senior Counsel, appointed in January 1998. His practice covers a range of civil and commercial law, criminal law and international commercial arbitrations. He is a fellow of the Singapore Institute of Arbitrators, a regional arbitrator with the Singapore International Arbitration Centre, panel member of mediators for FIDRC of the Association of Banks in Singapore. He is recommended by name in the various professional journals and ranking agencies in the area of dispute resolution. Apart from Low Keng Huat (Singapore) Limited, Mr. Yim sits on the boards of a few private and public companies.

Key Management **Executives**

Lee Yoon Moi
Chief Operating Officer

Mr Lee Yoon Moi, a construction industry veteran of 35 years, oined the Company in 1990. He is currently its Chief Operating Officer, responsible for all construction and development activities undertaken by Group. He also acts as the Management Representative under the Company's ISO Quality Assurance Programme and oversees thedevelopment, implementation and maintenance of its quality assurance system. Mr Lee joined Housing and Development Board in 1974 as a structural engineer. In 1980, he was enlisted in the setting up of Construction Technology Pte Ltd (Contech), a wholly government owned construction company, to spearhead modernization and mechanization in the construction industry. Mr Lee left Contech in 1990 as General Manager. Mr Lee has a Bachelor of Civil Engineering degree (First Class Honours) from the then University of Singapore and a Masters of Engineering degree from McGill University, Montreal, Canada. He is also a member of the Institution of Civil Engineers, MICE (Chartered Engineer, Civil Engineer) as well as a Professional Engineer (Civil & Structural).

Chin Yeok Yuen
Chief Financial Officer

Ms Chin joined the Company in Oct 2007 as its Chief Financial Officer and is responsible for the financial, accounting and corporate matters of the Group. Immediately prior to joining the Company, Ms Chin was the Group Financial Controller of MediaRing Ltd. From 1997 to 2002, she was the Finance Director of Kemin Asia Pte Ltd. Before Kemin, she spent her earlier years working with one of the big four accounting firms and MNCs like Tandem Computers and Glaxo Pharmaceuticals. Ms Chin is a fellow member of the Institute of Certified Public Accountants of Singapore (ICPAS). She graduated with a Bachelor of Accountancy from the National University of Singapore.

Low Poh Kok
Manager, Property Development

Mr Low Poh Kok joined the Company in July 2004. He is currently Manager, Property Development and is involved in all overseas property development. Prior to that, he had worked in the United States of America for 8 years as a project manager for an IT company. He brings to the Company his overseas experiences and project management skills. Mr Low has a Diploma in Business Studies from Ngee Ann Polytechnic and a Bachelor of Science in Computer Information System from Indiana University at Bloomington, USA.

Wong Chong Seng, Phillip
Administration and IT Manager

Mr Phillip Wong joined the Company in 1980. He is currently its Administration and IT Manager, overseeing the administrative and IT matters of the Group. Mr Wong joined the Company as a land surveyor and subsequently a project coordinator in construction projects. He became the Administrative and IT Manager in 1992. Mr Wong has a Diploma for Computer Studies from TMC Computer School. He gained valuable experience in making IT an important tool in the Company's construction operations. He is concurrently the Fire Safety Manager for the Company's warehouse in Singapore.

Bruce Doig
General Manager
- Duxton Hotel Perth

Mr Doig joined Duxton Perth Hotel as Deputy General Manager in April 2008 and was subsequently promoted to General Manager in July 2008. He has more than 34 years of hotel experience in Australia and worked for well known hotel brands including Sheraton, Hyatt, Broadwater Hotel & Resorts, Merlin Hotels and Radisson. Mr Doig graduated from Wesley College before obtaining a Diploma in Hotel Management and Catering from Bentley Technical College.

Messrs Tan Sri Dato' Low Keng Huat, Low Keng Boon and Low Keng Hoo are brothers. Messrs Low Poh Kuan and Low Poh Kok are the sons of Mr Low Keng Hoo, Dato' Marco Low Peng Kiat is the son of Tan Sri Dato' Low Keng Huat. Save as disclosed, none of the directors and key executives are related to one another.

The Company is committed to complying with effective Corporate Governance to ensure transparency and protection of shareholders' value. It has adopted a framework of corporate governance policies and practices in line with the principles and guidelines set out in the Code of Corporate Governance 2005 ("code").

BOARD MATTERS

Principle 1 Board's Conduct of its Affairs

The primary role of the Board, apart from its statutory responsibilities, comprises:

- Overseeing and monitoring the management and affairs of the Group;
- Approving the Group's corporate policies;
- Reviewing the financial performance including approval of the annual and interim financial reports;
- Approving the nomination of Directors and appointments to the various Board Committees;
- Reviewing the integrity and adequacy of internal control, risk management, financial reporting and compliance; and
- Assuming responsibility for corporate governance.

The Board conducts regular scheduled meetings and as warranted by circumstances. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. The Company's Articles of Association provide for the Board to convene meetings via teleconferencing and/or similar means.

All Directors are updated on a regular basis via Board meetings or by way of circulars on matters material to the Company. New Directors will be briefed on the Group's business and the Company's governance policies, disclosure of interest in securities, disclosure of any conflict in a transaction involving the Company, prohibitions on dealing in the Company's securities and restrictions on disclosure of price-sensitive information.

To assist in the execution of its responsibilities, the Board has established the following specialized Board Committees:

- The Nominating Committee;
- The Remuneration Committee; and
- The Audit Committee.

Each of the above committees has its respective written mandates and operating procedures, which will be reviewed on a regular basis.

The Directors' attendance at the Board meetings (including committee meetings) held and the number of meetings attended by each member at the respective meetings during the financial year under review are as follows:

	No. of Meetings Attended in 2010			
Directors	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Tan Sri Dato' Low Keng Huat	3	–	–	–
Low Keng Boon @ Lau Boon Sen	4	–	3	–
Low Keng Hoo @ Lau Keeng Foo	3	–	–	–
Low Poh Kuan	4	–	–	–
Dato' Marco Low Peng Kiat	4	–	–	–
Lee Han Yang	3	3	2	2
Lucas Liew	4	4	3	3
Wey Kim Long	4	4	–	3
Jimmy Yim	3	–	–	2
No. of meetings held in 2010	4	4	3	3

Principle 2 Board Composition and Balance

With the appointment of Mr. Jimmy Yim on 1 March 2009, the Board now comprises nine Directors of whom six are non-executive and three are executive. Of the six non-executive Directors, four are independent. The number of independent directors thus represents more than one third of the Board and majority of the Board comprises non-executive Directors.

The criteria of independence are based on the definition given in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment.

The Board members bring with them invaluable experience and collective core competencies such as accounting, finance, law, business and management experiences as well as industry expertise. The profiles of the Directors are set out on (Page 10 and page 11 of Annual Report). The Board has reviewed its composition and is satisfied that such composition is appropriate. The Board will constantly review its size and composition to determine its appropriateness and effectiveness.

Where appropriate, developments in legislation, government policies and regulations affecting the Group's businesses and operations are provided to all Directors on a timely basis. The Directors have access to the advice of the Company Secretary and Management. They may also seek independent professional advice concerning the Company's affairs when necessary.

Principle 3 Chairman and Managing Director

The clear division of responsibilities between the non-executive Chairman and the Managing Director ensures proper balance of power and authority at the top Management of the Group. The posts of the non-executive Chairman and Managing Director are kept separate and are held by Tan Sri Dato' Low Keng Huat and Mr. Low Keng Boon @ Lau Boon Sen respectively.

The Chairman ensures that the business of the Board and Board Committees are well managed, and that harmonious relationships are maintained with shareholders.

The Managing Director makes key decisions on the management and operations of the Group and is responsible for the conduct of the business and affairs of the Group.

Tan Sri Dato' Low Keng Huat is the brother of Mr. Low Keng Boon @ Lau Boon Sen. Under the Code, which recommends that where the Chairman and CEO are related by close family ties, the Company may appoint an independent non-executive director to be the Lead Independent Director of the Company. Such appointment would further strengthen the independence of the Board and provide an additional channel of communication to shareholders.

Mr. Lee Han Yang was appointed by the Board on 12 September 2006 as the Lead Independent Director. The key responsibilities of the Lead Independent Director are :

- providing an additional and independent channel of contact to shareholders;
- leading the non-executive/independent directors in providing and facilitating non-executive perspective and contributing a balance of viewpoints on the Board;
- co-ordinating the activities and meetings of non-executive/independent directors;
- advising the Chairman as to board and committee meetings; and
- promoting high standards of corporate governance.

Principle 4 Board Membership

The Nominating Committee comprises three Directors, the majority of whom (including the Chairman) are independent Directors:

Mr. Lucas Liew	Independent Director (Chairman of the Committee)
Mr. Lee Han Yang	Independent Director
Mr. Low Keng Boon @ Lau Boon Sen	Managing Director

The Nominating Committee's principal functions are to:

- determine the criteria for identifying candidates for directorship;
- review nominations and make recommendations to the Board on all Board appointments;
- make recommendations to the Board on the re-nomination of retiring Directors standing for re-election at the Company's Annual General Meeting;
- determine annually whether or not a Director is independent;
- determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company;
- decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;
- assess the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board; and
- ensure disclosure of key information of Directors in the Annual Reports as required by the Code.

All Directors are required to submit themselves for re-nomination and re-election at least once in every three years. Article 88 of the Company requires one third of the Board to retire by rotation at every Annual General Meeting. A newly appointed Director, according to Article 87 of the Company, will submit himself for retirement and re-election at the Annual General Meeting following his appointment.

The Nominating Committee has adopted a process for the selection and appointment of new directors to the Board including using search companies, contacts and recommendations.

Principle 5 Board Performance

The Nominating Committee's evaluation of each Director and the Board's performance as a whole will be conducted on an annual basis.

The general assessment parameters of a Director are experience in being a company director, competence and knowledge. The specific assessment parameters of a Director include level and quality of involvement during the course of the year, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, the quality of interventions and special contributions.

The Nominating Committee also assesses the effectiveness of the Board as a whole in both quantitative and qualitative terms. Quantitative performance measurement is principally based on shareholder value creation such as share price performance and earnings per share. Qualitative performance indicators include compliance with the Code, transparency in terms of disclosure and feedback from authorities and investors.

Principle 6 Access to information

The Board is furnished with Board papers prior to any Board meeting. These Board papers include management reports, financial reports and other relevant information meant to provide complete, adequate, timely and reliable information so as to ensure Directors' informed participation at such meetings and hence the effective discharge of their duties.

When decisions to be taken by the Board require specialized knowledge or expert opinions, the Board is able to seek independent professional advice, if necessary. Such cost for professional advice will be borne by the Company.

The Directors may communicate directly with the Management, the Company Secretary, the internal auditor and the external auditors on all matters whenever they deem necessary.

The Company Secretary attends all Board meetings and is responsible to ensure that board procedures, applicable rules and regulations are followed.

REMUNERATION MATTERS

Principle 7 Procedures for Developing Remuneration Policies

The Code recommends that the Remuneration Committee should comprise entirely non-executive directors, the majority of whom, including the chairman, should be independent.

The Remuneration Committee comprises four Directors, all of whom are non-executive and independent Directors :

Mr. Lee Han Yang	Lead Independent Director (Chairman of the Committee)
Mr. Lucas Liew	Independent Director
Mr. Wey Kim Long	Independent Director
Mr. Jimmy Yim	Independent Director (appointed on 1 March 2009)

The Remuneration Committee's principal responsibilities are to:

- recommend to the Board base pay levels, benefits and incentive opportunities;
- approve the structure of the compensation programme for Directors and senior Management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior Management of the required quality to run the Company successfully; and
- review Directors' and senior Management's compensation annually and determine appropriate adjustments; and review and recommend the Managing Director's pay adjustments.

When necessary, the Remuneration Committee is able to seek independent professional advice on remuneration matters. Such cost will be borne by the Company.

The overriding principle is that no Director should be involved in deciding his own remuneration.

The Share Option Scheme Committee has been dissolved as the Low Keng Huat (Singapore) Limited Executives' Shares Option Scheme expired during the year. The Board is not seeking shareholders' mandate to extend the scheme. There is no other share option schemes available.

Principle 8 Level and Mix of Remuneration

The Company's remuneration policy is to provide compensation packages at market rates which will reward successful performance and attract, retain and motivate Directors and managers.

Directors' fees are set in accordance with a remuneration framework comprising basic fees and committee fees. They are paid only after approval by shareholders at the Annual General Meeting.

The executive Directors' remuneration comprises salary, bonus, allowances and benefits which are governed by service agreements entered into with the Company. The bonus, which makes up a significant portion of total remuneration, is linked to the performance of the Group.

The Low Keng Huat (Singapore) Limited Executives' Shares Option Scheme expired during the year.

The Board is not seeking shareholders' mandate to extend the scheme. There is no other share option schemes available.

Principle 9 Disclosure on Remuneration

The breakdown of the level and mix of remuneration of each Director and the top five key executives for the financial year ended 31 January 2011 are set out below. A significant portion of key executives' remuneration is linked to corporate and individual performance.

	Directors' Fee (1)	Salary (annual)	Profit Sharing/ Bonus (2) (annual)	CPF/ Super– annuation	Allowances/ Benefits (annual)	Total
Directors						
$5,000,000 to $9,000,000						
Low Keng Boon @Lau Boon Sen	–	9%	90%	–	1%	100%
$1,000,000 to $5,000,000						
Low Keng Hoo @Lau Keeng Foo	–	9%	90%	–	1%	100%
$250,000 to $499,999						
Low Poh Kuan	–	65%	27%	3%	5%	100%
Below $250,000						
Tan Sri Dato' Low Keng Huat	100%	–	–	–	–	100%
Lee Han Yang	100%	–	–	–	–	100%
Lucas Liew	100%	–	–	–	–	100%
Wey Kim Long	100%	–	–	–	–	100%
Marco Low Peng Kiat	100%	–	–	–	–	100%
Jimmy Yim	100%	–	–	–	–	100%
Key Executives						
$250,000 to $499,999						
Lee Yoon Moi	–	64%	32%	1%	3%	100%
Chin Yeok Yuen	–	65%	32%	3%	–	100%
Low Poh Kok	–	70%	26%	–	4%	100%
Below $250,000						
Wong Chong Seng	–	71%	24%	5%	–	100%
Bruce Doig	–	92%	–	8%	–	100%

(1) Director's fee proposed for 2010/2011.

(2) Profit Share for 2010/2011 For Messrs Low Keng Boon & Low Keng Hoo, amount is in accordance with service agreements.

The directors' fees are subject to shareholders' approval at the Annual General Meeting.

Messrs Low Poh Kuan and Low Poh Kok are the sons of Mr Low Keng Hoo @ Lau Keeng Foo. Save as disclosed, no employee of the Group is an immediate family member of a Director and whose remuneration is in excess of $150,000 in the year under review.

ACCOUNTABILITY AND AUDIT

Principle 10 Accountability

The Board is accountable to the shareholders while the Management is accountable to the Board. The Board fully recognizes that it has a responsibility to provide timely, reliable and fair disclosure of material information, and to avoid selective disclosure of the same.

The Company will release any price-sensitive information to the public before meeting any group of investors.

Principle 11 The Audit Committee

The Audit Committee comprises three Directors, all of whom (including the Chairman) are independent:

Mr. Lucas Liew	Independent Director (Chairman of the Committee)
Mr. Lee Han Yang	Independent Director
Mr. Wey Kim Long	Independent Director

These Audit Committee members have had many years of experience in senior management positions in the financial, accounting and industrial sectors. They have sufficient financial management expertise and experience to discharge the Audit Committee's functions.

The Audit Committee assists the Board in fulfilling its responsibilities in financial reporting, management of financial and control risks, and monitoring of the internal control systems.

The Audit Committee meets periodically to perform the following functions:

- Review with the external auditor, the audit plan, and their evaluation of the accounting, operational and compliance controls, risk management and audit report;
- Review the annual and interim financial statements including the announcements to SGX-ST prior to submission to the Board;
- Review the assistance given by Management and the staff of the Company to the external auditor;
- Review the independence of the external auditor;
- Nomination of the external auditor;
- Oversee internal audit; and
- Review of interested person transactions between the Group and interested persons.

The Audit Committee has full access to and co-operation of the Management, internal auditor and external auditor. It also has the discretion to invite any Director and executive officer to attend its meetings. The Audit Committee has the discretion to meet the external auditor without the presence of the Management.

The Company has set up a Whistle Blowing Policy. The Board believes that effective whistle-blowing arrangements will act as a deterrent to malpractice and wrongdoing, encourage openness, promote transparency, underpin the risk management systems of the Group and enhance its reputation. The policy had been circulated to all employees for implementation.

For the year under review, the Audit Committee has considered the matters set out in the Directors' Report, including the scope of non-audit services provided by the external auditor and are satisfied that the nature and extent of such services will not prejudice the independence of the external auditor.

The Company records and reports interested person transactions which are subject to review by the Audit Committee to ensure that they were conducted on normal commercial terms. Details of interested person transactions during the year under review pursuant to the SGX-ST Listing Manual are as follows:

INTERESTED PERSON TRANACTIONS FOR FINANCIAL YEAR ENDED 31ST JANUARY 2011

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Consistent Record Sdn. Bhd.	Bina Meganmas Sdn Bhd Loan : S$1,314,483.80 Binakawa Sdn Bhd Loan : S$970,106.20	N/A

Pursuant to Chapter 9 of the SGX-ST Listing Manual, the above interested person transactions are either below the relevant materiality threshold or exempted from shareholders' approval.

Principle 12 Internal Controls

The Group has a system of internal controls designed to provide reasonable assurance that proper accounting records are maintained, the Group's assets are safeguarded and that financial information used for financial reporting is reliable.

The Audit Committee has reviewed the effectiveness of the Group's internal control system in the light of key business and financial risks affecting its business. The Board is satisfied that the present internal controls and risk management are satisfactory in the light of the nature and size of the Group's business and operations.

Principle 13 Internal Audit

The Company has a group internal auditor to carry out internal audits. The group internal auditor reports directly to the Audit Committee on internal audit matters and to the Managing Director for administrative matters.

To ensure the adequacy of the internal audit function, the Audit Committee sets and reviews the scope, methodology and observations of the internal audit.

COMMUNICATION WITH SHAREHOLDERS

Principle 14 Communication with Shareholders

The Company endeavours to communicate regularly, effectively and fairly with its shareholders.

Financial results and material information are communicated to shareholders on a timely basis. Communication is made through:

- Annual reports that are prepared and issued to all shareholders;
- Announcements via SGXNET;
- Press releases on major developments;

- The Company's website at www.lkhs.com.sg from which shareholders can access information about the Group; and
- Notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings.

Principle 15 Greater Shareholder Participation

Shareholders are encouraged to attend the Annual General Meeting and other general meetings of the Company to ensure a high level of accountability and to stay informed of the Group's development. The general meetings are the principal forum for dialogue with shareholders. Shareholders can vote in person or by way of proxy at the general meetings.

The notices of the general meetings are dispatched to shareholders, together with explanatory notes at least 14 clear days before each meeting. The notice is also advertised in a national newspaper. The Board welcomes questions from shareholders who have an opportunity to raise issues either formally or informally during, before or after the general meeting.

The Board will set separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed separate resolution relating to the said item.

The Chairman of the audit, nomination and remuneration committee would be present and available to address questions at general meetings. The external auditor would be present at the said meetings to assist the Directors in addressing any relevant queries by shareholders.

SECURITIES TRANSACTIONS

The Company has adopted and implemented a policy on dealings in the securities of the Company applicable to its Directors, Management and accounting staff. The policy is modeled on the Best Practices Guide in the SGX-ST Listing Manual. Under this policy, Directors, Management and accounting staff are prohibited from dealing in the Company's shares one month prior to the announcement of the Company's quarter, half-year and full-year financial results and at any time while in possession of any unpublished material price-sensitive information.

RISK MANAGEMENT POLICIES AND PROCESSES

The main risks arising from the Group's business and financial instruments are operational and financial risks.

Operational risk is inherent in all business activities. To minimize such a risk, the Group has put in place a QEHS (Quality, Environmental, Occupational Health and Safety) system for the construction business and an operating manual for the hotel business. Senior management adopts a proactive and "hands-on" approach in managing and supervising the Group's business. In addition, the Group has taken comprehensive insurance policies to cover unexpected events and losses. Where necessary, the Group engages external consultants and experts to assist in the operations.

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 January 2011 and the statement of financial position of the Company as at 31 January 2011.

Names of Directors

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

Tan Sri Dato' Low Keng Huat
Low Keng Boon
Low Keng Hoo
Low Poh Kuan
Dato' Marco Low Peng Kiat
Lee Han Yang
Lucas Liew Kim Voon
Wey Kim Long
Jimmy Yim Wing Kuen

Mr. Lee Han Yang, Mr. Lucas Liew Kim Voon, Mr. Wey Kim Long and Mr. Jimmy Yim Wing Kuen are independent and non-executive directors.

Arrangements to enable directors to acquire shares or debentures

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

Directors' interest in shares or debentures

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

	Direct interest		Deemed interest	
Name of director	As at 1 February 2010	**As at 31 January 2011**	As at 1 February 2010	**As at 31 January 2011**
		Number of shares		
Low Keng Huat (Singapore) Limited				
Tan Sri Dato' Low Keng Huat	1,200,000	**1,200,000**	383,658,000	**496,389,097**
Low Keng Boon	3,500,000	**3,500,000**	410,592,000	**26,934,000**
Low Keng Hoo	14,326,000	**10,036,644**	383,658,000	**–**
Low Poh Kuan	1,998,000	**1,998,000**	–	**–**
Dato' Marco Low Peng Kiat	300,000	**300,000**	960,000	**497,349,097**
Lee Han Yang	480,000	**480,000**	–	**–**
Lucas Liew Kim Voon	456,000	**456,000**	–	**–**
Wey Kim Long	400,000	**400,000**	–	**–**
Jimmy Yim Wing Kuen	100,000	**100,000**	–	**–**

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

	Direct interest		Deemed interest	
Name of director	As at 1 February 2010	**As at 31 January 2011**	As at 1 February 2010	**As at 31 January 2011**
		Number of shares of RM1.00 each		
Consistent Record Sdn. Bhd.				
(Ultimate holding company)				
Tan Sri Dato' Low Keng Huat	–	**1**	–	**–**
Dato' Marco Low Peng Kiat	–	**1**	–	**–**
General Corporation Berhad (Former ultimate holding company)				
Tan Sri Dato' Low Keng Huat	19,944,695	**–**	58,101,909	**–**
Low Keng Boon	26,435,716	**–**	52,684,492	**–**
Low Keng Hoo	12,136,680	**–**	52,129,067	**–**
Dato' Marco Low Peng Kiat	10,000	**–**	53,879,909	**–**
		Number of shares		
Kendall Pte Ltd				
(Subsidiary)				
Tan Sri Dato' Low Keng Huat	–	**–**	750	**750**
Low Keng Boon	–	**–**	750	**–**
Low Keng Hoo	–	**–**	750	**–**
Dato' Marco Low Peng Kiat	–	**–**	–	**750**
Pyline Pte Ltd				
(Subsidiary)				
Tan Sri Dato' Low Keng Huat	–	**–**	750	**750**
Low Keng Boon	–	**–**	750	**–**
Low Keng Hoo	–	**–**	750	**–**
Dato' Marco Low Peng Kiat	–	**–**	–	**750**
		Number of shares of A$1.00 each		
Narymal Pty Ltd				
(Subsidiary)				
Tan Sri Dato' Low Keng Huat	–	**–**	75	**75**
Low Keng Boon	–	**–**	75	**–**
Low Keng Hoo	–	**–**	75	**–**
Dato' Marco Low Peng Kiat	–	**–**	–	**75**

By virtue of the provisions of Section 7 of the Singapore Companies Act, Cap. 50, Tan Sri Dato' Low Keng Huat and Dato' Marco Low Peng Kiat are deemed to have an interest in all the subsidiaries of the Company.

The directors' interests in the ordinary shares of the Company as at 21 February 2011 were the same as those at 31 January 2011.

During the financial year ended 31 January 2011, the former ultimate holding company, General Corporation Berhad, was acquired by Consistent Record Sdn. Bhd.

Low Keng Huat (Singapore) Limited is now a 67.2% owned subsidiary of Consistent Record Sdn. Bhd.

Directors' benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50 except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 27 and Note 35 to the financial statements.

Share options

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

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

There were no unissued shares of the Company or any subsidiaries under option at end of the financial year.

Audit committee

The Audit Committee comprises the following members:

Lucas Liew Kim Voon (Chairman)
Lee Han Yang
Wey Kim Long

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

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

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 January 2011 as well as the auditor's report thereon; and

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

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

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

Directors' **Report**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2011

Independent auditor

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

Other information required by the SGX-ST

Material information

Apart from the Service Agreements between certain executive directors and the Company, there is no material contract to which the Company or any of its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year.

Interested person transactions

There was no interested person transaction as defined in Chapter 9 of the SGX-ST Listing Manual conducted during the financial year except as disclosed under "Interested Person Transactions" in the "Corporate Governance" section of the Annual Report.

On behalf of the Directors

LOW KENG BOON

LOW POH KUAN

18 April 2011

Statement by **Directors**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2011

In the opinion of the directors, the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date; and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

LOW KENG BOON

LOW POH KUAN

18 April 2011

Independent Auditor's **Report**

TO THE MEMBERS OF LOW KENG HUAT (SINGAPORE) LIMITED

We have audited the accompanying financial statements of Low Keng Huat (Singapore) Limited ("the Company") and its subsidiaries ("the Group") which comprise the statements of financial position of the Group and the Company as at 31 January 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 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 statements of financial position and to maintain accountability of assets.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 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 January 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other legal and regulatory requirements

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

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

Singapore, 18 April 2011

Statements of **Financial Position**

AS AT 31 JANUARY 2011

	Note	The Group **31 January 2011 $'000**	 31 January 2010 $'000	The Company **31 January 2011 $'000**	 31 January 2010 $'000
Assets					
Non-Current					
Investment properties	4	**10,936**	12,043	**7,780**	8,412
Property, plant and equipment	5	**64,675**	67,255	**5,906**	6,221
Subsidiaries	6	**–**	–	**146,871**	91,300
Associated companies	7	**12,667**	10,831	**–**	–
Joint ventures	8	**179,756**	180,109	**175,113**	175,140
Long-term investments	9(a)	**70,276**	52,134	**1,589**	2,347
Deferred tax assets	10	**497**	461	**–**	–
		338,807	322,833	**337,259**	283,420
Current					
Inventories	11	**359**	414	**–**	–
Work-in-progress	12	**1,325**	906	**458**	–
Short-term investments	9(b)	**1,976**	–	**–**	–
Trade and other receivables	13	**86,104**	100,365	**37,864**	94,654
Advances made to an investee company	14	**–**	–	**–**	–
Cash and cash equivalents	15	**120,323**	122,709	**106,081**	108,750
		210,087	224,394	**144,403**	203,404
Total assets		**548,894**	547,227	**481,662**	486,824

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

Statements of **Financial Position** (cont'd)

AS AT 31 JANUARY 2011

	Note	The Group 31 January 2011 $'000	The Group 31 January 2010 $'000	The Company 31 January 2011 $'000	The Company 31 January 2010 $'000
Equity					
Capital and Reserves					
Share capital	16	**161,863**	161,863	**161,863**	161,863
Fair value reserve	17	**8,795**	3,237	**645**	572
Retained profits	18	**158,939**	99,361	**123,178**	67,662
Currency translation reserve	19	**3,594**	4,255	**14**	(279)
		333,191	268,716	**285,700**	229,818
Non-controlling interests		**13,456**	11,824	**–**	–
Total equity		**346,647**	280,540	**285,700**	229,818
Liabilities					
Non-Current					
Other payables	20	**249**	299	**–**	–
Derivative financial instrument	21	**1,106**	1,013	**1,106**	1,013
Deferred tax liabilities	10	**28**	569	**–**	541
		1,383	1,881	**1,106**	1,554
Current					
Trade and other payables	20	**180,914**	251,747	**167,846**	237,022
Amounts owing to subsidiaries					
- trade		**–**	–	**256**	257
- non-trade	22	**–**	–	**11,645**	11,053
Advances received from a joint venture	23	**2**	898	**2**	898
Amount owing to a minority shareholder of subsidiaries (non-trade)	24	**1,946**	2,514	**–**	–
Provision for directors' fee		**200**	200	**200**	200
Current tax payable		**17,802**	3,446	**14,907**	21
Bank borrowings	25	**–**	6,001	**–**	6,001
		200,864	264,806	**194,856**	255,452
Total liabilities		**202,247**	266,687	**195,962**	257,006
Total equity and liabilities		**548,894**	547,227	**481,662**	486,824

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

Consolidated Statement of **Comprehensive Income**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2011

	Note	The Group **Year ended 31 January 2011 $'000**	 Year ended 31 January 2010 $'000
Revenue	3	**272,164**	595,451
Cost of sales		**(167,051)**	(542,134)
Gross profit		**105,113**	53,317
Other operating income	26(a)	**5,497**	9,846
Distribution costs		**(856)**	(1,004)
Administrative costs		**(22,120)**	(17,989)
Change in fair value of derivative financial instrument	21	**(93)**	(1,013)
Other operating expenses	26(b)	**(10,206)**	(5,374)
Finance costs	26(c)	**(637)**	(1,288)
Profit from operations		**76,698**	36,495
Share of profits in joint ventures/associated companies		**23,755**	31,431
Profit before taxation	27	**100,453**	67,926
Taxation	28	**(16,766)**	(3,650)
Profit after taxation for the year		**83,687**	64,276
Other comprehensive income:			
Currency translation (loss)/gain		**(502)**	6,673
Financial assets, available-for-sale			
- fair value gain recognised in fair value reserve	9, 17	**7,139**	6,480
- fair value gains recycled from fair value reserve to profit or loss on derecognition	17, 26(a)	**(1,581)**	(4,106)
Taxation relating to components of other comprehensive income		**–**	–
Other comprehensive income for the year, net of tax		**5,056**	9,047
Total comprehensive income for the year		**88,743**	73,323
Profit attributable to:			
Owners of the parent		**81,742**	62,926
Non-controlling interests		**1,945**	1,350
		83,687	64,276
Total comprehensive income attributable to:			
Owners of the parent		**86,639**	70,215
Non-controlling interests		**2,104**	3,108
		88,743	73,323
Earnings per share (cents)	29		
- basic		**11.06**	8.52
- diluted		**11.06**	8.52

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

Consolidated Statement of **Changes in Equity**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2011

	Note	Share capital $'000	Fair value reserve $'000	Retained profits $'000	Currency translation reserve $'000	Total attributable to owners of the parent $'000	Non–controlling interests $'000	Total $'000
Balance at 1 February 2009		161,863	863	47,517	(660)	209,583	8,716	218,299
Total comprehensive income for the year		–	2,374	62,926	4,915	70,215	3,108	73,323
Dividends paid in respect of financial year ended 31 January 2009	32	–	–	(11,082)	–	(11,082)	–	(11,082)
Balance at 31 January 2010		**161,863**	**3,237**	**99,361**	**4,255**	**268,716**	**11,824**	**280,540**
Total comprehensive income/(loss) for the year		**–**	**5,558**	**81,742**	**(661)**	**86,639**	**2,104**	**88,743**
Dividends paid in respect of financial year ended 31 January 2010	**32**	**–**	**–**	**(22,164)**	**–**	**(22,164)**	**(472)**	**(22,636)**
Balance at 31 January 2011		**161,863**	**8,795**	**158,939**	**3,594**	**333,191**	**13,456**	**346,647**

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

Consolidated Statement of **Cash Flows**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2011

	Year ended 31 January 2011 $'000	Year ended 31 January 2010 $'000
Cash Flows from Operating Activities		
Profit before taxation	**100,453**	67,926
Adjustments for:		
Share of profits in joint ventures/associated companies	**(23,755)**	(31,431)
Depreciation of property, plant and equipment	**4,155**	4,234
Depreciation of investment properties	**733**	686
Gain on disposal of:		
- investment properties	**(211)**	(32)
- property, plant and equipment	**(13)**	(14)
Property, plant and equipment written off	**42**	–
Impairment loss on available-for-sale financial assets	**–**	1,369
Fair value gains recycled from fair value reserve to profit or loss on derecognition of available-for-sale financial assets	**(1,581)**	(4,106)
Fair value loss/(gain) on financial assets at fair value through profit or loss	**124**	(2,767)
Gain on liquidation of subsidiaries	**–**	(495)
Change in fair value of derivative financial instrument	**93**	1,013
Interest expense	**637**	1,288
Interest income	**(776)**	(831)
Operating profit before working capital changes	**79,901**	36,840
Balance carried forward	**79,901**	36,840

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

Consolidated Statement of **Cash Flows** (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2011

	Year ended 31 January 2011 $'000	Year ended 31 January 2010 $'000
Balance brought forward	**79,901**	36,840
Inventories and work-in-progress	**(270)**	4,247
Receivables	**14,122**	(36,697)
Payables	**(70,909)**	156,363
Cash generated from operations	**22,844**	160,753
Interest paid	**(576)**	(1,343)
Income tax paid	**(2,869)**	(3,306)
Net cash generated from operating activities	**19,399**	156,104
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	**(3,127)**	(1,059)
Acquisition of quoted equity investments	**(29,902)**	(67,935)
Acquisition of investment properties	**(52)**	–
Capital contribution made towards a joint venture	**–**	(4,968)
Interest received	**776**	236
Advances and loans to joint ventures and an associated company	**(14,527)**	(14,416)
Dividends from joint ventures and associated companies	**25,250**	17,503
Proceeds from return on loan of an associated company	**–**	1,543
Proceeds from return of loan of joint ventures	**11,073**	16,011
Proceeds from disposal of quoted equity investments	**16,896**	31,183
Proceeds from disposal of property, plant and equipment	**77**	76
Proceeds from liquidation of subsidiaries	**–**	495
Proceeds from disposal of investment properties	**671**	107
Net cash generated from/(used in) investing activities	**7,135**	(21,224)
Cash Flows from Financing Activities		
Dividends paid to shareholders of the Company	**(22,164)**	(11,082)
Dividends paid to minority shareholders of a subsidiary	**(472)**	–
Proceeds from bank borrowings	**–**	50,500
Repayment of bank borrowings	**(6,001)**	(83,000)
Net cash used in financing activities	**(28,637)**	(43,582)
Net (decrease)/increase in cash and cash equivalents	**(2,103)**	91,298
Cash and cash equivalents at beginning of year	**122,709**	31,891
Exchange differences on translations of cash and cash equivalents at beginning of year	**(283)**	(480)
Cash and cash equivalents at end of year (Note 15)	**120,323**	122,709

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

1 General information

The financial statements of the Group and of the Company for the financial year ended 31 January 2011 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office of the Company is located at 80 Marine Parade Road #18-05/09, Parkway Parade, Singapore 449269.

The principal activities of the Company are those of general building contractors and investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The immediate and ultimate holding company of the Company is Consistent Record Sdn. Bhd., a company incorporated in Malaysia. In prior year, the immediate and ultimate holding company was General Corporation Berhad, a company incorporated in Malaysia.

2(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) including related Interpretations to FRS (“INT FRS”) promulgated by the Accounting Standards Council (“ASC”). The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below.

Significant accounting estimates and judgements

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

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

Critical judgements made in applying accounting policies

<u>Construction contracts</u> (Note 12)

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

Significant judgement is also required to assess allowance made for foreseeable losses, if any, where the contract cost incurred for any project exceeds its contract sum. In estimating the total costs for construction contracts, management makes reference to information such as:

(a) Current offers from contractors and suppliers;
(b) Recent offers agreed with contractors and suppliers; and
(c) Professional estimation on construction and material costs.

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

Critical assumptions used and accounting estimates in applying accounting policies

Income tax (Note 10 and Note 28)

The Group has exposures to income taxes in several jurisdictions. Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. 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. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment (Note 5)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be within 3 to 99 years. The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 January 2011 are $64,675,000 and $5,906,000 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Depreciation of investment properties (Note 4)

Investment properties of the Group and the Company are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the investment properties to be within 10 to 99 years. The carrying amounts of the Group's and the Company's investment properties as at 31 January 2011 are $10,936,000 and $7,780,000 respectively.

Impairment in investment in subsidiaries (Note 6)

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

Allowance for bad and doubtful debts (Note 13)

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

2(b) Interpretations and amendments to published standards effective in 2011

On 1 February 2010, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. This includes the following FRS and INT FRS which are relevant to the Group:

FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
FRS 101 (Revised)	First-time Adoption of Financial Reporting Standards
FRS 101 (Amendments)	Additional Exemptions for First-time Adopters
FRS 102 (Amendments)	Group Cash-settled Share-based Payment Transactions
FRS 103 (Revised)	Business Combinations
INT FRS 101 (Revised)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
INT FRS 109 and FRS 39 (Amendments)	Embedded Derivatives
INT FRS 117	Distributions of Non-cash Assets to Owners
INT FRS 118	Transfer of Assets from Customers
Improvements to FRSs 2009	

The adoption of the above new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements, except for the following:

<u>FRS 27 (Revised) Consolidated and Separate Financial Statements</u>

The revised FRS 27 requires the effects of all transactions with non-controlling interests to be accounted for as equity transactions if there is no change in control. Such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss.

When control over a subsidiary is lost, any interest retained is re-measured to fair value and the resulting gain or loss is recognised in profit or loss.

Losses incurred by a subsidiary are allocated to the non-controlling interests even if these result in the non-controlling interests having deficit balances.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 February 2010. The changes will affect future transactions with non-controlling interests.

<u>FRS 103 (Revised) Business Combinations</u>

The revised FRS 103 introduces a number of changes in the accounting for business combinations which are applicable for annual periods beginning on or after 1 July 2009. It retains the major features of purchase method of accounting, now referred to as the acquisition method. The changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Acquisition-related costs of the business combination are recorded as an expense in profit or loss. Previously, these costs would have been accounted for as part of the cost of acquisition.

- The assets acquired and liabilities assumed are generally measured at their acquisition-date fair value unless an exception and specific measurement rules are provided in the standard.

- Contingent consideration on future events is measured at fair value on the acquisition date. If the contingent arrangement gives rise to a financial liability, any subsequent changes will no longer be adjusted against goodwill but recognised in profit or loss. Previously, contingent consideration was recognised at the acquisition date only if its payment was probable.

2(b) Interpretations and amendments to published standards effective in 2011 (cont'd)

FRS 103 (Revised) Business Combinations (cont'd)

- Any indemnification asset promised by the seller in an acquisition is recognised at the date of acquisition. Previously, this possible compensation would not have been recognised as an asset and would have been adjusted against goodwill upon receipt from the seller.

- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised.

- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 February 2010 are not adjusted.

2(c) FRS and INT FRS issued but not yet effective

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

		Effective date (Annual periods beginning on or after)
FRS 12 (Amendments)	Deferred Tax-Recovery of Underlying Assets	1.1.2012
FRS 24 (Revised)	Related Party Disclosures	1.1.2011
FRS 101 (Amendments)	Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters	1.7.2010
FRS 101 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adoptors	1.7.2011
FRS 107 (Amendments)	Financial Instruments Disclosure - Transfers of Financial Assets	1.7.2011
INT FRS 114 (Amendments)	Prepayments of a Minimum Funding Requirement	1.1.2011
FRS 115 (Amendments)	Agreements for the Construction of Real Estate	1.1.2011
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments	1.7.2010
Improvements to FRSs 2010		

2(c) FRS and INT FRS issued but not yet effective (cont'd)

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

FRS 24 (Revised) Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2(d) Summary of significant accounting policies

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is disclosed in Note 6 to the financial statements.

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

Business combinations are accounted for using the acquisition method. The consideration transferred for an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Costs attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of previous equity interest in the acquiree over the fair value of the net identifiable assets acquired represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated below. In instances where the latter amount exceeds the former, the excess is recognised as a gain from bargain purchase in profit or loss on the date of acquisition.

When the control over a subsidiary is lost, the assets and liabilities of the subsidiary, including any goodwill, are derecognised. Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

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

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated statement of financial position within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having deficit balances.

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

Consolidation (cont'd)

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.

Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed using the straight-line method over its remaining lease period of between 10 to 99 years. Freehold land held as an investment property is not subject to depreciation.

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

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

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

Property, plant and equipment and depreciation

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

Freehold property (hotel)	50 years
Plant, machinery and surveying equipment	5 to 20 years
Motor vehicles	4 to 10 years
Furniture, fittings and equipment	3 to 20 years
Renovation	10 years

Leasehold properties are amortised on the straight-line method over the remaining period of the lease (maximum of 99 years).

Leasehold properties, other than those properties where, in the opinion of the directors, the lease period is considered not a long-term (i.e. less than 30 years) for which an annual review of impairment is considered to be more appropriate, are revalued every five years by the directors based upon the advice of professional valuers on the open market values on an existing use basis or latest price transacted for a similar property situated at same location to update the book values. These properties are stated at their revalued amount, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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

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

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

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

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

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

Subsequent expenditure relating to a property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

The residual values, if any, and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at the end of each reporting period. The useful lives and depreciation method are reviewed to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefit embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecoginsed upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the period the asset is derecognised.

Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses on an individual subsidiary basis. On disposal of an investment in subsidiary, the difference between disposal proceeds and the carrying amount of the investment is recognised in the profit or loss.

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

Associated companies

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

The Group's and the Company's share of the post-acquisition results of associated companies, based on the latest available financial statements, is included in the profit or loss using the equity method of accounting. In applying the equity method, unrealised gains on transactions between the Group/Company and its associated companies are eliminated to the extent of the Group's and the Company's interest in the associated companies respectively. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's and the Company's share of losses of an associated company equals or exceeds the carrying amount of an investment, the Group and the Company ordinarily discontinue the inclusion of its share of further losses. The investment is reported at nil value. Additional losses are provided for to the extent that the Group and the Company have incurred obligations or made payments on behalf of the associated company to satisfy obligations of the associated company that the Group and the Company have guaranteed or otherwise committed, for example, in the forms of loans. When the associated company subsequently reports profits, the Group and the Company resume including its share of those profits only after its share of the profits equals the share of net losses recognised.

The Group's and the Company's share of the net assets and post-acquisition retained profits and reserves of associated companies are reflected in the book values of the investments in the statements of financial position.

Where the accounting policies of an associated company do not conform with those of the Group, adjustments are made when the amounts involved are considered significant to the Group or the Company.

On acquisition of the investment, any difference between the cost of acquisition and the Group's or Company's share of the fair values of the net identifiable assets of the associated company is accounted for in accordance with the accounting policy on "Consolidation" and "Goodwill".

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

Allowance is made for any impairment losses on an individual company basis.

Joint ventures

Interest in joint ventures, other than subsidiaries, is accounted for similar to an associated company using the equity method. Refer to the accounting policy on "Associated companies".

Financial assets

Financial assets, other than hedging instruments, if any, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss upon initial recognition is not revocable. Unless in rare circumstances as specified in the amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures.

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

Financial assets (cont'd)

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

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

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

As at 31 January 2011, the Group has loans and receivables and investments in quoted equity shares and unquoted equity shares which are classified as financial assets at fair value through profit or loss or available-for-sale financial assets on its statements of financial position. The Group does not designate any financial assets as held-to-maturity investments.

Financial assets at fair value through profit or loss

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

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

Loans and receivables

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

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

Loans and receivables include trade and other receivables, related parties' balances and deposits held in banks.

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

Financial assets (cont'd)

Available-for-sale financial assets

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

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

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

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

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

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

Determination of fair value

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

Derivatives financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The Group enters into an interest rate swap derivative contract to manage exposure arising from fluctuations in interest rates. The derivative financial instrument does not qualify for hedge accounting and accordingly, the change in fair value of the derivative financial instrument is recognised in the profit or loss.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes all costs in bringing the inventories to their present location and condition.

Write-down is made, where necessary, for obsolete, slow-moving or defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

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

Work-in-progress

Work-in-progress on long-term construction contracts is stated at cost plus attributable profits less progress billings under the percentage of completion method. Cost comprises materials, direct labour, sub-contractors' cost and an appropriate proportion of overheads.

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

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

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and bank deposits net of any bank overdrafts, if any, which are repayable on demand and which form an integral part of cash management. Bank overdrafts, if any, are presented as current borrowings on the statements of financial position.

Share capital

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

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables, and related parties' balances.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance costs" in the profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of reporting period are included in current liabilities in the statement of financial position even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period. Borrowings to be settled within the Group's normal operating cycle are considered as current. Other borrowings due to be settled more than 12 months after the end of reporting period are included in non-current liabilities in the statements of financial position.

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

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

Financial liabilities (cont'd)

Financial guarantees

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

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

Financial guarantee contracts are subsequently amortised to the profit or loss over the period of the respective parties' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Operating leases

Where the Group is the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

Where the Group is the lessor

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the profit or loss on a straight-line basis over the lease term.

Provisions

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

The management reviews the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

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

Employee benefits

Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. Contributions to CPF or other defined contribution plans are charged to the profit or loss in the period to which the contributions relate.

Employee leave entitlements

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

Key management personnel
Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain managerial personnel are considered key management personnel.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. The asset or cash-generating unit is subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

Revenue recognition

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

Construction contracts

Revenue from construction contracts is recognised using the percentage of completion method based on architect's certification of construction work completed.

Hotel management services

Fees from hotel management services are recognised when services are rendered.

Rental income

Revenue from rental is recognised on a monthly basis upon acceptance of tenancy. Rental incentives, if any, are considered an integral part of total rental cost.

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

Revenue recognition (cont'd)

Hotel operations

Revenue from hotel operations is recognised when services are rendered.

Interest income

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

Dividend income

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

Functional and presentation currency

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

Conversion of foreign currencies

Transactions and balances

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

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial positions of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in the currency translation reserve in equity.

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

Dividends

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

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

Related parties

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

Operating segments

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

3 Revenue

Revenue of the Company represents mainly revenue from construction and development projects.

Revenue of the Group includes revenue from hotel management services and operations, rental income and excludes inter-company transactions, and applicable goods and services tax. The segment analysis of the Group is disclosed in Note 34 to the financial statements.

4 Investment properties

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Cost				
Balance at beginning of year	**21,430**	14,668	**16,825**	9,953
Additions	**52**	–	**52**	–
Disposals	**(460)**	(74)	**–**	–
Reclassification from property, plant and equipment (Note 5)	**–**	6,872	**–**	6,872
Exchange translation difference	**36**	(36)	**–**	–
Balance at end of year	**21,058**	21,430	**16,877**	16,825
Accumulated depreciation				
Balance at beginning of year	**9,387**	6,606	**8,413**	5,686
Depreciation for the year	**733**	686	**684**	631
Disposals	**(*)**	(*)	**–**	–
Reclassification from property, plant and equipment (Note 5)	**–**	2,096	**–**	2,096
Exchange translation difference	**2**	(1)	**–**	–
Balance at end of year	**10,122**	9,387	**9,097**	8,413
Net book value	**10,936**	12,043	**7,780**	8,412
Fair value	**18,828**	16,797	**11,345**	9,548

* Represents amount less than $500

Investment properties are leased to related and non-related parties under operating leases [Note 33(b)].

During the previous financial year ended 31 January 2010, a leasehold property with net book value of $4,776,000 was reclassified from property, plant and equipment to investment properties due to a change in use from owner-occupied to generating rental income (Note 5).

4 Investment properties (cont'd)

The following amounts are recognised in the consolidated profit or loss:

The Group	Note	**2011 $'000**	2010 $'000
Income			
Rental income included in:-			
- revenue		**1,844**	1,191
- other operating income	26(a)	**71**	262
Expenses			
Depreciation	27	**733**	686
Maintenance fee		**101**	121
Property tax		**190**	133
Licence fee		**130**	106

The investment properties held by the Group, comprise:

Location	Description	Area (sq. metres)	Tenure	Net book value ($'000)
Section 49, Town and District of Kuala Lumpur, Malaysia (1)	Land at Lot 13 to Lot 19 and Lot 117	1,310	Freehold	3,440
80 Marine Parade Road 18th Floor of Parkway Parade, Singapore (2)	4 office units	468	99 years lease commencing 17 August 1979	2,205
Lot 262, Mukim of Ampang, Wilayah Persekutuan held under Geran 5813, Selangor, West Malaysia (3)	10 units of freehold residential apartments	1,552	Freehold	951
1790 PT Plot A14609, Sungei Kadut Loop, Singapore (4)	Warehouse	4,620	30 years lease commencing 1 March 1995	4,340
				10,936

Notes:

(1) As at 28 July 2010, this vacant land was valued by a firm of independent professional valuers, Knight Frank, to be RM11,800,000 ($5,039,000) [2010 - estimated by the directors of the Company to be RM10,400,000 ($4,264,000)] on the basis of open market value.

(2) As at 1 September 2010, these 4 office units located at 80 Marine Parade Road were valued by a firm of independent professional valuers, Knight Frank, to be $5,974,000 (2010 - estimated by the directors of the Company to be $6,042,000) on the basis of open market value.

(3) As at 27 July 2010, these 10 units of freehold residential apartments were valued by a firm of independent professional valuers, Knight Frank, to be RM3,535,000 ($1,509,000) (2010 – market value of 14 units of freehold residential apartment were estimated by the directors of the Company to be RM5,000,000 ($2,050,000)) on the basis of open market value.

(4) As at 1 September 2010, this warehouse was valued by a firm of independent professional valuers, Knight Frank, on the basis of open market to be $6,306,000 (2010 - estimated by the directors of the Company to be between $8,000,000 and $10,000,000).

The directors of the Company are of the view that there is no significant change in the market values of the above properties from the respective valuation dates to 31 January 2011.

5 Property, plant and equipment

(i) Properties

The Group	Freehold property $'000	Leasehold properties, at cost $'000	Leasehold properties, at valuation $'000	Sub–total $'000
Cost*				
At 1 February 2009	22,912	38,805	4,009	65,726
Additions	–	23	–	23
Reclassification [Note 5(ii)]	(147)	–	–	(147)
Reclassification to investment properties (Note 4)	–	(3,839)	–	(3,839)
Exchange translation difference	6,018	(2,349)	–	3,669
At 31 January 2010	**28,783**	**32,640**	**4,009**	**65,432**
Additions	**–**	**378**	**–**	**378**
Exchange translation difference	**428**	**(3,052)**	**–**	**(2,624)**
At 31 January 2011	**29,211**	**29,966**	**4,009**	**63,186**
Accumulated depreciation				
At 1 February 2009	1,723	15,781	963	18,467
Depreciation for the year	235	952	44	1,231
Reclassification to investment properties (Note 4)	–	(2,096)	–	(2,096)
Exchange translation difference	352	(930)	–	(578)
At 31 January 2010	**2,310**	**13,707**	**1,007**	**17,024**
Depreciation for the year	**251**	**878**	**44**	**1,173**
Exchange translation difference	**43**	**(1,291)**	**–**	**(1,248)**
At 31 January 2011	**2,604**	**13,294**	**1,051**	**16,949**
Net book value				
At 31 January 2011	**26,607**	**16,672**	**2,958**	**46,237**
At 31 January 2010	26,473	18,933	3,002	48,408

* At cost, unless otherwise stated.

5 Property, plant and equipment (cont'd)

(ii) Other property, plant and equipment

The Group	Plant, machinery and surveying equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Renovation $'000	Sub–total $'000	Total $'000
Cost						
At 1 February 2009	31,226	2,167	8,018	4,067	45,478	111,204
Additions	440	138	252	206	1,036	1,059
Disposals	(439)	(189)	(95)	–	(723)	(723)
Reclassification [Note 5(i)]	147	–	–	–	147	–
Reclassification to investment properties (Note 4)	–	–	–	(3,033)	(3,033)	(6,872)
Exchange translation difference	8,194	(25)	11	–	8,180	11,849
At 31 January 2010	**39,568**	**2,091**	**8,186**	**1,240**	**51,085**	**116,517**
Additions	**2,110**	**313**	**207**	**119**	**2,749**	**3,127**
Disposals	**(259)**	**(64)**	**–**	**(367)**	**(690)**	**(690)**
Exchange translation difference	**587**	**(26)**	**(393)**	**–**	**168**	**(2,456)**
At 31 January 2011	**42,006**	**2,314**	**8,000**	**992**	**53,312**	**116,498**
Accumulated depreciation						
At 1 February 2009	19,100	566	4,328	770	24,764	43,231
Depreciation for the year	1,539	240	1,137	202	3,118	4,349
Disposals	(438)	(133)	(89)	–	(660)	(660)
Reclassification to investment properties (Note 4)	–	–	–	–	–	(2,096)
Exchange translation difference	4,916	(6)	106	–	5,016	4,438
At 31 January 2010	**25,117**	**667**	**5,482**	**972**	**32,238**	**49,262**
Depreciation for the year	**1,656**	**231**	**1,051**	**158**	**3,096**	**4,269**
Disposals	**(213)**	**(16)**	**–**	**(355)**	**(584)**	**(584)**
Exchange translation difference	**385**	**(12)**	**(249)**	**–**	**124**	**(1,124)**
At 31 January 2011	**26,945**	**870**	**6,284**	**775**	**34,874**	**51,823**
Net book value						
At 31 January 2011	**15,061**	**1,444**	**1,716**	**217**	**18,438**	**64,675**
At 31 January 2010	14,451	1,424	2,704	268	18,847	67,255

5 Property, plant and equipment (cont'd)

The Company	Leasehold property, at cost $'000	Leasehold properties, at valuation $'000	Plant, machinery and surveying equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Renovation $'000	Total $'000
Cost*							
At 1 February 2009	8,037	4,009	1,889	1,794	1,933	2,888	20,550
Additions	–	–	11	138	74	205	428
Disposals	–	–	–	(121)	(33)	–	(154)
Reclassification to investment properties (Note 4)	(3,839)	–	–	–	–	(3,033)	(6,872)
At 31 January 2010	**4,198**	**4,009**	**1,900**	**1,811**	**1,974**	**60**	**13,952**
Additions	**–**	**–**	**–**	**313**	**4**	**–**	**317**
Disposals	**–**	**–**	**(67)**	**(65)**	**–**	**–**	**(132)**
At 31 January 2011	**4,198**	**4,009**	**1,833**	**2,059**	**1,978**	**60**	**14,137**
Accumulated depreciation							
At 1 February 2009	4,344	963	1,817	500	1,644	60	9,328
Depreciation for the year	301	44	11	175	108	–	639
Disposals	–	–	–	(107)	(33)	–	(140)
Reclassification to investment properties (Note 4)	(2,096)	–	–	–	–	–	(2,096)
At 31 January 2010	**2,549**	**1,007**	**1,828**	**568**	**1,719**	**60**	**7,731**
Depreciation for the year	**280**	**44**	**11**	**173**	**74**	**–**	**582**
Disposals	**–**	**–**	**(67)**	**(15)**	**–**	**–**	**(82)**
At 31 January 2011	**2,829**	**1,051**	**1,772**	**726**	**1,793**	**60**	**8,231**
Net book value							
At 31 January 2011	**1,369**	**2,958**	**61**	**1,333**	**185**	**–**	**5,906**
At 31 January 2010	1,649	3,002	72	1,243	255	–	6,221

* At cost, unless otherwise stated.

5 Property, plant and equipment (cont'd)

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Depreciation expense charged to:				
Work-in-progress (Note 12)				
- current year	**114**	115	**114**	115
Profit or loss (Note 27)	**4,155**	4,234	**468**	524
	4,269	4,349	**582**	639

(i) The freehold property comprises:

Location	Description	Land area (sq. metres)	Tenure
No.1 St. George's Terrace Perth Western Australia Australia	306-room Duxton Hotel, Perth	3,410	Freehold

The freehold property and hotel's plant and machinery at No. 1 St. George's Terrace, Perth, were valued by the directors of the Company based on a valuation on open market value on walk-in walk-out basis by Colliers International Consultancy and Valuation Pty Limited, Australia to be A$104,000,000 ($84,552,000) on 7 July 2010 [2010 – estimated by the directors of the Company to be A$105,000,000 ($102,900,000)]. This valuation was not incorporated in the financial statements.

(ii) (a) The leasehold properties comprise:

Location	Description	Area (sq. metres)	Tenure	Net book value ($'000)
63 Nguyen Hue, Ho Chi Minh City Socialist Republic of Vietnam (1)	198-room hotel	2,002	50 years lease commencing 25 September 1992	15,160
1790 PT Plot A14609, Sungei Kadut Loop, Singapore (2)	Warehouse	3,439	30 years lease commencing 1 March 1995	1,369
Long Hua Garden 26 Block B, No. 585 Long Wu Road Shanghai 201101, People's Republic of China (3)	Office	194	50 years commencing 1995	143
80 Marine Parade Road 18th Floor of Parkway Parade Singapore (4)	5 office units	570	99 years lease commencing 17 August 1979	2,958
				19,630

5 Property, plant and equipment (cont'd)

(ii) (a) The leasehold properties comprise: (cont'd)

Notes:

(1) On 12 July 2010, the leasehold property, Duxton Hotel Saigon located at 63 Nguyen Hue was valued by a firm of independent professional valuers, CB Richard Ellis to be US$39,400,000 ($50,432,000) [2010 – estimated by the directors of the Company to be US$48,000,000 ($67,680,000)] on the basis of open market value.

(2) As at 1 September 2010, the warehouse was valued by a firm of independent professional valuers, Knight Frank, to be $4,694,000 (2010 – estimated by the directors of the Company to be between $6,000,000 and $8,000,000) on the basis of open market value.

(3) No valuation has been carried out on the office leasehold property in the People's Republic of China with net book value of $143,000 (2010 – $164,000) as the amount is regarded as insignificant in relation to the leasehold properties taken as a whole.

(4) As at 1 September 2010, these 5 office units located at 80 Marine Parade Road were valued by a firm of independent professional valuers, Knight Frank, to be $7,276,000 (2010 – estimated by the directors of the Company to be $7,363,000) on the basis of open market value.

The directors of the Company are of the view that there is no significant change in the market values of the above properties from the respective valuation dates to 31 January 2011.

(ii) (b) Had historical costs less depreciation of the revalued leasehold properties located at 80 Marine Parade Road been recorded, the effect on the financial statements is as follows:

	The Group $'000	The Company $'000
Increase/(decrease) in:		
Profit or loss		
Profit for the financial year ended 31 January 2011	2	2
Statement of financial position		
Retained profits as at 1 February 2010	402	402
Leasehold properties		
- as at 1 February 2010	(290)	(290)
- as at 31 January 2011	(288)	(288)

6 Subsidiaries

The Company		2011 $'000	2010 $'000
Unquoted equity investments, at cost		**6,762**	6,762
Impairment loss on investments in subsidiaries			
Balance at beginning and end of year		**(3,751)**	(3,751)
	(i)	**3,011**	3,011
Amounts owing by subsidiaries (non-trade):			
- interest-free		**146,578**	90,565
- interest-bearing		**1,893**	2,655
		148,471	93,220
Impairment loss on receivables			
Balance at beginning of year		**(4,931)**	(4,931)
Allowance no longer required		**320**	–
Balance at end of year		**(4,611)**	(4,931)
	(ii)	**143,860**	88,289
Total	(i) + (ii)	**146,871**	91,300

The non-trade amounts owing by subsidiaries, which are quasi-equity loans, represent extension of the Company's net investment in the subsidiaries. These are unsecured, interest-free and are neither planned nor likely to be settled in the foreseeable future. Because they represent net investments, with indeterminable repayments, fair valuation is not appropriate.

In respect of the interest-bearing amounts made to subsidiaries, interest is charged at the rate of 2.5% (2010 - 2.5%) per annum to two of the subsidiaries.

The amounts owing by subsidiaries (non-trade) are denominated in the following currencies:

	2011 $'000	2010 $'000
Singapore dollar	**146,676**	89,690
Australian dollar	**–**	1,796
Malaysian Ringgit	**1,795**	1,734
	148,471	93,220

6 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
		2011	2010	**2011**	2010	
		$'000	$'000	**%**	%	
Subsidiaries held by the Company						
Kwan Hwee Investment Pte Ltd	Singapore	**3,230**	3,230	**100**	100	Property development and investment holding
Low Keng Huat International Pte Ltd	Singapore	**3,000**	3,000	**100**	100	Investment holding
Quality Investments Pte Ltd	Singapore	**500**	500	**100**	100	Investment holding
Prodev Pte Ltd	Singapore	**10**	10	**100**	100	Investment holding
LKH (Saigon) Pte. Ltd.	Singapore	**10**	10	**100**	100	Not commenced operations yet
Bali Investment Pte. Ltd.	Singapore	*	*	**100**	100	Investment holding
Burnet Investments Pte Ltd	Singapore	*	*	**100**	100	Liquidated
Dalton Investment Pte. Ltd.	Singapore	*	*	**100**	100	Investment holding
Duxton Hotel (Pte.) Ltd.	Singapore	*	*	**100**	100	Hotel management services
Domitian Investment Pte. Ltd.	Singapore	*	*	**100**	100	Investment holding
Thyme Saigon Pte Ltd	Singapore	*	*	**100**	100	Investment holding
Vigor Investments Pte Ltd	Singapore	*	*	**100**	100	Investment holding
LKH (Construction) Pte. Ltd.	Singapore	*	*	**100**	100	Not commenced operations yet
Starworth Pte. Ltd.	Singapore	*	*	**100**	100	Restaurant
Kendall Pte Ltd	Singapore	**1**	1	**75**	75	Investment holding
LKH (Cambodia) Ltd	Kingdom of Cambodia	**11**	11	**++100**	++100	Dormant
Siong Feng Development Pte. Ltd.	Singapore	*	–	**100**	–	Not commenced operations yet
Balance carried forward		**6,762**	6,762			

6 Subsidiaries (cont'd)

	Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
			2011	2010	**2011**	2010	
			$'000	$'000	**%**	%	
	Balance brought forward		**6,762**	6,762			
	Subsidiary held by Bali Investment Pte. Ltd.						
#	Vista Mutiara Sdn Bhd	Malaysia	**+**	+	**100**	100	Investment holding
	Subsidiaries held by Starworth Pte. Ltd.						
	Carnivore Brazilian Churrascaria Pte. Ltd.	Singapore	**+**	+	**100**	100	Restaurant
	Upper Club Pte. Ltd.	Singapore	**+**	+	**100**	100	Restaurant
	Subsidiary held by Dalton Investment Pte. Ltd.						
**	Vinametric Limited	Socialist Republic of Vietnam	**+**	+	**100**	100	Hotel owner and operator
	Subsidiaries held by Duxton Hotel (Pte.) Ltd.						
^	Duxton Hotels International Pty Ltd	Australia	**+**	+	**100**	100	Owner of trademark
	L'Aigle d'Or Investment Pte. Ltd.	Singapore	**+**	+	**100**	100	Dormant
	Subsidiary held by Kendall Pte Ltd						
^	Amuret Pty Ltd	Australia	**+**	+	**75**	75	Investment holding
	Balance carried forward		**6,762**	6,762			

6 Subsidiaries (cont'd)

	Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
			2011	2010	**2011**	2010	
			$'000	$'000	**%**	%	
	Balance brought forward		**6,762**	6,762			
	Subsidiaries held by Low Keng Huat International Pte Ltd						
^	Narymal Pty Ltd	Australia	**+**	+	**75**	75	Hotel management
^^	Shanghai Nova Realty Development Co., Ltd	People's Republic of China	**+**	+	**63**	63	Investment holding
^^	Shanghai Xinfeng Realty Development Co., Ltd	People's Republic of China	**+**	+	**60**	60	Property development
	Pyline Pte Ltd	Singapore	**+**	+	**75**	75	Investment holding
	Subsidiary held by Quality Investments Pte Ltd						
	Herman Investments Pte Ltd	Singapore	**+**	+	**100**	100	Investment holding
	Subsidiaries held by Siong Feng Development Pte. Ltd.						
	Planet Development Pte. Ltd.	Singapore	**+**	–	**100**	–	Not commenced operations yet
	East Peak Development Pte. Ltd.	Singapore	**+**	–	**100**	–	Not commenced operations yet
			6,762	6,762			

* Represents amount less than $500
# Audited by Ernst & Young LLP, Malaysia
** Audited by Ernst & Young LLP, Socialist Republic of Vietnam
^ Audited by PricewaterhouseCoopers LLP, Australia
^^ Audited by Shanghai Credental Certified Public Accountants Co., Ltd
+ Interest held through subsidiaries
++ Includes deemed interest

7 Associated companies

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Unquoted equity investments, at cost	**5,310**	5,310	**–**	–
Share of post-acquisition profits	**800**	3,096	**–**	–
Share of other post-acquisition reserves	**175**	175	**–**	–
Exchange fluctuation difference	**(270)**	(415)	**–**	–
	705	2,856	**–**	–
Amount owing by/(to) associated companies (non-trade)				
- advances	**–**	(2,563)	**–**	–
- interest-free loans	**6,652**	5,228	**–**	–
	6,652	2,665	**–**	–
	12,667	10,831	**–**	–
Share of associated companies' profits	**267**	16	**–**	–

The summarised information of associated companies, not adjusted for the percentage ownership held by the Group, are as follows:

	The Group	
	2011	2010
	$'000	$'000
- Assets	**25,862**	21,689
- Liabilities	**13,942**	10,965
- Revenue	**2,576**	553
- Net profit after taxation	**544**	87

The non-trade advances and loans owing by associated companies represent an extension of net investment in the associated companies. These are unsecured, interest-free and are neither planned nor likely to be settled in the foreseeable future. Because they represent an extension of net investments with indeterminable repayments, it is not practicable to determine the fair value of these amounts owing.

The amount owing by/(to) associated companies (non-trade) is denominated in the following currencies:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Singapore dollar	**–**	(2,563)	**–**	–
Malaysian Ringgit	**6,652**	5,228	**–**	–
	6,652	2,665	**–**	–

7 **Associated companies (cont'd)**

Details of the associated companies are as follows:

	Name	Country of incorporation/ Principal place of business	Effective percentage of equity held		Principal activities
			2011	2010	
			%	%	
^	Karington Holdings Pte Ltd	Singapore	**–**	50	Liquidated
^^	Binakawa Sdn. Bhd.	Malaysia	**49**	49	Property development and investment holding

^ Audited by KPMG LLP
^^ Audited by Ernst & Young LLP, Malaysia

8 **Joint ventures**

		The Group		The Company	
		2011	2010	**2011**	2010
		$'000	$'000	**$'000**	$'000
Contributions made towards joint ventures:					
- Joint ventures		**17,332**	17,856	**12,329**	12,887
- Exchange fluctuation difference		**(102)**	(258)	**258**	(258)
	(i)	**17,230**	17,598	**12,587**	12,629
Share of retained profits in joint ventures		**66,448**	68,693	**68,448**	68,693
Exchange fluctuation difference		**91**	70	**91**	70
		66,539	68,763	**68,539**	68,763
Provision for foreseeable losses					
Balance at beginning of year		**(1,423)**	(999)	**(1,423)**	(999)
Provision for the year		**–**	(500)	**–**	(500)
Exchange fluctuation difference		**131**	76	**131**	76
Balance at end of year		**(1,292)**	(1,423)	**(1,292)**	(1,423)
Net cost of investment in joint ventures	(ii)	**65,247**	67,340	**65,247**	67,340
Amount owing by joint ventures (non-trade):					
- advances		**65,911**	66,437	**65,911**	66,437
- loans - interest-free		**14,584**	4,911	**14,584**	4,911
- interest-bearing		**15,960**	22,081	**15,960**	22,081
- Interest on loans		**959**	1,844	**959**	1,844
- Exchange fluctuation difference		**(135)**	(102)	**(135)**	(102)
	(iii)	**97,279**	95,171	**97,279**	95,171
Total	(i) + (ii) + (iii)	**179,756**	180,109	**175,113**	175,140
Share of profits in joint ventures		**23,488**	31,415	**23,488**	31,415

8 Joint ventures (cont'd)

The non-trade advances and loans owing by joint ventures represent an extension of net investment in the joint ventures and has no fixed terms of repayments. These are unsecured and are neither planned nor likely to be settled in the foreseeable future. Because they represent net investments with indeterminable repayments, it is not practicable to determine the fair value of the amounts owing.

In respect of the interest-bearing loans made to joint ventures, interest is charged at rates which vary from 0.6% to 2.5% (2010 - 0.9% to 3.0%) per annum. In the opinion of the directors of the Company, the interest rates are carried at commercial terms.

During the financial year ended 31 January 2011, the dividends received by the Group and the Company from a joint venture amounted to $25,250,000 (2010 - $14,940,000) and $25,250,000 (2010 - $14,940,000) respectively.

The amount owing by joint ventures (non-trade) is denominated in the following currencies:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Singapore dollar	**88,618**	89,860	**88,618**	89,860
Malaysian Ringgit	**8,661**	5,311	**8,661**	5,311
	97,279	95,171	**97,279**	95,171

Details of the joint ventures are as follows:

	Name	Country of incorporation/ principal place of business	Effective percentage of equity held		Principal activities
			2011 %	2010 %	
	Low Keng Huat - Shun Shing Joint Venture	Singapore	**–**	50	Liquidated
	LKH - C.A.T. Joint Venture	Singapore	***51**	*51	Build two condominium towers in Beirut, Lebanon
#	Kings & Queens Development Pte. Ltd.	Singapore	**30**	30	Develop three adjoining parcels of land at Kim Tian Road and the redevelopment of the former Eng Cheong along North Bridge Road
#	Regency One Development Pte. Ltd.	Singapore	**20**	20	Develop a parcel of land at Kim Tian Road
#	Valley Development Pte. Ltd.	Singapore	**40**	40	Develop two adjoining parcels of land at Delta Road
^	Vista Development Pte. Ltd.	Singapore	**20**	20	Develop a parcel of land at one-north Gateway
#	Duchess Walk Pte. Ltd.	Singapore	**30**	30	Develop a parcel of land at Duchess Avenue
^	Peak Garden Pte. Ltd.	Singapore	**40**	40	Develop a parcel of land at Hougang Street 11
^^	Bina Meganmas Sdn. Bhd.	Malaysia	**49**	49	Build bungalow lots at Seri Alam
##	Promatik Emas Sdn. Bhd.	Malaysia	**25**	25	Develop a parcel of land at Panorama
##	Suasana Simfoni Sdn. Bhd.	Malaysia	**20**	20	Develop a parcel of land at Jalan Conlay
+	OSC - Duxton (Vietnam) Joint Venture Company Limited	Vietnam	**75**	75	Build residential apartments, office building and a five-star rated hotel at Front Beach, Vung Tau City, Vietnam

8 Joint ventures (cont'd)

- * This joint venture is a jointly-controlled operation.
- ^ Audited by KPMG LLP, Singapore
- ^^ Audited by Ernst & Young LLP, Malaysia
- # Audited by PricewaterhouseCoopers LLP, Singapore
- ## Audited by PricewaterhouseCoopers, Malaysia
- + Interest held through a subsidiary

The summarised information of joint ventures, not adjusted for the percentage ownership held by the Group, are as follows:

The Group and The Company	**2011 $'000**	2010 $'000
- Assets	**807,031**	915,699
- Liabilities	**517,986**	603,646
- Revenue	**182,449**	330,655
- Net profit after taxation	**79,384**	118,207
Share of joint ventures' commitments	**8,832**	9,729

9 Investments

(a) Long-term investments

		The Group		The Company	
		2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Available-for-sale financial assets					
- quoted equity investments					
Balance at beginning of year		**52,134**	7,580	**2,347**	1,891
Additions		**25,000**	49,926	**–**	88
Disposals		**(14,094)**	(10,407)	**(1,468)**	(230)
Exchange translation difference		**97**	(76)	**78**	(43)
Fair value gain recognised in equity (Note 17)		**7,139**	6,480	**632**	641
Impairment loss charged to income statement (Note 26(b))		**–**	(1,369)	**–**	–
Balance at end of year, at fair value		**70,276**	52,134	**1,589**	2,347
Market value of quoted equity investments	(i)	**70,276**	52,134	**1,589**	2,347
Available-for-sale financial assets					
- unquoted equity investments, at cost		**1,734**	2,559	**–**	–
Less:					
Allowance for impairment loss					
Balance at beginning of year		**(2,559)**	(2,559)	**–**	–
Allowance written off		**825**	–	**–**	–
Balance at end of year		**(1,734)**	(2,559)	**–**	–
	(ii)	**–**	–	**–**	–
Total	(i)+(ii)	**70,276**	52,134	**1,589**	2,347

9 Investments (cont'd)

(b) Short-term investments

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Financial assets at fair value through profit or loss				
- quoted equity investments				
Balance at beginning of year	**–**	–	–	–
Additions	**4,902**	18,009	–	–
Disposals	**(2,802)**	(20,776)	–	–
Fair value (loss)/gain recognised in profit or loss	**(124)**	2,767	–	–
Balance at end of year, at fair value	**1,976**	–	–	–
Market value of quoted equity investments	**1,976**	–	–	–

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

Available-for-sale financial assets (unquoted equity investment) carried at cost:

(a) A subsidiary holds an interest of 40% in an unquoted equity investment, Goldford Engineering Limited ("Goldford"). Golford was de-registered during the current financial year. Accordingly, the allowance for impairment loss for the full amount of $825,000 has been written off against the cost of investment.

(a) A subsidiary has investment of $1,734,000 (2010 - $1,734,000) in an unquoted company, Global Dial Pty Ltd ("Global Dial"), which is incorporated in Australia. As the directors of the Company are of the opinion that the cost of the investment cannot be recovered, an impairment loss for the full amount was made.

10 Deferred taxation

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Deferred tax assets				
Balance at beginning of year	**461**	–	**–**	–
Transfer to profit or loss (Note 28)	**59**	439	**–**	–
Exchange fluctuation difference	**(23)**	22	**–**	–
Balance at end of year	**497**	461	**–**	–
Deferred tax liabilities				
Balance at beginning of year	**569**	363	**541**	541
Transfer to profit or loss (Note 28)	**(541)**	206	**(541)**	–
Balance at end of year	**28**	569	**–**	541

10 Deferred taxation (cont'd)

The balance comprises tax on the following temporary differences:

The Group	Excess of net book value over tax written down value of property, plant and equipment $'000	Dividends and interest income not remitted $'000	Excess of tax written down value over net book value of property, plant and equipment $'000	Total $'000
At 1 February 2009	22	553	(212)	363
Credited to profit or loss	(6)	–	(227)	(233)
Exchange fluctuation difference	(*)	(*)	(22)	(22)
At 31 January 2010	**16**	**553**	**(461)**	**108**
Credited to profit or loss	**(2)**	**(539)**	**(59)**	**(600)**
Exchange fluctuation difference	**(*)**	**(*)**	**23**	**23**
At 31 January 2011	**14**	**14**	**(497)**	**(469)**

The Company	Excess of net book value over tax written down value of property, plant and equipment $'000	Dividends and interest income not remitted $'000	Excess of tax written down value over net book value of property, plant and equipment $'000	Total $'000
At 1 February 2009 and at 31 January 2010	2	539	–	541
Credited to profit or loss	(2)	(539)	–	(541)
At 31 January 2011	–	–	–	–

* represents amount less than $500

11 Inventories

The Group	**2011 $'000**	2010 $'000
At cost,		
Hotel supplies	**112**	123
Restaurant supplies	**247**	291
	359	414

The inventories charged to cost of sales relate only to hotel operations and restaurants for food and beverage sales for which the cost of goods is approximately $5,415,000 (2010 - $5,576,000).

12 Work-in-progress

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Construction costs	**799,626**	752,462	**785,791**	738,587
Attributable profits	**125,337**	36,310	**121,377**	32,351
	924,963	788,772	**907,168**	770,938
Progress billings received and receivable	**(923,638)**	(787,866)	**(906,710)**	(770,938)
	1,325	906	**458**	–
Contract revenue recognised during the year	**221,202**	545,645	**221,202**	545,645
Contracts-in-progress at end of reporting period:				
Due from customers on construction contracts	**1,325**	906	**458**	–
Due to customers on construction contracts	**–**	–	**–**	–
	1,325	906	**458**	–
Included in construction costs are the following:				
Depreciation of property, plant and equipment (Note 5)	**114**	115	**114**	115
Directors' remuneration	**305**	655	**305**	655

13 Trade and other receivables

		The Group		The Company	
		2011	2010	**2011**	2010
		$'000	$'000	**$'000**	$'000
Trade receivables					
- third parties		**37,274**	85,799	**33,636**	83,912
- joint ventures		**4,024**	10,064	**4,024**	10,063
		41,298	95,863	**37,660**	93,975
Allowance for impairment of trade receivables					
Balance at beginning of year		**(11)**	(7)	**–**	–
Allowance for the year (Note 27)		**–**	(29)	**–**	–
Allowance written off		**5**	26	**–**	–
Exchange translation difference		*****	(1)	**–**	–
Balance at end of year		**(6)**	(11)	**–**	–
Net trade receivables	(i)	**41,292**	95,852	**37,660**	93,975

13 Trade and other receivables (cont'd)

		The Group		The Company	
		2011	2010	**2011**	2010
		$'000	$'000	**$'000**	$'000
Staff loans		**2**	39	**2**	37
Interest receivable		**50**	–	**50**	–
Deposits		**43,746**	629	**127**	457
Prepayments		**721**	1,335	**27**	28
Recoverable expenses		**50**	139	**50**	139
Tax recoverable		**7**	71	**–**	55
Sundry debtors		**288**	2,344	**–**	7
		44,864	4,557	**256**	723
Impairment loss on other receivables					
Balance at beginning of year		**(44)**	(178)	**(44)**	(178)
Allowance for the year (Note 27)		**(19)**	–	**(19)**	–
Allowance written off		**3**	134	**3**	134
Allowance no longer required (Note 27)		**8**	–	**8**	–
Balance at end of year		**(52)**	(44)	**(52)**	(44)
Net other receivables	(ii)	**44,812**	4,513	**204**	679
Total	(i) + (ii)	**86,104**	100,365	**37,864**	94,654

Trade and other receivables are denominated in the following currencies:

Singapore dollar	**81,522**	95,291	**37,864**	94,654
United States dollar	**658**	1,085	**–**	–
Australian dollar	**3,621**	3,601	**–**	–
Chinese Renminbi	**285**	361	**–**	–
Malaysian Ringgit	**18**	27	**–**	–
	86,104	100,365	**37,864**	94,654

* represents amount less than $500

All trade and other receivables are subject to credit risk exposure where the credit terms are generally between 30 days and 90 days (2010 - 30 days and 90 days). However, the Group does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers. The trade receivables, including joint ventures, include retention money of $33,076,000 (2010 - $47,033,000) owing from construction work.

The trade receivables ageing are generally between 30 days and 90 days (2010 – 30 days and 90 days), excluding the retention money withheld. Retention money withheld will be paid upon the issuance of Maintenance Certificates from architects. Impairment on trade and other receivables is made when certain debtors are identified to be irrecoverable.

13 Trade and other receivables (cont'd)

The ageing analysis of trade receivables past due but not impaired, excluding retention money, is as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Past due 0 to 3 months	**–**	243	**–**	–
Past due 3 to 6 months	**–**	–	**–**	–
Past due over 6 months	**–**	–	**–**	–
	–	243	**–**	–

The staff loans are unsecured and interest-free. The maturity date of these staff loans is within 12 months from the end of the reporting period.

14 Advances made to an investee company

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Advances made to an investee company	**–**	638	**–**	258
Impairment loss				
Balance at beginning of year	**(638)**	(638)	**(258)**	(258)
Allowance written off	**638**	–	**258**	–
Balance at end of year	**–**	(638)	**–**	(258)
	–	–	**–**	–

The advances made to an investee company, Goldford Engineering Limited ("Goldford") in which the Group has an interest, are unsecured, interest-free and repayable on demand. The impairment loss has been made as there is no indication that these debts are recoverable. Goldford was de-registered during the current financial year. Accordingly, the advances made to an investee company have been written off.

15 Cash and cash equivalents

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Fixed deposits	**94,328**	60,066	**90,597**	55,000
Cash and bank balances	**25,995**	62,643	**15,484**	53,750
	120,323	122,709	**106,081**	108,750

The fixed deposits earn an effective interest rate of 0.66% (2010 - 0.29%) per annum which mature on varying dates between 14 February 2011 and 29 May 2011 (2010 - 5 February 2010 and 23 February 2010).

15 Cash and cash equivalents (cont'd)

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Singapore dollar	**108,473**	109,200	**105,964**	107,295
United States dollar	**1,009**	3,485	**4**	6
Australian dollar	**4,151**	2,583	**85**	628
Malaysian Ringgit	**1,314**	1,338	**28**	821
Chinese Renminbi	**5,376**	6,103	**–**	–
	120,323	122,709	**106,081**	108,750

16 Share capital

	← Number of ordinary shares →		← Amount →	
	2011	2010	**2011**	2010
The Group and The Company			**$'000**	$'000
Issued and fully paid ordinary shares, with no par value				
Balance at beginning and at end of year	**738,816,000**	738,816,000	**161,863**	161,863

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All issued shares rank equally with regard to the Company's residual assets.

17 Fair value reserve

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Fair value reserve (non-distributable)				
- available-for-sale financial assets				
Balance at beginning of year	**3,237**	863	**572**	–
Fair value gains recycled to profit or loss on derecognition (Note 26(a))	**(1,581)**	(4,106)	**(574)**	(69)
Net fair value gain recognised in equity (Note 9)	**7,139**	6,480	**632**	641
	5,558	2,374	**58**	572
Balance at end of year	**8,795**	3,237	**645**	572

18 Retained profits

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
The Company	**145,342**	78,744	**145,342**	78,744
Subsidiaries	**34,961**	28,615	**–**	–
Associated companies	**800**	3,084	**–**	–
	181,103	110,443	**145,342**	78,744
Dividends (Note 32)	**(22,164)**	(11,082)	**(22,164)**	(11,082)
	158,939	99,361	**123,178**	67,662

19 Currency translation reserve

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	**4,255**	(660)	**(279)**	–
Exchange fluctuation difference during the year	**(661)**	4,915	**293**	(279)
Balance at end of year	**3,594**	4,255	**14**	(279)

The currency translation reserve is a non-distributable reserve and relates to the exchange difference arising from translation of the financial statements of foreign subsidiaries, associated companies and joint ventures.

20 Trade and other payables

		The Group		The Company	
		2011	2010	**2011**	2010
		$'000	$'000	**$'000**	$'000
Due within one year					
Trade payables		**169,081**	238,262	**167,703**	236,836
Deposits received from third parties		**788**	651	**24**	43
Rental received in advance		**491**	316	**–**	–
Interest payable		**62**	–	**–**	–
Sundry payables		**10,492**	12,518	**119**	143
	(i)	**180,914**	251,747	**167,846**	237,022
Due after one year					
Other payables	(ii)	**249**	299	**–**	–
Total	(i) + (ii)	**181,163**	252,046	**167,846**	237,022

20 Trade and other payables (cont'd)

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Singapore dollar	**169,017**	238,540	**167,846**	237,022
United States dollar	**9,688**	11,490	**–**	–
Australian dollar	**2,177**	1,949	**–**	–
Malaysian Ringgit	**23**	55	**–**	–
Chinese Renminbi	**258**	12	**–**	–
	181,163	252,046	**167,846**	237,022

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the statement of financial position to be reasonable approximation of their fair values. The ageing of trade payables approximates 30 to 90 (2010 - 30 to 90) days.

21 Derivative financial instrument

	2011		2010	
The Group and The Company	Contract notional amount	Net liabilities at fair value	Contract notional amount	Net liabilities at fair value
	$'000	$'000	$'000	$'000
Interest rate swap contract	**30,000**	**1,106**	30,000	1,013

The Group entered into an interest rate swap to manage its exposure to interest rate risk by swapping from floating rates to fixed rates. Contracts with aggregated nominal values of $30,000,000 (2010 - $30,000,000) have fixed interest payments ranging from 2.1% to 3.1% (2010 - 2.1% to 3.1%) per annum for periods until 29 June 2012 and have floating interest receipts pegged to Swap Offer Rate. The net position of the interest rate swap is settled on a quarterly basis.

The fair value of the interest rate swap is determined by the bank using a valuation model and assumptions that are based on market conditions existing at end of reporting period. The Group does not designate its interest rate swap contract as hedging instrument and the fair value loss of $93,000 (2010 - $1,013,000) has been recognised in the profit or loss.

22 Amounts owing to subsidiaries (non-trade)

The non-trade amounts of $11,645,000 (2010 - $11,053,000) owing to subsidiaries represent advances made, which are unsecured, interest-free and repayable on demand.

23 Advances received from a joint venture

The advances received from a joint venture of $2,000 (2010 - $898,000) is unsecured and interest-free. The settlement of debt is by way of capital return upon dissolution of the joint venture and will be settled within one year from the end of the reporting period. Accordingly, it is not practicable to determine the fair values of these amounts owing.

24 Amount owing to a minority shareholder of subsidiaries (non-trade)

The non-trade amount of $1,946,000 (2010 - $2,514,000) owing to a minority shareholder of subsidiaries, representing advances, is unsecured, interest-free and repayable on demand.

25 Bank borrowings

The Group and The Company	**2011** **$'000**	2010 $'000
Short-term loan	**–**	6,000
Accrued interest	**–**	1
	–	6,001
Amount repayable:		
Not later than one year	**–**	6,001
Later than one year and not later than five years	**–**	–
Later than five years	**–**	–
	–	6,001

All bank borrowings are unsecured and are denominated in Singapore dollar.

The Group has unutilised bank facilities of $83,187,000 (2010 - $130,689,000) as at 31 January 2011. The loan facilities utilised during the financial year ended 31 January 2011 was $71,593,000 (2010 - $50,500,000) for which total repayments made was $6,000,000 (2010 - $83,000,000). The short term loan of $6,000,000 has been fully repaid in March 2010.

The effective interest rates for the Group's and the Company's borrowings are:

	2011 **%**	2010 %
Bank borrowings	**–**	2.73

The Company has financial covenants attached to certain bank loan facilities which relates to restriction of limits imposed on the maintenance of the Group consolidated tangible net-worth, the limits on leverage ratio and the extent of interest cover. As at the end of reporting period, the Company has observed these financial covenants accordingly.

26(a) Other operating income

The Group	Note	**2011 $'000**	2010 $'000
Dividend income from quoted equity investments		**1,816**	805
Fair value gains recycled from fair value reserve to profit or loss on derecognition of available-for-sale financial assets	17	**1,581**	4,106
Fair value gain on disposal of financial assets at fair value through profit or loss		**–**	2,767
Gain on disposal of investment properties	27	**211**	32
Gain on liquidation of subsidiaries	27	**–**	495
Interest income			
- banks		**36**	42
- fixed deposits		**584**	194
- associated companies		**–**	(*)
- joint ventures		**156**	595
		776	831
Rental income from investment properties	4	**71**	262
Sundry income		**938**	548
Exchange gain	27	**104**	–
		5,497	9,846

* represents amount less than $500

26(b) Other operating expenses

The Group	**2011 $'000**	2010 $'000
Exchange loss (Note 27)	**–**	482
Impairment loss on available-for-sale financial assets (Note 9 and Note 27)	**–**	1,369
Hotel maintenance and utilities	**2,826**	2,774
Concessionary loss from gaming centre	**7,199**	738
Fair value loss on financial assets at fair value through profit and loss	**124**	–
Others	**57**	11
	10,206	5,374

The concessionary loss from gaming centre at Duxton Hotel Saigon in Vietnam is higher by $6,461,000 in financial year ended 31 January 2011 due to under provision of income tax for the gaming centre. The Vietnamese tax authorities has rejected the Group's appeal and had taxed the gaming centre on revenue declaration method instead of fixed rate method based on number of gaming machines.

26(c) Finance costs

The Group	**2011 $'000**	2010 $'000
Interest expense		
- bank loans	**637**	1,276
- bank overdrafts	**–**	12
	637	1,288

27 Profit before taxation

The Group	Note	**2011 $'000**	2010 $'000
Profit before taxation has been arrived at after charging/(crediting):			
Non-audit fees paid to:			
- auditors of the Company			
- current year		**118**	58
- under provision in respect of prior years		**26**	14
- other auditors		**51**	45
Depreciation of investment properties	4	**733**	686
Depreciation of property, plant and equipment	5	**4,155**	4,234
Directors' fee		**200**	200
Exchange (gain)/loss	26(a), 26(b)	**(104)**	482
Operating lease rentals	33	**1,833**	2,518
Impairment loss on trade and other receivables	13	**19**	29
Impairment loss on other receivables no longer required	13	**(8)**	–
Impairment loss on available-for-sale financial assets	26(b)	**–**	1,369
Property, plant and equipment written off		**42**	–
Write off of money withheld by a third party		**–**	201
Gain on disposal of:			
- investment properties	26(a)	**(211)**	(32)
- property, plant and equipment		**(13)**	(14)
Gain on liquidation of subsidiaries	26(a)	**–**	(495)
Fair value gains recycled from fair value reserve to profit or loss on derecognition of available-for-sale financial assets	26(a)	**(1,581)**	(4,106)
Employee benefit costs:			
Directors			
- directors of the Company		**12,683**	8,421
- CPF contributions and other equivalent contributions		**19**	6
Key management personnel (other than directors)			
- salaries, wages and other related costs		**1,576**	1,038
- CPF contributions and other equivalent contributions		**51**	52
Other than directors and key management personnel			
- salaries, wages and other related costs		**16,469**	16,174
- CPF contributions and other equivalent contributions		**1,300**	1,252
		32,098	26,943

28 Taxation

The Group	**2011 $'000**	2010 $'000
Current taxation		
- Singapore	**12,039**	196
- Foreign	**3,643**	3,519
	15,682	3,715
Deferred taxation (Note 10)		
- credited to profit or loss	**(600)**	(233)
Tax expense	**15,082**	3,482
Under provision in respect of prior years		
- current taxation	**1,684**	168
	16,766	3,650

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

Profit before taxation	**100,453**	67,926
Share of profits of joint ventures/associated companies	**(23,755)**	(31,431)
	76,698	36,495
Tax at statutory rate of 17% (2010 - 17%)	**13,039**	6,204
Tax effect on non-deductible expenses	**2,542**	1,578
Tax effect on non-taxable income	**(2,196)**	(4,809)
Tax effect on deferred tax assets not recognised	**20**	62
Utilisation of deferred tax assets on temporary differences not recognised in previous years	**–**	(3,601)
Singapore statutory stepped income exemption	**(109)**	(55)
Group relief utilised	**–**	(29)
Differences in foreign tax rates	**1,786**	4,132
	15,082	3,482

Based on the tax status known to-date, the Company has unutilised tax losses amounting to $26,273,000 carried forward from YA 2007 to YA 2010 and the Group has unutilised tax losses and unabsorbed capital allowances amounting to approximately $26,935,000 and $157,000 respectively carried forward from YA 1993 to YA 2010, which are subject to agreement with the respective tax authorities.

On 6 September 2010, the interest of the parent company, General Corporation Berhad ("GCB") was acquired by Consistent Record Sdn. Bhd. ("CRSB"). In accordance with section 23 and 37 of the Singapore Income Tax Act, the Group and the Company may lose its ability to carry forward its unabsorbed capital allowances and unutilised tax losses as a result of this change in ownership at the parent company level. The Company and its subsidiaries intend to apply to the Inland Revenue Authority of Singapore and tax authorities of its overseas subsidiaries for waiver to retain the ability to carry forward such capital allowances and tax losses on grounds that such ownership change is not executed for the purpose of deriving any tax benefit or to obtain any tax advantage.

As at the reporting date, it is uncertain whether the Group and the Company will be successful in applying for its unutilised tax losses and unabsorbed capital allowances to be utilised for current and future years. If this application is not approved by the tax authorities, the Group and Company may face tax liabilities of approximately $14.9 million, of which $3.3 million and $11.6 million were in relation to the financial years ended 31 January 2010 and 31 January 2011 respectively. Provision for taxation of approximately $14.9 million has been provided as at 31 January 2011. Should the Group and the Company succeed in applying for the unutilised tax losses and unabsorbed capital allowances to be utilised, the provision of taxation of $14.9 million would be reversed.

29 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year.

	2011 **$'000**	2010 $'000
Net profit attributable to equity holders of the Group	**81,742**	62,926
Weighted average number of ordinary shares for purpose of calculating basic earnings per share	**738,816,000**	738,816,000
Basic earnings per share (cents)	**11.06**	8.52

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year and adjusting for dilutive effect, if any.

Net profit attributable to equity holders of the Group	**81,742**	62,926
Weighted average number of ordinary shares for purpose of calculating diluted earnings per share	**738,816,000**	738,816,000
Diluted earnings per share (cents)	**11.06**	8.52

30 Contingent liabilities (unsecured)

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

The Company

(a) The Company has given letters of undertaking to provide financial support for the following subsidiaries which had aggregate net deficits at 31 January 2011 of $16.1 million (2010 - $12.9 million) to enable them to continue to operate as going concern and to meet their respective obligations as and when they fall due:

Herman Investments Pte Ltd
Bali Investment Pte. Ltd.
Kendall Pte Ltd
LKH (Construction) Pte. Ltd.
LKH (Saigon) Pte. Ltd.
L' Aigle d' Or Investment Pte. Ltd.
Thyme Saigon Pte Ltd
Upper Club Pte. Ltd.
Quality Investments Pte Ltd
Duxton Hotel (Pte.) Ltd.
Prodev Pte Ltd
Pyline Pte Ltd
Kwan Kwee Investment Pte Ltd
Planet Development Pte. Ltd.
Siong Feng Development Pte. Ltd.
East Peak Development Pte. Ltd.
Vinametric Limited

30 Contingent liabilities (unsecured) (cont'd)

(b) A guarantee of US$4,080,000 ($5,222,000) [2010 - US$6,900,000 ($9,729,000)] issued in favour of a bank in respect of the said bank granting a credit facility to a joint venture for a construction project carried out in Beirut, Lebanon;

(c) A guarantee provided to a bank for loan facility of US$2,250,000 ($2,880,000) [2010 - US$2,250,000 ($3,172,500)] granted to a subsidiary.

In respect of items (b) and (c), there is no effect on the financial guarantees as to the interest cost since the variable interest rate debt obligations are at prevailing market interest rate.

31 Related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant transactions entered with related parties at mutually agreed amounts:

The Group	**2011 $'000**	2010 $'000
Sales to joint ventures	**2,584**	42,425
Interest income from joint ventures	**156**	595

32 Dividends

The Group and the Company	**2011 $'000**	2010 $'000
Dividends proposed		
- Ordinary dividends:		
First and final dividend of 3.0 (2010 - 3.0) cents per share, tax exempt (2010 - tax exempt)	**22,164**	22,164
- Special dividends:		
First and final dividend of 1.0 (2010 - Nil) cents per share, tax exempt	**7,388**	–
Dividends paid		
- Ordinary dividends:		
First and final dividend of 3.0 cents (2010 - 1.5 cents) per share, tax exempt (2010 - tax exempt) paid in respect of the previous financial year	**22,164**	11,082

33 Operating lease commitments (non-cancellable)

(a) Rental expense of the Group and the Company for the financial year ended 31 January 2011 amounted to $1,833,000 (2010 - $2,518,000) and $130,000 (2010 - $106,000) respectively. Certain leases have varying terms, escalation clauses and renewal rights. At the end of reporting period, the Group and the Company were committed to making payments in respect of rental of premises and office equipment with remaining contractual terms ranging from 1 year to 23 years as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Not later than one year	**1,118**	1,618	**133**	120
Later than one year and not later than five years	**1,780**	1,799	**536**	482
Later than five years	**2,746**	2,455	**1,218**	1,215
	5,644	5,872	**1,887**	1,817

(b) The Group and the Company lease out a portion of their warehouse and office units to related and non-related parties under non-cancellable operating lease. Rental income of the Group and the Company for the financial year ended 31 January 2011 amounted to $1,915,000 (2010 - $1,453,000) and $1,191,000 (2010 - $1,087,000) respectively.

The future minimum lease receivable under non-cancellable operating leases contracted for at the end of reporting period but not recognised as receivable, is as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Not later than one year	**652**	1,818	**100**	1,125
Later than one year and not later than five years	**91**	452	**–**	95
Later than five years	**–**	–	**–**	–
	743	2,270	**100**	1,220

34 Operating segments

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's reportable operating segments are as follows:

(i) Construction
Activities in this segment comprise building and engineering work.

(ii) Development
Activities in this segment comprise the development of properties.

(iii) Hotels
Activities in this segment comprise owning and operating hotels and restaurants.

(iv) Investments
Activities in this segment relate mainly to investment in properties and shares in quoted and unquoted equities.

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

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

Group taxation is managed on a group basis and is not allocated to operating segments.

Sales between operating segments are carried out at arm's length basis similar to transactions with third parties.

34 Operating segments (cont'd)

The Group

(a) Business Segments

	Construction		Development		Hotels		Investments		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
REVENUE										
Total sales	**221,202**	545,645	**234**	148	**54,839**	54,020	**3,057**	2,127	**279,332**	601,940
Inter-segment sales	**–**	–	**–**	–	**(6,048)**	(5,664)	**(1,120)**	(825)	**(7,168)**	(6,489)
External sales	**221,202**	545,645	**234**	148	**48,791**	48,356	**1,937**	1,302	**272,164**	595,451
RESULTS										
Segment results	**67,588**	18,711	**163**	(99)	**5,851**	12,659	**3,733**	6,512	**77,335**	37,783
Finance costs	**(637)**	(1,288)	**–**	–	**–**	–	**–**	–	**(637)**	(1,288)
	66,951	17,423	**163**	(99)	**5,851**	12,659	**3,733**	6,512	**76,698**	36,495
Share of profits/ (losses) in joint ventures/associated companies	**–**	(500)	**23,755**	31,855	**–**	–	**–**	76	**23,755**	31,431
	66,951	16,923	**23,918**	31,756	**5,851**	12,659	**3,733**	6,588	**100,453**	67,926
Taxation									**(16,766)**	(3,650)
Non-controlling interests									**(1,945)**	(1,350)
Net profit									**81,742**	62,926
OTHER INFORMATION										
Segment assets	**159,686**	220,337	**50,225**	7,650	**70,847**	73,606	**75,209**	54,162	**355,967**	355,755
Investment in associated companies and joint ventures under equity method	**3,785**	4,913	**175,971**	175,196	**–**	–	**12,667**	10,831	**192,423**	190,940
Consolidated total assets (excluding taxation)	**163,471**	225,250	**226,196**	182,846	**70,847**	73,606	**87,876**	64,993	**548,390**	546,695
Segment liabilities (excluding taxation)	**169,158**	248,068	**266**	13	**14,019**	13,779	**974**	812	**184,417**	262,672
Capital expenditure	**369**	428	**–**	–	**2,809**	630	**1**	1	**3,179**	1,059
Depreciation										
- property, plant and equipment	**582**	639	**14**	14	**3,670**	3,693	**3**	3	**4,269**	4,349
- investment properties	**683**	632	**–**	–	**–**	–	**50**	54	**733**	686
Impairment loss on available-for-sale financial assets	**–**	–	**–**	–	**–**	–	**–**	1,369	**–**	1,369
Additions to investment properties	**52**	–	**–**	–	**–**	–	**–**	–	**52**	–

34 Operating segments (cont'd)

(b) Geographical Segment

The following table shows the distribution of the Group's consolidated sales by geographical source, regardless of where the services are rendered:

Sales Revenue by Geographical Market

	2011 $'000	2010 $'000
Singapore	**229,319**	555,698
Australia	**32,033**	28,462
Vietnam	**10,485**	11,031
Malaysia	**93**	112
China	**234**	148
	272,164	595,451

(c) Assets and additions to property, plant and equipment by geographical areas

The following table shows the carrying amount of the segment assets and additions to property, plant and equipment and investment properties by geographical areas in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and investment properties	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Singapore	**278,536**	275,436	**502**	437
Australia	**47,948**	45,010	**2,206**	454
Vietnam	**18,247**	24,042	**470**	167
Malaysia	**4,610**	3,733	**1**	1
China	**6,626**	7,534	**–**	–
	355,967	355,755	**3,179**	1,059

(d) Reconciliation of segments total assets and total liabilities

	2011 $'000	2010 $'000
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets	**355,967**	355,755
Investment in associated companies and joint ventures	**192,423**	190,940
Tax recoverable	**7**	71
Deferred tax assets	**497**	461
Total assets	**548,894**	547,227
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Segment liabilities	**184,417**	262,672
Deferred tax liabilities	**28**	569
Current tax payable	**17,802**	3,446
Total liabilities	**202,247**	266,687

35 Disclosure of directors' remuneration

As required by the Listing Manual of the Singapore Exchange, the remuneration of directors of the Company is disclosed in bands as follows:

	Number of directors	
	2011	2010
Above $2,000,000	**2**	2
$1,750,000 to $1,999,999	**–**	–
$1,000,000 to $1,249,999	**–**	–
$250,000 to $499,999	**1**	1
Below $250,000	**6**	6
Total	**9**	9

36 Financial risk management objectives and policies

The Group's financial instruments carried on the statements of financial position include cash and cash equivalents, financial assets and financial liabilities.

The Group's activities expose it to a variety of financial risks: currency risk, interest rate risk, liquidity risk, market price risk and credit risk. The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance though a system of internal controls set by the Management.

The Board of Directors, through the Audit Committee, oversees on how management monitors the compliance of the Group's system of internal controls. In its oversight role, the Audit Committee is aided by the Internal Audit function, which undertakes regular audits of the Group's system of internal controls, the result of which are reported directly to the Audit Committee.

The Group uses interest rate swap to mitigate the risk of rising interest rates. Except for the interest rate swap, the Group does not hold or issue derivative financial instruments for speculative purposes.

36.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

Part of the Group's revenue, expenses, investments and liabilities are denominated in foreign currencies which give rise to foreign exchange risk, particularly among the hotels which are located overseas. The currencies giving rise to this risk are primarily Australian dollar, United States dollar, Chinese Renminbi and Malaysian Ringgit.

In terms of operations, the sales and purchases are denominated in the same currency as much as practicable. The Group also matches the currency of its bank borrowings, if any, with the location of its investment to mitigate the risk of currency exposure. As such, the Group does not deem it necessary to enter into any derivative contracts to hedge against foreign currency risk.

Exposure to foreign currency risk is insignificant as the Group's income and related expenses, assets and liabilities are substantially denominated in the respective functional currencies of the Group entities. The exposure is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

36 Financial risk management objectives and policies (cont'd)

36.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from bank borrowings, interest-bearing loans given to related parties and cash placed with financial institutions. The Group manages its exposure to interest rate movements on its bank borrowing using floating-to-fixed interest rate swaps.

The interest rates of cash placed with financial institutions, amount owing by joint ventures and bank borrowings are disclosed in Note 15, Note 8 and Note 25, respectively.

Sensitivity analysis for interest rate risk

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

	Increase/(Decrease)			
	2011		2010	
The Group	**Profit before taxation $'000**	**Equity $'000**	Profit before taxation $'000	Equity $'000
Interest rate				
- decreased by 1% per annum	**(915)**	**(915)**	(632)	(632)
- increased by 1% per annum	**915**	**915**	632	632
The Company				
Interest rate				
- decreased by 1% per annum	**(885)**	**(885)**	(590)	(590)
- increased by 1% per annum	**885**	**885**	590	590

36.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group aims at maintaining flexibility in funding by keeping committed credit facilities available as disclosed in Note 25.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period from the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

36 Financial risk management objectives and policies (cont'd)

36.3 Liquidity risk (cont'd)

	Less than 1 year $'000	Between 1 and 5 years $'000	Total $'000
The Group			
At 31 January 2011			
Trade and other payables	**180,914**	**249**	**181,163**
Advances received from a joint venture	**2**	**–**	**2**
Amount owing to minority shareholder of subsidiaries (non-trade)	**1,946**	**–**	**1,946**
Derivative financial instrument, at fair value through profit or loss	**675**	**415**	**1,090**
	183,537	**664**	**184,201**
At 31 January 2010			
Trade and other payables	251,747	299	252,046
Advances received from a joint venture	898	–	898
Amount owing to minority shareholder of subsidiaries (non-trade)	2,514	–	2,514
Derivative financial instrument, at fair value through profit or loss	420	616	1,036
Bank borrowings	6,042	–	6,042
	261,621	915	262,536
The Company			
At 31 January 2011			
Trade and other payables	**167,846**	**–**	**167,846**
Amount owing to subsidiaries			
- trade	**256**	**–**	**256**
- non-trade	**11,645**	**–**	**11,645**
Advances received from a joint venture	**2**	**–**	**2**
Derivative financial instrument, at fair value through profit or loss	**675**	**415**	**1,090**
	180,424	**415**	**180,839**
At 31 January 2010			
Trade and other payables	237,022	–	237,022
Amount owing to subsidiaries			
- trade	257	–	257
- non-trade	11,053	–	11,053
Advances received from a joint venture	898	–	898
Derivative financial instrument, at fair value through profit or loss	420	616	1,036
Bank borrowings	6,042	–	6,042
	255,692	616	256,308

36 Financial risk management objectives and policies (cont'd)

36.4 Market price risk

Market price risk arises mainly from uncertainty about future prices of instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding investments in the face of price movements. It is the Group's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector or industry.

The Group is exposed to marketable securities price risk because of the investments held by the Group which are classified on the statements of financial position as available-for-sale financial assets at fair value. These securities are listed in Singapore and Malaysia. The Group is not exposed to price risk which is commodity sensitive. The contract from construction industry is agreed upon the awarding of the contract.

The sensitivity analyses below have been determined based on the portfolio of quoted equity securities held by the Group and the Company as at 31 January 2011, if prices for equity securities listed in Singapore and Malaysia increase/decrease by 2% (2010 – 2%) with all other variables including tax rate being held constant throughout the reporting period. The magnitude represents management's assessment of the likely movement in the prices for equity securities under normal economic conditions.

Investments

	Increase/(Decrease)			
	2011		2010	
	Profit after taxation $'000	**Equity $'000**	Profit after taxation $'000	Equity $'000
The Group				
Prices for quoted equity investments				
- increased by 2% per annum	**33**	**1,438**	–	1,043
- decreased by 2% per annum	**(33)**	**(1,438)**	–	(1,043)
The Company				
Prices for quoted equity investments				
- increased by 2% per annum	**–**	**32**	–	47
- decreased by 2% per annum	**–**	**(32)**	–	(47)

36.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's exposure to credit risk arises primarily from trade and other receivables, related parties' balances and cash placed with financial institutions. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

There are no significant concentrations of credit other than advances to joint ventures, associated companies, and inter-company balances which are eliminated upon consolidation.

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

36 Financial risk management objectives and policies (cont'd)

36.5 Credit risk (cont'd)

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

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statements of financial position.

37 Financial instruments

Fair values

The carrying amount of the financial assets and financial liabilities with a maturity of less than 1 year is assumed to approximate their fair values.

The Group and the Company do not anticipate that the carrying amounts recorded at end of reporting period would be significantly different from the values that would eventually be received or settled.

Information on fair values of investment in financial assets at fair value through profit or loss available-for-sale financial assets and interest rate swap contract are included in Note 9 and Note 21 respectively.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
The Group				
As at 31 January 2011				
Assets/(liabilities)				
Financial assets, available-for-sale	**70,276**	**–**	**–**	**70,276**
Financial assets, at fair value through profit or loss	**1,976**	**–**	**–**	**1,976**
Interest rate swap	**–**	**(1,106)**	**–**	**(1,106)**
As at 31 January 2010				
Assets/(liabilities)				
Financial assets, available-for-sale	52,134	–	–	52,134
Interest rate swap	–	(1,013)	–	(1,013)

37 Financial instruments (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
The Company				
As at 31 January 2011				
Assets/(liabilities)				
Financial assets, available-for-sale	**1,589**	**–**	**–**	**1,589**
Interest rate swap	**–**	**(1,106)**	**–**	**(1,106)**
As at 31 January 2010				
Assets/(liabilities)				
Financial assets, available-for-sale	2,347	–	–	2,347
Interest rate swap	–	(1,013)	–	(1,013)

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

The fair value of financial instrument included in Level 2 is determined by the bank using a valuation model and assumptions that are based on market conditions existing at the end of reporting period.

38 Capital risk management objectives and policies

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently does not adopt any formal dividend policy.

There were no changes in the Group's and Company's approach to capital management during the financial year.

The Group and the Company are not subject to externally imposed capital requirements.

39 Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation:

The Group	2010 As previously reported $'000	2010 Reclassification $'000	2010 After reclassification $'000
Consolidated statement of comprehensive income			
Other operating income	9,108	738	9,846
Other operating expenses	(4,636)	(738)	(5,374)
	4,472	–	4,472

The above reclassification is not material and has no impact on the statements of financial position as at 1 February 2009 and 31 January 2010. Accordingly, the statements of financial position as at 1 February 2009 are not presented.

Statistics of **Shareholdings**

AS AT 19 APRIL 2011

1. NUMBER OF HOLDERS OF EACH CLASS OF EQUITY SECURITY AND VOTING RIGHTS ATTACHING TO EACH CLASS ON 19 APRIL 2011

Class of shares	Voting Rights	Number of Holder
Ordinary shares fully paid	1 vote per share	2,778

2. DISTRIBUTION OF SHAREHOLINGS AND NUMBER OF SHAREHOLDERS AS AT 19 APRIL 2011

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	15	0.54	3,894	0.00
1,000 - 10,000	1,119	40.28	6,880,376	0.93
10,001 - 1,000,000	1,613	58.06	97,271,164	13.17
1,000,001 and above	31	1.12	634,660,566	85.90
TOTAL	**2,778**	**100.00**	**738,816,000**	**100.00**

3. 20 LARGEST REGISTERED SHAREHOLDERS AS SHOWNED IN THE REGISTER OF MEMBERS AS AT 19 APRIL 2011

No	Name	No of Shares	%
1	UNITED OVERSEAS BANK NOMINEES	500,221,097	67.71
2	LAU CHOY LAY	20,634,000	2.79
3	HSBC (SINGAPORE) NOMS PTE LTD	12,885,000	1.74
4	MELLFORD PTE LTD	11,798,000	1.60
5	LOW KENG HOO	10,036,644	1.36
6	UOB KAY HIAN PTE LTD	8,382,000	1.13
7	CITIBANK NOMS S'PORE PTE LTD	7,194,000	0.97
8	TECITY MANAGEMENT PTE LTD	5,287,000	0.72
9	LOW CHIN HAN	5,258,000	0.71
10	LOW SEOK LING MONICA	5,241,356	0.71
11	DBS NOMINEES PTE LTD	5,090,000	0.69
12	OCBC SECURITIES PRIVATE LTD	4,879,000	0.66
13	DBS VICKERS SECS (S) PTE LTD	4,473,000	0.61
14	LOW KENG BOON @ LAU BOON SEN	3,500,000	0.47
15	NG KHIM GUAN	2,833,000	0.38
16	CITIBANK CONSUMER NOMS PTE LTD	2,666,000	0.36
17	YEE CHIA HSING	2,628,000	0.36
18	TAY CHANG MONG	2,268,000	0.31
19	KIM ENG SECURITIES PTE. LTD.	2,235,000	0.30
20	TAY CHIU GEE	2,006,000	0.27
	TOTAL	**619,515,097**	**83.85**

Based on information available to the Company as at 19 April 2011, approximately 26.54% of the issued ordinary shares of the Company are held in the hands of the public. This in in compliance with Rule 723 of the Listing Manual of the SGX-ST

4. SUBSTANTIAL SHAREHOLDERS AS AT 19 APRIL 2011 AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS:-

Name of Substantial Shareholder	No. of shares fully paid		
	Direct Interest	Deemed interest	Total
Consistent Record Sdn Bhd	496,389,097	0	496,389,097
Tan Sri Dato' Low Keng Huat	1,200,000	496,389,097	497,589,097
Low Keng Boon @ Lau Boon Sen	3,500,000	26,934,000	30,434,000
Low Keng Hoo @ Lau Keeng Foo	10,036,644	0	10,036,644
Dato' Marco Low Peng Kiat	300,000	497,349,097	497,649,097

Tan Sri Dato' Low Keng Huat and Dato' Marco Low Peng Kiat by virtue of their interests in Consistent Record Sdn Bhd ("CRSB"), are deemed to be interested in the 496,389,097 shares held by United Overseas Bank Nominees (Private) Limited for account of CRSB.

Low Keng Boon @ Lau Boon Sen is deemed to be interested in 20,634,000 shares held by his spouse by virtue of Section 7, Companies Act, Cap. 50 and 6,300,000 shares held by UOB Kay Hian Pte Ltd.

Dato' Marco Low Peng Kiat is deemed to be interested in 960,000 shares held by UOB Kay Hian Pte. Ltd.

Notice of **Forty-Second Annual General Meeting**

NOTICE IS HEREBY GIVEN that the Forty-Second Annual General Meeting of the Company will be held at Grand Mercure Roxy Hotel, Siglap, Katong & Amber Room, Level 3, 50 East Coast Road, Roxy Square, Singapore 428769, on Tuesday, 31 May 2011, at 11.00 a.m., for the following purposes:-

AS ORDINARY BUSINESS

(1) To receive and adopt the Financial Statements for the financial year ended 31 January 2011 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**

(2) To declare a first and final tax exempt (one tier) dividend of 3.0 cents and a special tax exempt (one tier) dividend of 1.0 cent per ordinary share for the financial year ended 31 January 2011. **(Resolution 2)**

(3) To re-elect Mr Low Poh Kuan, a Director retiring under Article 88 of the Articles of Association of the Company. **(Resolution 3)**

(4) To consider, and if thought fit, to pass the following resolution:-

That pursuant to Section 153(6) of the Companies Act, Cap. 50, Tan Sri Dato' Low Keng Huat be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting. **(Resolution 4)**

(5) To consider, and if thought fit, to pass the following resolution:-

That pursuant to Section 153(6) of the Companies Act, Cap. 50, Low Keng Hoo @ Lau Keeng Foo be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting. **(Resolution 5)**

(6) To consider, and if thought fit, to pass the following resolution:-

That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Lee Han Yang be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting. **(Resolution 6)**

Note:

Mr Lee Han Yang will, upon re-appointment as Director of the Company, remain as a member of the Audit Committee and is considered independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as the Chairman of the Remuneration Committee and a member of the Nominating Committee.

(7) To consider, and if thought fit, to pass the following resolution:-

That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Lucas Liew Kim Voon be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting. **(Resolution 7)**

Note:

Mr Lucas Liew Kim Voon will, upon re-appointment as Director of the Company, remain as the Chairman of the Audit Committee and is considered independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as the Chairman of the Nominating Committee and a member of the Remuneration Committee.

(8) To approve the Directors' fees of S$200,000 for the financial year ended 31 January 2011. (2010: S$200,000) **(Resolution 8)**

(9) To re-appoint Foo Kon Tan Grant Thornton LLP, as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions:-

(10) Authority to allot and issue shares

(a) That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

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

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

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

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

provided always that

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

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

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

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

(Resolution 10)

(See Explanatory Note 1)

ANY OTHER BUSINESS

(11) To transact any other business that may be transacted at an Annual General Meeting.

Notice of **Forty-Second Annual General Meeting**

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed from 9 June 2011 after 5.00 p.m. to 10 June 2011 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd., 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721 up to 5.00 p.m. on 9 June 2011 will be registered to determine shareholders' entitlements to the said proposed first and final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 9 June 2011 will be entitled to the abovementioned proposed dividend.

Payment of the dividend, if approved by the shareholders at the Annual General Meeting to be held on 31 May 2011 will be made on 23 June 2011.

By Order of the Board

Chin Yeok Yuen
Company Secretary
Singapore, 6 May 2011

Notes:

1. A Depositor's name must appear on the Depository Register not less than 48 hours before the time of the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and any such proxy need not be a member of the Company.

3. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting.

Explanatory Note on Special Business to be transacted:

The Ordinary Resolution 10 is to authorise the Directors of the Company from the date of the above meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time this resolution is passed after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time this resolution is passed and any subsequent bonus issues, consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

LOW KENG HUAT (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)
Registration No. 196900209G

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy Form is, therefore, 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.

PROXY FORM
FOR FORTY-SECOND ANNUAL GENERAL MEETING

I/We ____ (Name)

of ____ (Address)

being a member/members of LOW KENG HUAT (SINGAPORE) LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Forty-Second Annual General Meeting of the Company to be held at Grand Mercure Roxy Hotel, 50 East Coast Road, Roxy Square, Singapore 428769 on Tuesday, 31 May 2011 at 11.00 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 Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
1.	To receive and adopt the Financial Statements for the financial year ended 31 January 2011 together with the reports of the Directors and the Auditors thereon.				
2.	To declare a first and final tax exempt (one tier) dividend of 3.0 cents and a special tax exempt (one tier) dividend of 1.0 cents per ordinary share for the financial year ended 31 January 2011.				
3.	To re-elect Mr Low Poh Kuan, a Director retiring under Article 88 of the Articles of Association of the Company.				
4.	To re-appoint Tan Sri Dato' Low Keng Huat, a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.				
5.	To re-appoint Mr Low Keng Hoo @ Lau Keeng Foo, a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.				
6.	To re-appoint Mr Lee Han Yang, a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.				
7.	To re-appoint Mr Lucas Liew Kim Voon, a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.				
8.	To approve the Directors' fees of S$200,000 for the financial year ended 31 January 2011.				
9.	To re-appoint Foo Kon Tan Grant Thornton LLP, as Auditors of the Company and to authorise Directors to fix their remuneration.				
10.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.				

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ____________________ 2011.

Total Number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

NOTES FOR PROXY FORM

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and share registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of shares is not inserted, this proxy form will be deemed to relate to the entire number of ordinary shares in the Company registered in your name(s).

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding or the number of shares to be represented by each proxy. If no such proportion or number is specified, the first-named proxy may be treated as representing 100 per cent of the shareholding and any second-named proxy as alternate to the first-named.

4. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the Registered Office, 80 Marine Parade Road #18-05/09, Parkway Parade, Singapore 449269, not later than 11.00 a.m., on Sunday, 29 May 2011.

5. (A) An instrument appointing a proxy for any member shall be in writing in any usual or common form or in any other form which the Directors may approve and:-

    (a) in the case of an individual member shall be signed by the member or his attorney; and

    (b) in the case of a member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

   (B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a member by an attorney, the power of attorney or other authority or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument of proxy may be treated as invalid.

   (C) In the event that forms of proxy are sent to the members together with any notice of a General Meeting, the accidental omission to include the form of proxy to, or the non-receipt of such form of proxy by, any person entitled to receive such notice shall not invalidate any resolution passed or any proceeding at any such meeting.

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

7. Please indicate with a tick (✓) in the appropriate space how you wish your proxy to vote. If this proxy form is returned without any indication as to how your proxy shall vote, he will vote or abstain from voting as he thinks fit.

GENERAL:

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

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