



DRIVING OUR CORE COMPETENCIES



Low Keng Huat (Singapore) Limited
Annual Report 2008/09

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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.

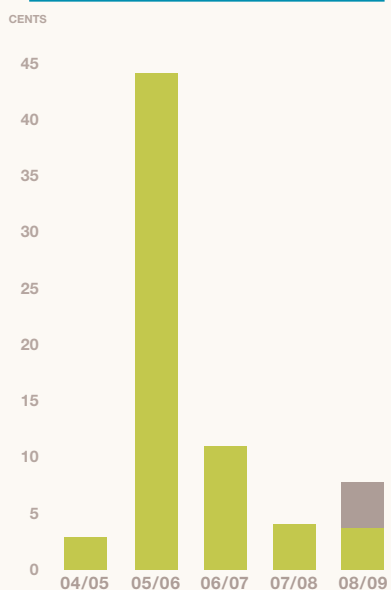
COMPLEMENTING THE CONSTRUCTION ACTIVITY IS THE COMPANY’S PROPERTY DEVELOPMENT BUSINESS IN SINGAPORE AND MALAYSIA.

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.

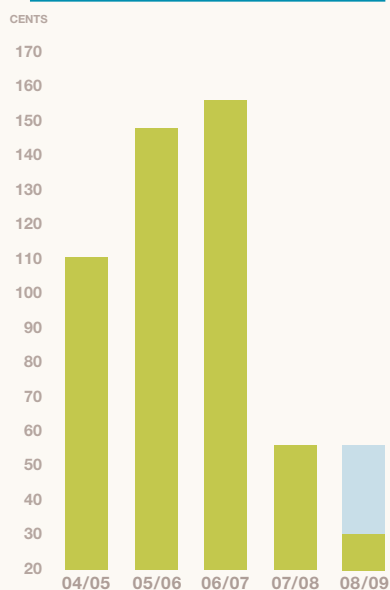
5-Year Financial Highlights

	2004/05	2005/06	2006/07	2007/08	2008/09
OPERATING RESULTS					
Revenue (\$'000)	140,760	106,224	105,443	113,322	274,602
EBITDA (\$'000)	21,485	85,642	22,462	27,000	41,033
Pretax profit (\$'000)	4,190	72,363	17,181	19,846	35,053
Net profit (\$'000)	3,107	54,608	13,134	13,687	30,682
EBITDA margin (%)	15.3	80.6	21.3	23.8	14.9
Pretax margin (%)	3.0	68.1	16.3	17.5	12.8
Net margin (%)	2.2	51.4	12.5	12.1	11.2
FINANCIAL POSITION					
Total assets (\$'000)	301,975	240,354	270,778	317,416	359,768
Total borrowings (\$'000)	117,510	9,261	34,964	75,273	38,569
Shareholders' equity (\$'000)	134,206	181,024	190,762	198,864	209,583
Net debt : equity (times)	0.74	-	0.02	0.24	0.03
PER SHARE DATA					
Earnings (cents)	2.6	44.4	10.7	4.2	4.0
Dividend (cents)	2.5	7.5	92.5	2.5	1.5
Net tangible assets (cents)	111.0	147.3	154.9	56.2	28.0
Year end share price (cents)	39.0	92.5	160	45	16
SHAREHOLDERS' RETURN					
Return on equity (%)	2.3	30.2	6.9	6.9	14.6
Return on assets (%)	1.0	22.7	4.9	4.3	8.5
Dividend yield (%)	6.4	8.1	57.8	5.6	9.4
Dividend payout ratio (%)	78	17	867	60	38

EARNINGS PER SHARE



NET TANGIBLE ASSETS PER SHARE



Earnings per share would have been 7.9 cents if there was no share split in FY2008/09.

Net tangible assets per share would have been 56.0 cents if there was no share split in FY2008/09.

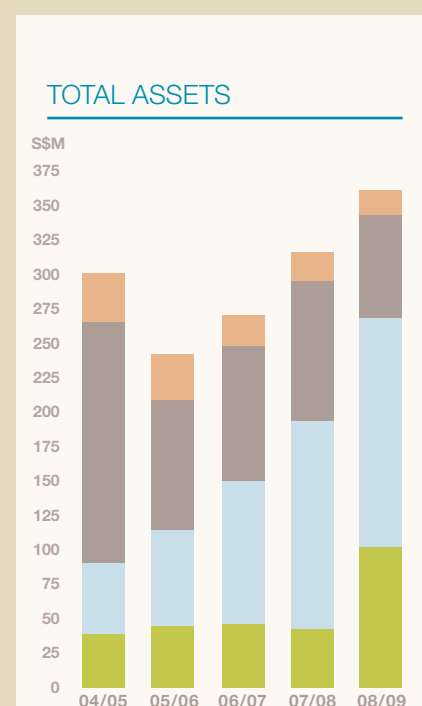
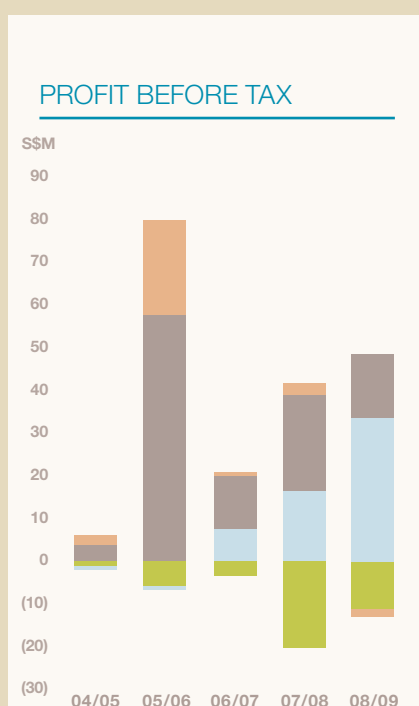
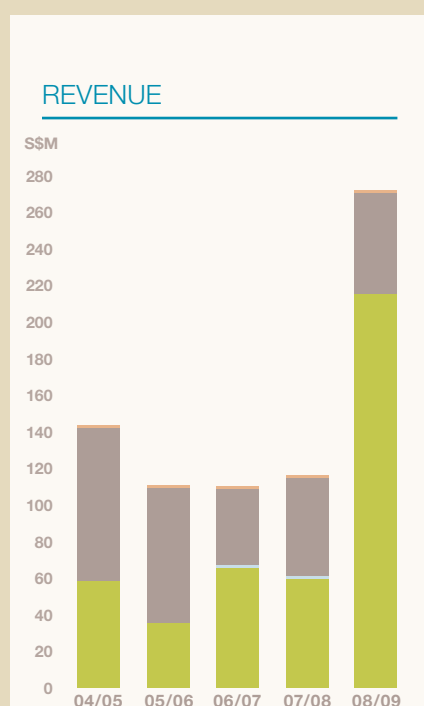
In June 2008, the Company successfully completed a Share-Split exercise where each ordinary share was split into two ordinary shares.

In July 2007, the Company successfully concluded a Rights Issue of 246,272,000 shares at \$0.369 for each Rights Share on the basis of two Rights Shares for every one existing ordinary share.

5-Year Segmental Results

	2004/05 (S\$'000)	2005/06 (S\$'000)	2006/07 (S\$'000)	2007/08 (S\$'000)	2008/09 (S\$'000)
REVENUE					
Construction	59,165	33,384	63,929	56,777	219,992
Development	-	-	255	21	-
Hotels	81,230	71,690	40,900	56,135	54,278
Investments	365	1,150	359	389	332
	140,760	106,224	105,443	113,322	274,602
PROFIT BEFORE TAX					
Construction	(910)	(6,445)	(4,019)	(21,308)	(11,641)
Development	(507)	(63)	7,852	15,169	31,278
Hotels	3,477	57,653	12,930	24,756	16,238
Investments	2,130	21,218	418	1,229	(823)
	4,190	72,363	17,181	19,846	35,052
TOTAL ASSETS*					
Construction	36,702	43,489	44,526	40,628	97,828
Development	45,795	67,862	105,779	157,292	172,140
Hotels	182,066	94,268	96,116	93,835	68,648
Investments	37,412	34,735	24,357	25,661	21,086
	301,975	240,354	270,778	317,416	359,702

* Excluding tax



Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our Annual Report for the financial year ended 31 January 2009.

REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 January 2009, the Group recorded a net profit attributable to shareholders of \$29.3 million, an increase of 114% compared to the previous financial year. This result was achieved on top of an increase in revenue of 142% to \$274.6 million from the previous financial year.

CORPORATE DEVELOPMENT & PROSPECTS

The global financial crisis, triggered by the US subprime problem, has led to a global economic recession and job losses. Governments of most countries are putting in billions and trillions of dollars worth of economic stimulus packages to combat this economic crisis. The Singapore government has announced in January 2009 a \$25 billion economic rescue package including measures to unblock the frozen credit market. In the midst of such unprecedented negative economic climate, the Group continues to focus on our core business.

During the year, the Group managed to secure 3 major construction projects totaling \$787.0 million. These projects

are *Meritus Mandarin Hotel*, *Hard Rock Hotel* at the Integrated Resort at Sentosa and mega shopping mall "nex" at Serangoon Central. The Group's total order book currently stands at approximately \$900.0 million. Construction segment will continue to be busy this year with these projects in hand.

Competitive tender pricing and cost control remain the two major challenges that the Group will face in the coming year. The Group's strategy continues to be selective in project tendering. The Group will secure projects including regional projects that lead to higher growth and profitability.

Property development will continue to recognize profits from projects launched and sold by our joint ventures and associated companies. However we will be more prudent in our project launches in the coming year as buying sentiment in the Singapore residential property market is expected to remain poor and prices are likely to soften further.

Duxton Hotel Perth and *Duxton Hotel Saigon* are expected to perform satisfactorily despite uncertainties in the global economic environment.

During the year, a Share-Split exercise was successfully completed where each ordinary share held by shareholder was split into two ordinary shares. As a result of this Share-Split exercise, the number of shares increased from 369,408,000 as of 31 January 2008 to 758,816,000 as of 31 January 2009.

DIVIDEND

The Board is pleased to recommend a first and final tax exempt (one-tier) dividend of 1.5 cents per share. This proposed dividend represents 38% of our earnings per share of 3.97 cents. This recommendation is subject to the approval of shareholders at the Annual General Meeting to be held on 28 May 2009. The proposed dividend, if approved by shareholders will be paid on 19 June 2009.

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 and to our shareholders, associates and customers, for their continued support.

Tan Sri Dato' Low Keng Huat
Non-Executive Chairman

OVERALL

The Group's four business segments are construction, property development, hotels and investments. In recent years, the Company shifted the emphasis of its business mix from hotels to property development. In addition, since 2007, the Group started to build up its land bank in Malaysia which has been lagging behind the other regions.

Net profit attributable to shareholders increased by 114% from \$13.7 million for full year ended 31 January 2008 to \$29.3 million for full year ended 31 January 2009. The increase of \$15.6 million was due to higher development profit from associated companies and joint venture companies and lower construction loss offset by lower profit from hotel and investment segments.

Group revenue was \$274.6 million for full year ended 31 January 2009 compared to \$113.3 million for full year ended 31 January 2008. The increase in revenue of \$161.3 million or 142% was mainly due to increase in construction revenue. Development revenue and investment revenue were not significant.

Gross profit was \$24.7 million for full year ended 31 January 2009 compared to \$11.7 million for full year ended 31 January 2008. The increase in gross profit of \$13.0 million or 111% was mainly due to the increased contributions from construction segment due to ex-gratia payment received from partners for Domain 21, cost recovery for concrete due to sand ban imposed by Indonesia in early 2007 and the completion of construction projects *The Chuan*, *Novena Phase 3*, *Twin Regency* and *Domain 21* last year. In addition *Regency Suite* was

completed and obtained Temporary Occupancy Permit in November 2008 and two new projects *Meritus Mandarin Hotel* and *Hard Rock Hotel* at Sentosa had commenced and were starting to contribute to our performance.

The contribution for the construction of the new mega shopping mall "nex" at Serangoon Central was not significant as it had just commenced in December 2008.

Other operating income decreased from \$9.9 million for full year ended 31 January 2008 to \$0.8 million for full year ended 31 January 2009 mainly due to the decrease in interest income and concessionary income.

Concessionary income of negative \$2.2 million for full year ended 31 January 2009 was derived from the gaming centre operations at *Duxton Hotel Saigon* which opened for business in November 2006. Its licence for operating the gaming centre was suspended by the Vietnamese government in November 2008. It has submitted an appeal to the authorities to re-instate the licence but the outcome remains unknown. The hotel remains open and is running as per normal business operations. The concessionary income decreased \$7.5 million from \$5.3 million for full year ended 31 January 2008 to negative \$2.2 million for full year ended 31 January 2009 due to lower takings from the gaming centre operations and an additional tax provision of \$3.5 million. The additional tax provision was due to a change in the tax assessment method adopted by the tax authority in Vietnam.

Administrative expenses increased by \$2.3 million or 18% from \$13.0 million for full year ended 31 January 2008



Meritus Mandarin Hotel



Hard Rock Hotel

Operating & Financial Review



Duxton Hotel Saigon



Carnivore at VivoCity

to \$15.3 million for full year ended 31 January 2009 mainly due to higher provision of profit share of \$3.9 million. The provision of the profit share was made in accordance with service contracts.

Other operating expenses increased by \$2.2 million or 133% from \$2.0 million for full year ended 31 January 2008 to \$4.2 million for full year ended 31 January 2009 mainly due to impairment loss on quoted equity investment of \$2.0 million, fixed assets written off of \$0.4 million and an exchange loss of \$0.1 million.

Share of results of associated companies and joint venture companies increased from \$16.1 million for full year ended 31 January 2008 to \$31.7 million for full year ended 31 January 2009. The increase in share of results from associated companies and joint venture companies of \$15.6 million or 97% was mainly due to increased contributions from joint venture companies for existing projects launched last year ie *one-north Residences* and *Duchess Residence*.

CONSTRUCTION

Construction revenue increased by \$163.2 million or 287% from \$56.8 million for full year ended 31 January 2008 to \$220.0 million for full year ended 31 January 2009. The increase was due to the higher percentage of completion for on-going projects *one-north Residences* and *South Bank* and the commencement of new projects *Hard Rock Hotel* at Sentosa and *Meritus Mandarin Hotel*. In addition, *Regency Suite* obtained Temporary Occupancy Permit in November 2008.

Net loss before tax & minority interests for construction segment decreased from \$21.3 million for full year ended 31 January 2008 to \$11.6 million for full year ended 31 January 2009. Construction segment managed to break even with a gross profit of \$0.01 million for full year ended 31 January 2009 compared to a gross loss of \$13.0 million for full year ended 31 January 2008. This improved performance was due to conclusion of cost recoveries with partners and the completion of earlier projects including *Twin Regency*, *Domain 21* and *Regency Suite* during 2007 and 2008. The earlier construction projects were undertaken by the Group for joint venture companies at prices determined at the time of entering into the joint venture agreement with the partners to tender for the sites. Management continues to work with the partners to recover more cost increases. Contributions from new projects at *Meritus Mandarin Hotel* and *Hard Rock Hotel* at Sentosa started to build up during the year. The contribution from the mega shopping mall "nex" at Serangoon Central was not significant as its construction commenced in December 2008.

HOTEL & F&B BUSINESS

Revenue for hotel & F&B businesses decreased from \$56.1 million for full year ended 31 January 2008 to \$54.3 million for full year ended 31 January 2009. The decrease in hotel revenue of \$1.8 million or 3% was attributable to lower revenue from *Duxton Hotel Perth* offset by higher revenue from *Duxton Hotel Saigon*. The decrease in hotel revenue was due to the weaker A\$ although the room rates at both hotels were higher than last year. Revenue from our F&B business arm consisting of the Starworth group of companies

remains relatively constant. The net profit before tax and minority interests for hotel segment decreased by \$8.6 million or 35% from \$24.8 million for full year ended 31 January 2008 to \$16.2 million for full year ended 31 January 2009 solely due to the decrease in concessionary income from the gaming centre operation.

DEVELOPMENT

Contributions from associated companies and joint venture companies increased by \$16.1 million or 106% from \$15.2 million for full year ended 31 January 2008 to \$31.3 million for full year ended 31 January 2009 mainly due to

higher contributions from joint venture companies for *one-north Residences* (fully sold except for 2 shop units), *Duchess Residences* (fully sold except for 1 unit) and *Regency Suites* (fully sold) offset by reduced contribution from completed project *Domain 21*.

INVESTMENTS

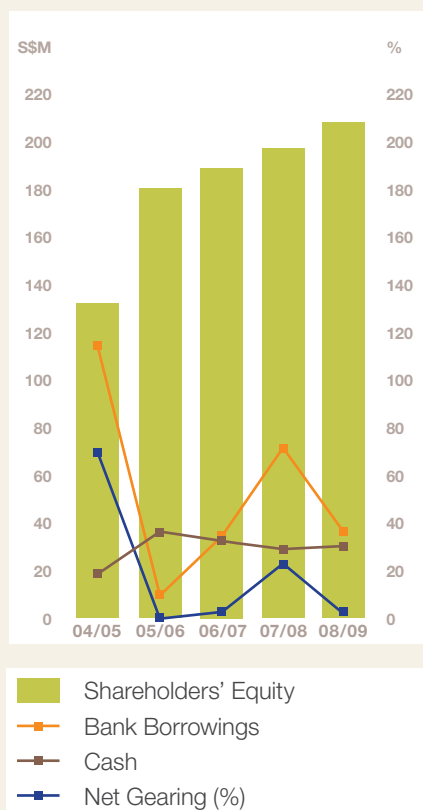
The Group's current investments are investment properties mainly in Singapore and Malaysia as well as some quoted equities. This segment incurred \$0.8 million of net loss before tax and minority interest for full year ended 31 January 2009 compared to a net profit before tax and minority

interest of \$1.2 million for full year ended 31 January 2008. The decrease in net profit before tax and minority interest of \$2.0 million was due to sale of some quoted equities and recognition of lower fair value gains as these investments had to be marked to market.

Development project on hand	Location	LKH's share (%)	Type	No. of units	Status
<i>Southbank</i>	North Bridge Road	30	Condominium/ SOHO/Shops	273	Launched Jun 2006 100% sold
<i>one-north Residences</i>	one-north Gateway	20	Condominium/ SOHO/Shops	425	Launched Mar 2007 2 shop units unsold
<i>Duchess Residences</i>	Duchess Avenue	30	Condominium	120	Launched Jun 2007 1 unit unsold
<i>Masai Industrial Park</i>	Seri Alam, Johor	49	Industrial	25	Launched Apr 2008 7 units sold
<i>Panorama</i>	Persiaran Hampshire, Kuala Lumpur	25	Serviced Apartments	223	Launched Apr 2008 204 units sold
Unnamed (existing Minton Rise)	Hougang Street 11	40	Condominium	>1000	To launch in 2010
Unnamed	Jalan Conlay, Kuala Lumpur	20	Condominium		To launch in 2010

Land bank	Location	LKH's share (%)	Area (sqf)	Use
Unnamed	Seri Alam, Johor	49	3,298,458	Bungalows
<i>Tiram Park</i>	Tiram, Johor	49	6,622,184	Houses/shops
Unnamed	Seri Alam, Johor	49	759,770	Houses/shops
Unnamed	Kuala Lumpur	100	14,041	Office

Operating & Financial Review



FINANCIAL POSITION

The Group remains in a strong financial position. Group shareholders' funds increased by \$10.7 million or 5% from \$198.9 million as at 31 January 2008 to \$209.6 million as at 31 January 2009. Group bank borrowings decreased by \$36.7 million or 49% from \$75.3 million as at 31 January 2008 to \$38.6 million as at 31 January 2009 due to repayment of loans from joint venture companies, dividend from a joint venture company and advance and progress payments from construction projects. Net gearing was 3% as at 31 January 2009 after taking into account a cash position of \$31.9 million as compared to net gearing of 24% as of 31 January 2008. As of 31 March 2009, bank borrowings of \$11.0 million were rolled over.

The net balances of associated companies and joint venture companies was \$175.1 million as at 31 January 2009 compared to \$160.5 million as at 31 January 2008. The increase of \$14.6 million or 9% was mainly due to increased share of profits at joint venture companies offset by the repayment of bridging loan of \$7.0 million from Bina Meganmas Sdn Bhd and receipt of \$5.2 million dividends from joint venture company.

Investment decreased from \$13.5 million as of 31 January 2008 to \$7.6 million as of 31 January 2009. The decrease of \$5.9 million or 44% was mainly due to impairment loss of \$2.0 million on quoted investment and decrease of \$4.1 million in fair value reserves.

Work-in-progress decreased from \$13.3 million as of 31 January 2008 to \$5.0 million as of 31 January 2009 mainly due to billings of construction projects of \$8.3 million as a result of higher completion percentages.

Trade and other receivables increased from \$18.2 million as of 31 January 2008 to \$63.7 million as of 31 January 2009 mainly due to billings for *Hard Rock Hotel* at Sentosa, *Meritus Mandarin Hotel* and *one-north Residences*. Subsequent to 31 January 2009, \$38.4 million was received.

Working capital was negative \$50.3 million as of 31 January 2008 compared to negative \$39.4 million as of 31 January 2009 as all bank borrowings were unsecured revolving short-term loans.

Reserves decreased from \$5.0 million as at 31 January 2008 to \$0.9 million as at 31 January 2009 due to disposal of quoted equities and decrease in fair value reserves for quoted equities.

Exchange fluctuation account decreased from \$4.6 million as at 31 January 2008 to negative \$0.7 million as at 31 January 2009 mainly due to lower Australian dollar exchange rate compared to Singapore dollar.

Trade and other payables increased from \$23.6 million as at 31 January 2008 to \$94.1 million as at 31 January 2009 in tandem with the increase in construction activities. Subsequent to 31 January 2009, \$18.7 million was paid.

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)
Appointed on 1 March 2009

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
(Appointed on 1 March 2009)

EXECUTIVES' SHARE OPTION COMMITTEE

Low Keng Boon

Low Keng Hoo

COMPANY SECRETARY

Chin Yeok Yuen, FCPA

SOLICITORS

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

AUDITORS

Foo Kon Tan Grant Thornton
Partner-in-charge: Mr Yeo Boon Chye
(Year of appointment: FYE 31 January
2005)

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
Tel: +65 6344 2333
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 also the Executive Deputy Chairman of General Corporation Berhad, the controlling shareholder of the Company, which is listed on the Kuala Lumpur Stock Exchange. 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. He is concurrently the Group Managing Director of General Corporation Berhad. 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 joined General Corporation Berhad on 21 April 1998 and is currently its Executive Director. General Corporation Berhad is listed on the Kuala Lumpur Stock Exchange and is the controlling shareholder of the Company. He holds a Bachelor of 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
Lead and 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 as 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 the Company, Mr Jimmy Yim sits on the boards of several private and public companies.

Key Management Executives

LEE YOON MOI

Chief Operating Officer

Mr Lee Yoon Moi, a construction industry veteran of 35 years, joined the Company in 1990. He is currently its Chief Operating Officer, responsible for all construction and development activities undertaken by the Group. He also acts as the Management Representative under the Company's ISO Quality Assurance Programme and oversees the development, 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 Yeok Yuen joined the Company in October 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 its Administration and IT Manager since 1992. Mr Wong joined the Company as a land surveyor and subsequently a project coordinator in construction projects. 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.

SEAN SPALDING
General Manager
– Duxton Hotel Saigon

Mr Sean Spalding first worked as Executive Assistant Manager at Duxton Hotel Perth from June 2003 to November 2007 before rejoining Duxton Hotel Saigon as General Manager in April 2009. He has more than 20 years of hotel experience and worked for Millennium Hotel group in Australia and Abu Dhabi. Mr Spalding graduated from Aquinas College before obtaining a Diploma in Hospitality Management from Fremantle Technical College.

BRUCE DOIG
General Manager
– Duxton Hotel Perth

Mr Bruce Doig joined Duxton Hotel Perth 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.

Corporate Governance

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;
- The Share Option Scheme 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:

Directors	No. of Meetings Attended in 2008			
	Board	Audit Committee	Nominating Committee	Remuneration Committee
Tan Sri Dato' Low Keng Huat	5	-	-	-
Low Keng Boon @ Lau Boon Sen	5	-	4	-
Low Keng Hoo @ Lau Keeng Foo	5	-	-	-
Low Poh Kuan	5	-	-	-
Dato' Marco Low Peng Kiat	5	-	-	-
Lee Han Yang	5	5	4	3
Lucas Liew	5	5	4	3
Wey Kim Long	5	5	-	2
No. of meetings held in 2008	5	5	4	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.

Corporate Governance

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.

On 12 September 2006, Mr Lee Han Yang was appointed by the Board 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	Lead 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.

Corporate Governance

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 comprises two Directors:

Mr Low Keng Boon @ Lau Boon Sen	Managing Director
Mr Low Keng Hoo @ Lau Keeng Foo	Deputy Managing Director

The Share Option Scheme Committee administers the Low Keng Huat (Singapore) Limited Executives' Shares Option Scheme in accordance with the rules of the scheme, and determines and approves the list of grantees of the share options, the date of grant and the price thereof.

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 has been established as a long-term incentive scheme to align the interests of shareholders with those of the Directors and employees.

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 2009 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)	Share Options Exercised	CPF/ Super-annuation	Allowances /Benefits (annual)	Total
Directors							
<i>\$2,000,000 to \$3,500,000</i>							
Low Keng Boon @ Lau Boon Sen	-	20%	77%	-	1%	2%	100%
<i>\$1,000,000 to \$2,000,000</i>							
Low Keng Hoo @ Lau Keeng Foo	-	20%	77%	-	1%	2%	100%
<i>\$250,000 to \$499,999</i>							
Low Poh Kuan	-	71%	22%	-	3%	4%	100%
<i>Below \$250,000</i>							
Tan Sri Dato' Low Keng Huat	100%	-	-	-	-	-	100%
Lee Han Yang	100%	-	-	-	-	-	100%
Lucas Liew	100%	-	-	-	-	-	100%
Wey Kim Long	100%	-	-	-	-	-	100%
Dato' Marco Low Peng Kiat	100%	-	-	-	-	-	100%
Key Executives							
<i>\$250,000 to \$499,999</i>							
Lee Yoon Moi	-	68%	28%	-	1%	3%	100%
Chin Yeok Yuen	-	74%	22%	-	4%	-	100%
Low Poh Kok	-	73%	22%	-	-	5%	100%
<i>Below \$250,000</i>							
Wong Chong Seng	-	73%	22%	-	5%	-	100%
Bruce Doig ⁽³⁾	-	100%	-	-	-	-	100%

(1) Director's fee proposed for 2008/2009

(2) Profit Share for 2008/2009 for Messrs Low Keng Boon @ Lau Boon Sen & Low Keng Hoo @ Lau Keeng Foo are in accordance with service agreements.

(3) Appointed as General Manager of Duxton Hotel Perth in July 2008.

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

The above remuneration does not include benefits attached to share options granted to Directors and employees which have not been exercised.

Corporate Governance

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 non-executive and independent:

Mr Lucas Liew	Independent Director (Chairman of the Committee)
Mr Lee Han Yang	Lead 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 TRANSACTIONS FOR FINANCIAL YEAR ENDED

31st January 2009

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)
General Corporation Bhd ("GCB")	Promatik Emas Sdn Bhd : Loan \$ 543,500	N/A
General Corporation Bhd ("GCB")	Bina Meganmas Sdn Bhd: Loan \$504,642	N/A
Low Keng Huat Bhd (subsidiary of GCB)	Binakawa Sdn Bhd: Loan \$ 770,000	N/A

Pursuant to Chapter 9 of the SBX-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.

Corporate Governance

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 Chairmen of the audit, nomination and remuneration committees 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.

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Directors' Report

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

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 (appointed on 1 March 2009)

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 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, none of the directors who held office at the end of the financial year was interested in shares or debentures of the Company and its related corporations except as follows:

Name of director	Direct interest		Deemed interest	
	As at 31 January 2008	As at 31 January 2009	As at 31 January 2008	As at 31 January 2009
	Number of shares			
<u>Low Keng Huat (Singapore) Limited</u>				
Tan Sri Dato' Low Keng Huat	600,000	1,200,000	191,829,000	383,658,000
Low Keng Boon	#900,000	3,500,000	205,296,000	410,592,000
Low Keng Hoo	840,000	10,276,000	191,829,000	383,658,000
Low Poh Kuan	999,000	1,998,000	-	-
Dato' Marco Low Peng Kiat	*150,000	300,000	480,000	960,000
Lee Han Yang	240,000	480,000	-	-
Lucas Liew Kim Voon	228,000	456,000	-	-
Wey Kim Long	150,000	300,000	-	-
Jimmy Yim Wing Kuen	-	-	-	-

Reclassification of interest from direct to deemed 3,150,000 shares

* Reclassification of interest from direct to deemed 480,000 shares

Directors' Report

DIRECTORS' INTEREST IN SHARES OR DEBENTURES (CONT'D)

Name of director	Direct interest		Deemed interest	
	As at 31 January 2008	As at 31 January 2009	As at 31 January 2008	As at 31 January 2009
	Number of shares of RM1.00 each			
<u>General Corporation Berhad</u>				
Tan Sri Dato' Low Keng Huat	19,944,695	19,944,695	57,801,909	57,981,909
Low Keng Boon	26,285,716	26,285,716	51,434,492	52,564,492
Low Keng Hoo	12,136,680	12,136,680	51,829,067	52,009,067
Dato' Marco Low Peng Kiat	10,000	10,000	53,579,909	53,759,909
	Number of shares			
<u>Kendall Pte Ltd</u>				
Tan Sri Dato' Low Keng Huat	-	-	750	750
Low Keng Boon	-	-	750	750
Low Keng Hoo	-	-	750	750
<u>Pyline Pte Ltd</u>				
Tan Sri Dato' Low Keng Huat	-	-	750	750
Low Keng Boon	-	-	750	750
Low Keng Hoo	-	-	750	750
	Number of shares of A\$1.00 each			
<u>Narymal Pty Ltd</u>				
Tan Sri Dato' Low Keng Huat	-	-	75	75
Low Keng Boon	-	-	75	75
Low Keng Hoo	-	-	75	75

By virtue of the provisions of Section 7 of the Singapore Companies Act, Cap. 50, Tan Sri Dato' Low Keng Huat, Low Keng Boon and Low Keng Hoo 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 2009 were the same as those at 31 January 2009.

Directors' Report

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 as disclosed in Note 27 and Note 31 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 under option at 31 January 2009.

AUDIT COMMITTEE

The Audit Committee comprises the following members:

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

All members of the Audit Committee are independent and non-executive directors. The Audit Committee carried out its functions in accordance with Section 201B of the Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. The Audit Committee reviewed reports prepared by the external and internal auditors, the announcement of the unaudited results for quarter, half-year and full-year and the financial statements of the Group and the Company and the auditor's report therein for the full-year were reviewed prior to consideration and approval by the Board.

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

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

INDEPENDENT AUDITOR

The auditor, Foo Kon Tan Grant Thornton, 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 are no material contracts 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 were no interested person transactions as defined in Chapter 9 of the SGX-ST Listing Manual conducted during the financial year except as disclosed under "Principle 11 The Audit Committee" in the Statement of Corporate Governance.

On behalf of the Directors

LOW KENG BOON

LOW POH KUAN

Dated: 13 April 2009

Statement by Directors

In the opinion of the directors,

- (a) the accompanying balance sheet of the Company and the consolidated financial statements of the Group, 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 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) 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

Dated: 13 April 2009

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 balance sheets of the Group and of the Company as at 31 January 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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:

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2009 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in the Republic of Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton

Public Accountants and
Certified Public Accountants

Singapore, 13 April 2009

Balance Sheets

AS AT 31 JANUARY 2009

	Note	The Group		The Company	
		31 January 2009	31 January 2008	31 January 2009	31 January 2008
		\$	\$	\$	\$
Assets					
Non-Current					
Investment properties	4	8,062,465	8,310,090	4,267,221	4,387,237
Property, plant and equipment	5	67,972,494	76,306,328	11,222,441	8,680,754
Subsidiaries	6	-	-	64,673,844	76,413,498
Associated companies	7	15,194,746	159,765,177	-	145,813,602
Joint ventures	8	159,938,900	775,779	159,938,900	775,779
Investments	9	7,580,374	13,544,007	1,891,123	2,995,992
		258,748,979	258,701,381	241,993,529	239,066,862
Current					
Inventories	10	462,404	535,782	-	-
Work-in-progress	11	4,975,944	13,297,826	4,026,822	12,434,988
Trade and other receivables	12	63,676,905	18,162,032	58,173,906	10,998,130
Amount owing by subsidiaries (trade)		-	-	1,297,524	19,319,504
Advances made to investee companies	13	-	-	-	-
Cash and cash equivalents	14	31,904,362	27,243,233	17,919,519	317,492
		101,019,615	59,238,873	81,417,771	43,070,114
Total assets		359,768,594	317,940,254	323,411,300	282,136,976

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Balance Sheets

AS AT 31 JANUARY 2009

	Note	The Group		The Company	
		31 January 2009	31 January 2008	31 January 2009	31 January 2008
		\$	\$	\$	\$
Equity					
Capital and Reserves					
Share capital	15	161,863,261	161,863,261	161,863,261	161,863,261
Reserves	16	862,351	4,982,700	-	764,949
Retained profits	17	47,517,334	27,399,850	26,225,757	18,602,852
Exchange fluctuation account	18	(659,626)	4,617,591	-	-
		209,583,320	198,863,402	188,089,018	181,231,062
Minority interests		8,716,164	8,705,059	-	-
Total equity		218,299,484	207,568,461	188,089,018	181,231,062
Liabilities					
Non-Current					
Other payables	19	677,326	355,000	-	-
Deferred tax liabilities	20	363,122	467,588	541,000	594,000
		1,040,448	822,588	541,000	594,000
Current					
Trade and other payables	19	94,109,583	23,589,442	80,520,079	10,947,754
Amounts owing to subsidiaries					
- trade		-	-	259,003	260,044
- non-trade	21	-	-	14,341,557	12,787,524
Advances received from a joint venture	22	850,000	850,000	850,000	850,000
Amount owing to a minority shareholder of subsidiaries (non-trade)	23	3,229,503	4,530,219	-	-
Provision for directors' fee		170,000	170,000	170,000	170,000
Current tax payable		3,449,858	5,133,877	20,925	20,925
Bank borrowings	24	38,568,551	75,273,417	38,568,551	75,273,417
Amount owing to holding company (non-trade)	25	51,167	2,250	51,167	2,250
		140,428,662	109,549,205	134,781,282	100,311,914
Total liabilities		141,469,110	110,371,793	135,322,282	100,905,914
Total equity and liabilities		359,768,594	317,940,254	323,411,300	282,136,976

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Income Statement

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

	Note	The Group	
		Year ended 31 January 2009 \$	Year ended 31 January 2008 \$
Revenue	3	274,602,257	113,321,897
Cost of sales		(249,915,045)	(101,641,854)
Gross profit		24,687,212	11,680,043
Other operating income	26(a)	774,888	9,941,041
Distribution costs		(1,248,518)	(1,779,826)
Administrative costs		(15,268,713)	(12,967,398)
Other operating expenses	26(b)	(4,184,237)	(2,002,299)
Finance costs	26(c)	(1,379,696)	(1,154,737)
Profit from operations		3,380,936	3,716,824
Share of profits in joint ventures/associated companies		31,672,374	16,128,333
Profit before taxation	27	35,053,310	19,845,157
Taxation	28	(4,371,363)	(4,415,526)
Profit after taxation for the year		30,681,947	15,429,631
Attributable to:			
Equity holders of the Company		29,352,684	13,686,786
Minority interests		1,329,263	1,742,845
		30,681,947	15,429,631
Earnings per share (cents)	29		
- basic		3.97	1.85
- diluted		3.97	1.85

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

	Note	Share capital \$	Reserves \$	Retained profits \$	Exchange fluctuation account \$	Sub-total \$	Minority interests \$	Total equity \$
Balance at 1 February 2007		71,276,937	7,764,681	107,111,720	4,407,213	190,560,551	6,851,345	197,411,896
Net fair value loss on available-for-sale financial assets recognised directly to equity	16	-	(2,623,183)	-	-	(2,623,183)	-	(2,623,183)
Fair value gain on available-for-sale financial assets recycled to income statement on derecognition	16	-	(158,798)	-	-	(158,798)	-	(158,798)
Gain not recognised in income statement		-	-	-	210,378	210,378	132,695	343,073
Net (losses)/gains recognised directly to equity		-	(2,781,981)	-	210,378	(2,571,603)	132,695	(2,438,908)
Net profit for the year		-	-	13,686,786	-	13,686,786	1,742,845	15,429,631
Total recognised expenses and income for the year		-	(2,781,981)	13,686,786	210,378	11,115,183	1,875,540	12,990,723
Shares issued in pursuant to Rights Issue	15	90,874,368	-	-	-	90,874,368	-	90,874,368
Rights Issue expenses	15	(288,044)	-	-	-	(288,044)	-	(288,044)
Special dividends	32	-	-	(90,874,368)	-	(90,874,368)	-	(90,874,368)
2008 dividends paid	32	-	-	(2,524,288)	-	(2,524,288)	(21,826)	(2,546,114)
Balance at 31 January 2008		161,863,261	4,982,700	27,399,850	4,617,591	198,863,402	8,705,059	207,568,461
Net fair value loss on available-for-sale financial assets recognised directly to equity	16	-	(3,838,479)	-	-	(3,838,479)	-	(3,838,479)
Fair value gain on available-for-sale financial assets recycled to income statement on derecognition	16	-	(229,407)	-	-	(229,407)	-	(229,407)
Exchange translation differences	16	-	(52,463)	-	-	(52,463)	-	(52,463)
Loss not recognised in income statement		-	-	-	(5,277,217)	(5,277,217)	(1,318,158)	(6,595,375)
Net losses recognised directly to equity		-	(4,120,349)	-	(5,277,217)	(9,397,566)	(1,318,158)	(10,715,724)
Net profit for the year		-	-	29,352,684	-	29,352,684	1,329,263	30,681,947
Total recognised expenses and income for the year		-	(4,120,349)	29,352,684	(5,277,217)	19,955,118	11,105	19,966,223
2009 dividends paid	32	-	-	(9,235,200)	-	(9,235,200)	-	(9,235,200)
Balance at 31 January 2009		161,863,261	862,351	47,517,334	(659,626)	209,583,320	8,716,164	218,299,484

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

	Year ended 31 January 2009 \$	Year ended 31 January 2008 \$
Cash Flows from Operating Activities		
Profit before taxation	35,053,310	19,845,157
Share of profits in joint ventures/associated companies	(31,672,374)	(16,128,333)
Adjustments for:		
Depreciation of property, plant and equipment	4,426,363	4,674,544
Depreciation of investment properties	174,900	175,633
(Gain)/loss on disposal of:		
- investment properties	-	(94,345)
- property, plant and equipment	(3,465)	140,689
- quoted equity investments	239,356	(67,060)
Impairment loss on:		
- property, plant and equipment	343,093	-
- available-for-sale financial assets	2,013,070	-
- unquoted equity investments	-	545,771
Fair value gains on available-for-sale financial assets recycled to income statement on derecognition	(229,407)	(158,798)
Fair value loss on unquoted equity investments	719	-
Deficit on liquidation of a subsidiary	-	9,736
Impairment loss on receivables no longer required		
- other receivables	(6,102)	(6,369)
- advances made to investee companies	(122,717)	(40,000)
Impairment loss on receivables		
- trade receivables	6,352	22,903
- advances made to investee companies	16,000	-
Interest expense	1,379,696	1,154,737
Interest income	(1,360,948)	(2,428,928)
Operating profit before working capital changes	10,257,846	7,645,337
Balance carried forward	10,257,846	7,645,337

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

	Year ended 31 January 2009 \$	Year ended 31 January 2008 \$
Balance brought forward	10,257,846	7,645,337
Inventories and work-in-progress	8,419,719	1,531,773
Receivables	(41,521,827)	(2,836,936)
Payables	71,184,368	(4,561,897)
Cash generated from operations	48,340,106	1,778,277
Interest paid	(1,385,144)	(1,181,398)
Income taxes paid	(6,101,374)	(3,243,633)
Net cash generated from/(used in) operating activities	40,853,588	(2,646,754)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(4,900,207)	(2,085,061)
Acquisition of quoted equity investments	(5,039,418)	(2,207,210)
Capital contribution made towards associated companies	-	(9,775,787)
Interest received	809,821	2,266,480
Advances made to associated companies	(770,000)	(44,549,169)
Advances received from joint ventures	12,099,343	-
Capital return from an associated company in liquidation	-	14,742,900
Dividends from joint ventures	5,200,000	1,500,000
Proceeds from sale of investments	4,549,165	279,219
Proceeds from sale of property, plant and equipment	583,170	509,200
Proceeds from sale of investment properties	-	335,104
Proceeds from return on investment	126,497	-
Net cash generated from/(used in) investing activities	12,658,371	(38,984,324)
Cash Flows from Financing Activities		
Dividends paid to shareholders of the Company	(9,235,200)	(2,524,288)
Dividends paid to minority shareholder of a subsidiary	-	(21,826)
Rights Issue expenses	-	(288,044)
Loans from financial institutions obtained	100,885,000	71,824,007
Loans from financial institutions repaid	(131,789,000)	(35,870,000)
Net cash (used in)/generated from financing activities	(40,139,200)	33,119,849
Net increase/(decrease) in cash and cash equivalents	13,372,759	(8,511,229)
Cash and cash equivalents at beginning of year	21,435,090	29,382,203
Exchange differences on translations of cash and cash equivalents at beginning of the year	(2,916,212)	564,116
Cash and cash equivalents at end of year	31,891,637	21,435,090

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

The cash and cash equivalents comprise:

	The Group	
	Year ended 31 January 2009 \$	Year ended 31 January 2008 \$
Cash and cash equivalents (Note 14)	31,904,362	27,243,233
Bank overdrafts (Note 24)	(12,725)	(5,808,143)
	31,891,637	21,435,090

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

1 GENERAL INFORMATION

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

The Company was incorporated and domiciled in the Republic of 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 consist of general building contractors and investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The immediate and ultimate holding company of the Company is General Corporation Berhad, a company incorporated in Malaysia.

2(a) BASIS OF PREPARATION

The financial statements are 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, except as disclosed 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 revenue 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 assumptions used and accounting estimates in applying accounting policies

Income tax

The Group has exposure to income taxes in several jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the Group-wide 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(a) BASIS OF PREPARATION (cont'd)

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

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 January 2009 are \$67,972,494 and \$11,222,441 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values, if any, of these assets, therefore future depreciation charges could be revised.

Depreciation of investment properties

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 these investment properties to be within 15 to 99 years. The carrying amounts of the Group's and the Company's investment properties as at 31 January 2009 are \$8,062,465 and \$4,267,221 respectively.

Critical judgements made in applying accounting policies

In the process of applying the entity's accounting policies, which are described in Note 2(d), management had made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

Impairment in investment in subsidiaries

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

Allowance for bad and doubtful debts

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(a) BASIS OF PREPARATION (cont'd)

Construction contracts

The Company 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.

2(b) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2008

On 1 February 2008, the Group and the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application on that date. Changes to the Group's and the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS and INT FRS that are relevant to the Group and the Company:

INT FRS 29	Disclosure - Service Concession Arrangements
INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 112	Service Concession Arrangements
INT FRS 114	FRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies nor any significant impact on these financial statements.

The Group has adopted FRS 40 Investment Property on 1 February 2007 (effective date of the standard is 1 January 2007). The effects on adoption are set out below.

Under FRS 40, land and building that has not been determined for use as owner-occupied property or for short-term sale in the ordinary course of business is regarded as held for leased out. Consequently, land, office units and a warehouse held by the Group have been reclassified to investment properties on transition to FRS 40 on 1 February 2006.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(b) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2008 (cont'd)

The effects to the balance sheets and income statement items were as follows:

	Increase/(decrease)	
	2009 \$	2008 \$
The Group		
<u>Balance sheet</u>		
Investment properties (net)	-	6,710,145
Property, plant and equipment (net)	-	(3,471,929)
Development land (net)	-	(3,440,000)
Retained profits	-	123,764
Revaluation reserves	-	(325,548)
<hr/>		
<u>Income statement</u>		
Depreciation of property, plant and equipment	-	159,470
Depreciation of investment properties	-	(159,470)
<hr/>		
The Company		
<u>Balance sheet</u>		
Investment properties (net)	-	4,387,237
Property, plant and equipment (net)	-	(947,237)
Development land (net)	-	(3,440,000)
<hr/>		
<u>Income statement</u>		
Depreciation of property, plant and equipment	-	120,016
Depreciation of investment properties	-	(120,016)
<hr/>		

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(c) FRS AND INT FRS NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's and the Company's accounting periods beginning on or after 1 January 2009 or later periods and which the Group and the Company has not early adopted. The following FRS and INT FRS that are applicable to the Group and the Company are set out below:

FRS 1 (Revised)	Presentation of Financial Statements - Revised presentation
Amendments to FRS 1	Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 2 (Revised)	Inventories
FRS 7 (Amendment)	Cash Flow Statements
FRS 8 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 16 (Revised)	Property, Plant and Equipment
FRS 19 (Amendment)	Employee Benefits
FRS 23 (Revised)	Borrowing Costs
FRS 27 (Revised)	Consolidated and Separate Financial Statements
Amendments to FRS 32	Amendments to FRS 32 Financial Instruments: Presentation and FRS Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 33 (Revised)	Earnings per Share
FRS 34 (Amendment)	Interim Financial Reporting
FRS 36 (Revised)	Impairment of Assets
FRS 38 (Revised)	Intangible Assets
Amendments to FRS 39	Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures - Reclassification of Financial Assets
Amendments to FRS 39	Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures - Eligible Hedged Items
FRS 102 (Amendment)	Share-based Payment - Amendments relating to vesting conditions and cancellations
FRS 104 (Revised)	Insurance Contracts - Implementation Guidance
FRS 105 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations
FRS 106 (Amendment)	Exploration for and Evaluation of Mineral Resources
Amendments to FRS 107	Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures - Reclassification of Financial Assets - Implementation Guidance
FRS 108	Operating Segments
INT FRS 101	Changes in Existing Decommissioning, Restoration and Similar Liabilities
INT FRS 104	Determining Whether an Arrangement Contains a Lease
INT FRS 112 (Amendment)	Service Concession Arrangements
INT FRS 113	Customer Loyalty Programmes
INT FRS 116	Hedges of a Net Investment in a Foreign Operation

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(c) FRS AND INT FRS NOT YET EFFECTIVE (cont'd)

The directors do not anticipate that the adoption of the FRS and INT FRS will result in any material impact to the financial statements in the period of initial application, except for FRS 1, 23, 27 and 108 as indicated below:

FRS 1 Presentation of Financial Statements - Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

FRS 23 Borrowing Costs

FRS 23 (revised 2007) will become effective for financial statements for the year ending 31 December 2009. FRS 23 (revised 2007) removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

FRS 27 Consolidated and Separate Financial Statements and FRS 101 First-time Adoption of Financial Reporting Standards

The amendments to FRS 101 and FRS 27 on the cost of an investment in a subsidiary, jointly controlled entity or associate will become effective for the Group's financial statements for the year ending 31 December 2009. The amendments remove the definition of "cost method" currently set out in FRS 27, and instead require an entity to recognise all dividend from a subsidiary, jointly controlled entity or associate as income in its separate financial statements when its right to receive the dividend is established. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

FRS 108 Operating Segments

FRS 108 replaces FRS 14 Segment Reporting. In doing so it extends the scope of segment reporting. It requires the identification of operating segments based on internal reports that are regularly reviewed by the entity chief operating decision maker in order to allocate resources to the segment and assess its performance. It requires amongst others, reconciliations of total reportable segment revenues, total profit or loss, total assets, and other amounts disclosed for reportable segments to corresponding amounts in the entity financial statements and an explanation of how segment profit or loss and segment assets are measured for each reportable segment.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

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. Details of the subsidiaries are listed 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 income statement from the effective date in which control is transferred to the Group or in which control ceases, respectively.

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

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

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

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

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group as well as contingent liabilities. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statement.

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 utilising the straight-line basis over its remaining lease period. 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 income statement. The cost of maintenance, repairs and minor improvement is charged to the income statement when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the income statement.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost 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.

The residual values, if any, and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at each balance sheet date. The useful lives and depreciation method are reviewed at each financial year-end 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.

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 property, plant and equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing property, plant and equipment, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiaries

Subsidiaries are entities 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 the Group controls another entity.

Shares in subsidiaries are stated at cost less allowance for impairment losses, if any, on an individual basis.

Associated companies

An associated company is defined as a company, not being a subsidiary, in which the Group has a long-term interest of 20% to 50% of the equity and over whose financial and operating policies the Group exercises significant influence.

The Group's share of the post-acquisition results of associated companies, based on the latest available unaudited financial statements, is included in the consolidated income statement using the equity method of accounting. In applying the equity method, unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. 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. Such investment is consequently 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 the inclusion of 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 balance sheet of the Group and the Company.

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

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

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 Group's and the Company's balance sheet date.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Joint ventures

Investments in joint ventures are stated at cost. Interest in joint ventures, other than subsidiaries, is accounted for similar to an associated company using the equity method in the balance sheets of the Group and of the Company. The share of results of the joint ventures is included in the consolidated income statement. A list of the interest in joint ventures is shown in Note 8 to the financial statements.

Additional losses are provided for to the extent that the Group and the Company have incurred obligations or made payments on behalf of the joint ventures to satisfy obligations of the joint ventures that the Group and the Company have guaranteed or otherwise committed, for example, in the forms of loans. When the joint ventures subsequently report profits, the Group and the Company resume the inclusion of its share of those profits only after its share of the profits equals the share of net losses recognised.

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

Financial assets

Financial assets include cash and financial instruments. 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 investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Group and the Company commit to purchase or sell the asset. All financial assets that are not classified as fair value through profit or loss are initially recognised at fair value, plus transaction costs.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date 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 profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group and the Company only have investments in quoted equity shares and investments in unquoted equity shares which are classified as assets available-for-sale.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

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 and the Company provide 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 balance sheet date, which are then classified as non-current assets, if any.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in income statement. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the income statement.

Receivables are provided against when there is objective evidence that the Group and the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of provision for impairment is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Loans and receivables include trade and non-trade balances with third parties, related companies and deposits held in banks.

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 balance sheet date.

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

In the case of unquoted equity shares, the Group records and recognises the investments at cost less impairment (Note 9).

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

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

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

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 or valuation models.

Inventories

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

Allowance is made for obsolete, slow-moving or defective inventories, if any, 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.

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 cash flow statement, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts.

Share capital

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities

The Group's and the Company's financial liabilities include bank borrowings, trade and non-trade balances with third parties and related companies.

Financial liabilities are recognised when the Group and the Company become a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance costs" in the consolidated income statement.

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 income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet 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 balance sheet date. Borrowings to be settled within the Group's and the Company's normal operating cycle are considered as current. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

Equity instruments issued by the Company, if any, are recorded at the proceeds received, net of direct issue costs.

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

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, if any, are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Operating leases

Where the Group/Company is the lessee

Leases of assets in which 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 income statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the income statement when incurred.

Where the Group/Company is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. Rental income is recognised on a straight-line basis over the lease term.

Provisions

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

The directors review 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, if any, 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.

Employee benefits

Pension obligations

The Group and the Company contribute to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, or its equivalent as applicable to foreign subsidiaries, in respect of eligible employees. The Group's and the Company's contributions to CPF or its equivalent are charged to the income statement 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 unconsumed leave as a result of services rendered by employees up to the balance sheet date.

Key management personnel

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes

The liability method of tax effect accounting is adopted by the Group and the Company. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at each balance sheet date 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 assets belong will be identified.

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

All 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.

Any impairment loss is charged to the income statement 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 income statement, a reversal of that impairment loss is recognised as income in the income statement.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition

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

Revenue from construction contracts is recognised on the percentage of completion method based on physical work done.

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

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.

Revenue from hotel operations is recognised when services are rendered.

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

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

Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payments.

Functional currencies

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Monetary items

Foreign currency monetary items measured at fair value are translated into the functional currency at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Except for the situation described below, exchange differences arising from such transactions are recorded in the income statement in the period in which they arise.

- Where a monetary item in substance forms part of the Company's net investment in the foreign subsidiaries, associated companies and joint ventures, exchange differences arising on such a monetary item are recorded directly to exchange fluctuation reserve to the extent that the net investment is represented by net assets in the foreign entity until the disposal of the investments.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

2(d) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Conversion of foreign currencies (cont'd)

Non-monetary items

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on non-monetary items, whereby the gains or losses are recognised in the income statement, such as equity investments held at fair value through profit or loss or investment properties carried at fair value, if any, are reported as part of the fair value gains or losses in "other gains/losses - net".

Currency translation differences on other non-monetary items whereby the gains or losses are recognised directly in equity, such as property, plant and equipment are included in the asset revaluation reserve.

Group entities

The results and financial position 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 date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rates; and
- (iii) All resulting currency translation differences are recognised in the currency translation reserve in equity.

Financial instruments

Financial instruments carried on the balance sheets include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are generally recognised when contracted for.

Disclosures on financial risk management objectives and policies are provided in Note 36.

Segment reporting

A segment is a distinguishable component of the Group within a particular economic environment (geographical segment) and to a particular industry (business segment) which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue and segment assets are based on the nature of the products or services provided by the Group. Information for geographical segments is based on the geographical location of the principal places of business.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

3 REVENUE

Revenue of the Company represents revenue from building projects.

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

4 INVESTMENT PROPERTIES

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Cost				
Balance at beginning of year	14,742,009	14,982,768	9,953,182	9,953,182
Disposals	-	(240,759)	-	-
Exchange translation difference	(73,458)	-	-	-
Balance at end of year	14,668,551	14,742,009	9,953,182	9,953,182
Accumulated depreciation				
Balance at beginning of year	1,718,983	1,543,350	853,009	732,993
Depreciation for the year	174,900	175,633	120,016	120,016
Exchange translation difference	(733)	-	-	-
Balance at end of year	1,893,150	1,718,983	973,025	853,009
Impairment loss				
Balance at beginning and at end of year	4,712,936	4,712,936	4,712,936	4,712,936
Net book value	8,062,465	8,310,090	4,267,221	4,387,237
Fair value	11,593,221	11,717,051	5,195,221	4,467,237

Investment properties are carried at cost at the balance sheet date and leased to non-related parties under operating leases [Note 33(b)].

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

4 INVESTMENT PROPERTIES (cont'd)

The following amounts are recognised in the income statement:

	Note	2009 \$	2008 \$
The Group			
<u>Income</u>			
Rental income included in:			
- revenue		211,769	199,416
- other operating income	26(a)	289,838	335,118
<u>Expenses</u>			
Depreciation	27	174,900	175,633
Maintenance fee		120,558	45,129
Property tax		221,163	166,393
Licence fee		119,746	109,491

The investment properties comprise:

Location	Description	Area (sq. metres)	Tenure	Net book value (\$)
Section 49, Town and District of Kuala Lumpur, Malaysia ⁽¹⁾	Land at Lot 13 to Lot 19 and Lot 117	1,310	Freehold	3,440,000
80 Marine Parade Road 18th Floor of Parkway Parade, Singapore ⁽²⁾	4 office units	468	99 years lease commencing 17 August 1979	2,283,444
Lot 262, Mukim of Ampang, Wilayah Persekutuan held under Geran 5813, Selangor, West Malaysia ⁽³⁾	15 units of freehold residential apartments	2,203	Freehold	1,511,799
1790 PT Plot A14609, Sungei Kadut Loop, Singapore	4-storey flatted warehouse	1,475	30 years lease commencing 1 March 1995	827,222
				8,062,465

Notes:

- (1) On 13 March 2008, a valuation on the vacant land was carried out by the directors of the Company to be RM10,400,000 (\$4,368,000) based on open market value on the basis that the said parcel of land is vacant with no intention of development.
- (2) The indicative price for a sale transaction carried out during the financial year ended 31 January 2009 is approximately \$4,100,000 on the investment properties located at 80 Marine Parade Road. This latest value was not incorporated in the financial statements.
- (3) Based on the latest two units of the residential apartments sold during the financial year ended 31 January 2008, the directors of the Company are of the opinion that the current market value is not below the book value as recorded in the financial statements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

5 PROPERTY, PLANT AND EQUIPMENT

(i) Properties

	Freehold property	Leasehold properties, at cost	Leasehold properties, at valuation	Sub-total
	\$	\$	\$	\$
The Group				
Cost*				
At 1 February 2007	27,287,336	39,724,973	4,009,100	71,021,409
Additions	-	204,288	-	204,288
Disposals	-	(530,535)	-	(530,535)
Exchange translation difference	1,496,361	(2,820,674)	-	(1,324,313)
At 31 January 2008	28,783,697	36,578,052	4,009,100	69,370,849
Additions	114,078	103,474	-	217,552
Exchange translation difference	(5,985,442)	2,124,312	-	(3,861,130)
At 31 January 2009	22,912,333	38,805,838	4,009,100	65,727,271
Accumulated depreciation				
At 1 February 2007	1,618,180	14,224,889	875,706	16,718,775
Depreciation for the year	251,294	1,117,952	43,575	1,412,821
Disposals	-	(528,335)	-	(528,335)
Exchange translation difference	95,189	(998,242)	-	(903,053)
At 31 January 2008	1,964,663	13,816,264	919,281	16,700,208
Depreciation for the year	195,451	1,190,791	43,575	1,429,817
Exchange translation difference	(436,592)	773,779	-	337,187
At 31 January 2009	1,723,522	15,780,834	962,856	18,467,212
Net book value				
At 31 January 2009	21,188,811	23,025,004	3,046,244	47,260,059
At 31 January 2008	26,819,034	22,761,788	3,089,819	52,670,641

* At cost, unless otherwise stated.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

5 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(ii) Other property, plant and equipment

	Plant, machinery and surveying equipment	Motor vehicles	Furniture, fittings and equipment	Renovation	Sub-total	Total
	\$	\$	\$	\$	\$	\$
The Group						
Cost						
At 1 February 2007	37,563,448	2,535,272	16,285,533	2,315,558	58,699,811	129,721,220
Additions	204,795	877,647	745,265	53,066	1,880,773	2,085,061
Disposals	(19,761)	(1,170,683)	(8,576,939)	(71,241)	(9,838,624)	(10,369,159)
Reclassifications	(97,702)	-	(15,482)	(157,665)	(270,849)	(270,849)
Exchange translation difference	2,032,123	(50,539)	(936,829)	-	1,044,755	(279,558)
At 31 January 2008	39,682,903	2,191,697	7,501,548	2,139,718	51,515,866	120,886,715
Additions	139,515	767,417	942,739	2,832,984	4,682,655	4,900,207
Disposals	(55,438)	(816,220)	(361,383)	(4,600)	(1,237,641)	(1,237,641)
Impairment of property, plant and equipment	(376,647)	-	(3,416)	(900,944)	(1,281,007)	(1,281,007)
Exchange translation difference	(8,165,423)	24,429	(62,863)	-	(8,203,857)	(12,064,987)
At 31 January 2009	31,224,910	2,167,323	8,016,625	4,067,158	45,476,016	111,203,287
Accumulated depreciation						
At 1 February 2007	19,832,025	1,500,449	11,461,641	816,508	33,610,623	50,329,398
Depreciation for the year	1,721,388	237,843	988,311	409,546	3,357,088	4,769,909
Disposals	(26,854)	(929,359)	(8,183,692)	(51,030)	(9,190,935)	(9,719,270)
Reclassifications	(97,702)	-	(15,482)	(157,665)	(270,849)	(270,849)
Exchange translation difference	1,032,319	(38,056)	(620,011)	-	374,252	(528,801)
At 31 January 2008	22,461,176	770,877	3,630,767	1,017,359	27,880,179	44,580,387
Depreciation for the year	1,420,506	263,386	987,082	422,470	3,093,444	4,523,261
Disposals	(48,623)	(472,422)	(134,744)	(2,147)	(657,936)	(657,936)
Impairment of property, plant and equipment	(267,028)	-	(2,469)	(668,417)	(937,914)	(937,914)
Exchange translation difference	(4,465,593)	3,812	(152,411)	-	(4,614,192)	(4,277,005)
At 31 January 2009	19,100,438	565,653	4,328,225	769,265	24,763,581	43,230,793
Net book value						
At 31 January 2009	12,124,472	1,601,670	3,688,400	3,297,893	20,712,435	67,972,494
At 31 January 2008	17,221,727	1,420,820	3,870,781	1,122,359	23,635,687	76,306,328

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

5 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold property, at cost	Leasehold properties, at valuation	Plant, machinery and surveying equipment	Motor vehicles	Furniture, fittings and equipment	Office renovation	Warehouse renovation	Total
	\$	\$	\$	\$	\$	\$	\$	\$
The Company								
Cost*								
At 1 February 2007	8,037,166	4,009,100	1,909,577	1,886,695	1,711,223	60,210	-	17,613,971
Additions	-	-	5,200	601,471	14,880	-	-	621,551
Disposals	-	-	-	(681,898)	-	-	-	(681,898)
At 31 January 2008	8,037,166	4,009,100	1,914,777	1,806,268	1,726,103	60,210	-	17,553,624
Additions	-	-	11,810	541,236	207,478	-	2,827,604	3,588,128
Disposals	-	-	(38,400)	(552,755)	-	-	-	(591,155)
At 31 January 2009	8,037,166	4,009,100	1,888,187	1,794,749	1,933,581	60,210	2,827,604	20,550,597
Accumulated depreciation								
At 1 February 2007	3,272,436	875,704	1,834,212	1,012,051	1,417,788	60,210	-	8,472,401
Depreciation for the year	535,810	43,577	10,037	177,343	112,357	-	-	879,124
Disposals	-	-	-	(478,655)	-	-	-	(478,655)
At 31 January 2008	3,808,246	919,281	1,844,249	710,739	1,530,145	60,210	-	8,872,870
Depreciation for the year	535,810	43,577	10,585	179,243	114,030	-	-	883,245
Disposals	-	-	(38,400)	(389,559)	-	-	-	(427,959)
At 31 January 2009	4,344,056	962,858	1,816,434	500,423	1,644,175	60,210	-	9,328,156
Net book value								
At 31 January 2009	3,693,110	3,046,242	71,753	1,294,326	289,406	-	2,827,604	11,222,441
At 31 January 2008	4,228,920	3,089,819	70,528	1,095,529	195,958	-	-	8,680,754

* At cost, unless otherwise stated.

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Depreciation expense charged to:				
Work-in-progress (Note 11)				
- current year	96,898	95,365	96,898	95,365
Income statement (Note 27)	4,426,363	4,674,544	786,347	783,759
	4,523,261	4,769,909	883,245	879,124

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

5 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(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\$105,000,000 (\$102,900,000) on 24 November 2008. This valuation was not incorporated in the financial statements.

(ii) (a) The leasehold properties comprise:

Location	Description	Area (sq. metres)	Tenure	Net book value (\$)
63 Nguyen Hue, Ho Chi Minh City Socialist Republic of Vietnam ⁽¹⁾	203-room hotel	2,002	50 years lease commencing 25 September 1992	19,145,935
1790 PT Plot A14609, Sungei Kadut Loop, Singapore	4-storey flatted warehouse	6,584	30 years lease commencing 1 March 1995	3,693,107
Long Hua Garden 26 Block B, No. 585 Long Wu Road Shanghai 201101, People's Republic of China ⁽²⁾	Office	194	50 years commencing 1995	185,962
				23,025,004
80 Marine Parade Road 18th Floor of Parkway Parade Singapore ⁽³⁾	5 office units	570	99 years lease commencing 17 August 1979	3,046,244
				26,071,248

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

5 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Notes:

- (1) On 31 January 2007, the leasehold property, Duxton Hotel Saigon located at 63 Nguyen Hue was valued by a firm of independent professional valuers on the basis of open market to be US\$48 million. This valuation has not been incorporated in the financial statements as the directors of the Company take the prudent view on the basis that the subsidiary, Vinametric Limited, owning the hotel, is operating on a going concern basis, and also the said subsidiary has yet to recover the losses incurred which accumulated to \$12.1 million (US\$8.0 million).
- (2) No valuation has been carried out on the office leasehold property with current year's book value of \$185,962 (2008 - \$182,321) in the People's Republic of China as the directors of the Company are actively seeking an interested buyer for this property and the amount is regarded as insignificant in relation to the leasehold properties taken as a whole.
- (3) On 31 January 2003, a valuation on the 5 office units and 4 office units included under "Property, plant and equipment" and "Investment properties" (Note 4) respectively was carried out by the directors of the Company to be \$6,031,199 based on the latest price transacted on 13 April 2002 for an office unit situated at 80 Marine Parade Road. This valuation was incorporated in the financial statements.

Based on the indicative price for a sale transaction carried out during the financial year ended 31 January 2009, the estimated market value is \$4,900,000 for these five office units located at 80 Marine Parade Road. This latest value was not incorporated in the financial statements.

- (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	The Company
	\$	\$
Increase/(decrease) in:		
<u>Income statement</u>		
Profit for the financial year ended 31 January 2009	1,799	1,799
<u>Balance sheet</u>		
Retained profits as at 1 February 2008	397,791	397,791
Leasehold properties		
- as at 1 February 2008	(293,760)	(293,760)
- as at 31 January 2009	(291,961)	(291,961)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

6 SUBSIDIARIES

	2009 \$	2008 \$
The Company		
Unquoted equity investments, at cost	11,972,138	11,972,138
Impairment loss on investments in subsidiaries		
Balance at beginning of year	(3,751,280)	(3,706,280)
Allowance for the year	-	(45,000)
Balance at end of year	(3,751,280)	(3,751,280)
	8,220,858	8,220,858
	(i)	
Amounts owing by subsidiaries (non-trade):		
- interest-free	58,043,972	68,593,497
- interest-bearing	3,340,179	3,430,308
	61,384,151	72,023,805
Impairment loss on receivables		
Balance at beginning of year	(3,831,165)	(3,831,165)
Allowance for the year	(1,100,000)	-
Balance at end of year	(4,931,165)	(3,831,165)
	56,452,986	68,192,640
	(ii)	
Total	64,673,844	76,413,498

Included in non-trade amounts owing are \$56,144,914 (2008 - \$64,162,392) owing by wholly-owned subsidiaries.

The non-trade amounts owing by subsidiaries, which are quasi-equity loans, represent extension of net investment in the subsidiaries, are unsecured and interest-free. There are no fixed terms of repayment and the settlements are neither planned nor likely to be settled in the foreseeable future. Accordingly, it is not practicable to determine the fair value of these amounts owing.

In respect of the interest-bearing amounts made to subsidiaries, interest is charged at the rate of 2.5% (2008 - 4.8%) per annum to two of the subsidiaries.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

6 SUBSIDIARIES (cont'd)

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
		2009 \$	2008 \$	2009 %	2008 %	
<u>Subsidiaries held by the Company</u>						
CHIJMES Investment Pte Limited	Singapore	5,210,092	5,210,092	100	100	In liquidation
Kwan Hwee Investment Pte Ltd	Singapore	3,230,000	3,230,000	100	100	Investment holding
Low Keng Huat International Pte Ltd	Singapore	3,000,000	3,000,000	100	100	Investment holding
Quality Investments Pte Ltd	Singapore	500,000	500,000	100	100	Investment holding
Prodev Pte Ltd	Singapore	10,000	10,000	100	100	Investment holding
LKH (Saigon) Pte. Ltd.	Singapore	10,000	10,000	100	100	Not commenced operations yet
Bali Investment Pte. Ltd.	Singapore	2	2	100	100	Investment holding
Burnet Investments Pte Ltd	Singapore	2	2	100	100	Liquidated
Dalton Investment Pte. Ltd.	Singapore	2	2	100	100	Investment holding
Duxton Hotel (Pte.) Ltd.	Singapore	1	1	100	100	Hotel management services
Domitian Investment Pte. Ltd.	Singapore	2	2	100	100	Investment holding
Thyme Saigon Pte Ltd	Singapore	2	2	100	100	Investment holding
Vigor Investments Pte Ltd	Singapore	2	2	100	100	Investment holding
LKH (Overseas) Pte. Ltd.	Singapore	2	2	100	100	Not commenced operations yet
Starworth Pte. Ltd.	Singapore	1	1	100	100	Restaurant
Kendall Pte Ltd	Singapore	750	750	75	75	Investment holding
LKH (Cambodia) Ltd	Kingdom of Cambodia	11,280	11,280	*100	*100	Dormant
Balance carried forward		11,972,138	11,972,138			

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

6 SUBSIDIARIES (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
		2009 \$	2008 \$	2009 %	2008 %	
Balance brought forward		11,972,138	11,972,138			
<u>Subsidiary held by Bali Investment Pte. Ltd.</u>						
# Vista Mutiara Sdn Bhd	Malaysia	+	+	100	100	Investment holding
<u>Subsidiary held by CHIJMES Investment Pte Limited</u>						
Caldwell Arts Pte Ltd	Singapore	+	+	100	100	In liquidation
<u>Subsidiaries held by Starworth Pte. Ltd.</u>						
Carnivore Brazilian Churrascaria Pte. Ltd.	Singapore	+	+	100	100	Restaurant
Upper Club Pte. Ltd.	Singapore	+	+	100	100	Restaurant
<u>Subsidiary held by Dalton Investment Pte. Ltd.</u>						
** Vinametric Limited	Socialist Republic of Vietnam	+	+	100	100	Hotel owner and operator
<u>Subsidiaries held by Duxton Hotel (Pte.) Ltd.</u>						
^ Duxton Hotels International Pty Ltd	Australia	+	+	100	100	Owner of trademark
L'Aigle d'Or Investment Pte. Ltd.	Singapore	+	+	100	100	Dormant
<u>Subsidiary held by Kendall Pte Ltd</u>						
^ Amuret Pty Ltd	Australia	+	+	75	75	Investment holding
Balance carried forward		11,972,138	11,972,138			

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

6 SUBSIDIARIES (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
		2009 \$	2008 \$	2009 %	2008 %	
Balance brought forward		11,972,138	11,972,138			
<u>Subsidiaries held by Low Keng Huat International Pte Ltd</u>						
[^] 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
[^] Teamword Pty Limited	Australia	+	+	100	100	Hotel management (inactive since February 2004)
Pyline Pte Ltd	Singapore	+	+	75	75	Investment holding
<u>Subsidiary held by Quality Investments Pte Ltd</u>						
Herman Investments Pte Ltd	Singapore	+	+	100	100	Investment holding
<u>Subsidiary held by Vigor Investments Pte Ltd</u>						
[^] Coachfirm Pty Limited	Australia	+	+	100	100	Investment holding (inactive since February 2004)
		11,972,138		11,972,138		

* Includes deemed interest

Audited by Ernst & Young, Malaysia

** Audited by Ernst & Young, Socialist Republic of Vietnam

[^] Audited by PricewaterhouseCoopers, Australia

^{^^} Audited by BDO Shanghai Zhonghua CPA, People's Republic of China

+ Interest held through subsidiaries

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

7 ASSOCIATED COMPANIES

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Unquoted equity investments, at cost	17,897,197	18,207,872	12,587,173	12,897,848
Reclassified to joint ventures	(12,587,173)	-	(12,587,173)	-
	5,310,024	18,207,872	-	12,897,848
Share of post-acquisition profits	55,291,046	28,413,345	52,210,850	26,352,104
Share of other post-acquisition reserves	(94,309)	204,662	-	-
Reclassified to joint ventures	(52,210,850)	-	(52,210,850)	-
	2,985,887	28,618,007	-	26,352,104
Amount owing by associated companies (non-trade)				
- advances	52,728,817	52,728,817	51,185,840	51,185,840
- loans - interest-free	9,648,748	16,349,830	4,292,890	11,517,159
- interest-bearing	39,293,569	43,860,651	39,293,569	43,860,651
	101,671,134	112,939,298	94,772,299	106,563,650
Reclassified to joint ventures	(94,772,299)	-	(94,772,299)	-
	6,898,835	112,939,298	-	106,563,650
Impairment loss on receivables				
Balance at beginning of year	-	504,097	-	-
Amount written off during the year	-	(504,097)	-	-
Balance at end of year	-	-	-	-
	6,898,835	112,939,298	-	106,563,650
	15,194,746	159,765,177	-	145,813,602
Share of associated companies' profits	1,017,976	16,368,484	-	-

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

7 ASSOCIATED COMPANIES (cont'd)

The summarised information of associated companies is as follows:

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
- Assets	31,053,986	599,953,382	-	570,352,891
- Liabilities	14,582,985	426,865,569	-	418,162,973
- Revenue	3,526,359	214,896,509	-	214,577,593
- Net profit after taxation	2,046,079	60,810,806	-	58,647,633
Share of associated companies' commitments	-	21,840,000	-	21,840,000

The non-trade advances and loans owing by associated companies represent an extension of net investment in the associated companies, are unsecured and interest-free. There are no fixed terms of repayment and the settlements are neither planned nor likely to be settled in the foreseeable future. Accordingly, it is not practicable to determine the fair value of these amounts owing.

During the financial year ended 31 January 2009, certain of the Group's associated companies are reclassified to joint ventures for those investments related to construction work which the Company accepted and has undertaken the construction work for the development projects to which the existence of the partnership depends on the terms of the contract successfully bid on, particularly the development of the projects allows to certain extent a change order to the pricing of the construction contract for cost recovery to the Company.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

7 ASSOCIATED COMPANIES (cont'd)

The associated companies are:

Name	Country of incorporation	Effective percentage of equity held		Principal activities
		2009 %	2008 %	
[^] Karington Holdings Pte Ltd	Singapore	50	50	Investment holding
^{^^} Binakawa Sdn. Bhd.	Malaysia	49	49	Property development and investment holding
<u>Reclassified to joint ventures (Note 8)</u>				
[#] Kings & Queens Development Pte. Ltd.	Singapore	-	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	Develop a parcel of land at Kim Tian Road
[#] Valley Development Pte. Ltd.	Singapore	-	40	Develop two adjoining parcels of land at Delta Road
[^] Vista Development Pte. Ltd.	Singapore	-	20	Develop a parcel of land at one-north Gateway
[#] Duchess Walk Pte. Ltd.	Singapore	-	30	Develop a parcel of land at Duchess Avenue
[^] Peak Garden Pte. Ltd.	Singapore	-	40	Develop a parcel of land at Hougang Street 11
^{^^} Bina Meganmas Sdn. Bhd.	Malaysia	-	49	Build bungalow lots at Seri Alam
^{##} Promatik Emas Sdn. Bhd.	Malaysia	-	25	Develop a parcel of land at Panorama
^{##} Suasana Simfoni Sdn. Bhd.	Malaysia	-	20	Develop a parcel of land at Jalan Conlay

[^] Audited by KPMG

^{^^} Audited by Ernst & Young, Malaysia

[#] Audited by PricewaterhouseCoopers, Singapore

^{##} Audited by PricewaterhouseCoopers, Malaysia

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

8 JOINT VENTURES

	2009 \$	2008 \$
The Group and the Company		
Contributions made towards joint ventures:		
- Joint venture with Shun Shing Construction & Engineering Company Limited	300,000	300,000
- Reclassified from associated companies	12,587,173	-
(i)	12,887,173	300,000
Share of retained profits/(accumulated losses) in joint ventures with:		
- Shun Shing Construction & Engineering Company Limited	589,378	589,378
- Contracting & Trading Company "C.A.T." Lebanon sal	(2,150,520)	(1,750,520)
- Exchange fluctuation difference	89,520	188,521
- Reclassified from associated companies	52,210,850	-
(ii)	50,739,228	(972,621)
Amount owing by joint ventures:		
- LKH - C.A.T. Joint Venture	1,448,400	1,570,800
- Exchange fluctuation difference	91,800	(122,400)
- Reclassified from associated companies	94,772,299	-
(iii)	96,312,499	1,448,400
Total	(i) + (ii) + (iii)	159,938,900
		775,779
Share of profits/(losses) in joint ventures		30,654,398
		(240,151)

The non-trade advances and loans owing by joint ventures represent an extension of net investment in the joint ventures, are unsecured and interest-free. There are no fixed terms of repayment and the settlements are neither planned nor likely to be settled in the foreseeable future. Accordingly, it is not practicable to determine the fair value of these amounts owing.

In respect of the interest-bearing loans made to joint ventures, interest is charged at rates which vary from 1.8% to 3.0% (2008 - 2.5% 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 2009, the dividends received by the Group and the Company from a joint venture amounted to \$5,200,000 (2008 - \$1,500,000) and \$5,200,000 (2008 - \$1,500,000) respectively.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

8 JOINT VENTURES (cont'd)

Details of the joint ventures are as follows:

Name	Country of incorporation	Percentage of interest		Principal activities
		2009 %	2008 %	
Low Keng Huat - Shun Shing JV	Singapore	50	50	Design and build HDB flats at Jurong West Neighbourhood 6
LKH - C.A.T. Joint Venture	Singapore	*51	*51	Build two condominium towers in Beirut, Lebanon
<u>Reclassified from associated companies (Note 7)</u>				
# Kings & Queens Development Pte. Ltd.	Singapore	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	-	Develop a parcel of land at Kim Tian Road
# Valley Development Pte. Ltd.	Singapore	40	-	Develop two adjoining parcels of land at Delta Road
^ Vista Development Pte. Ltd.	Singapore	20	-	Develop a parcel of land at one-north Gateway
# Duchess Walk Pte. Ltd.	Singapore	30	-	Develop a parcel of land at Duchess Avenue
^ Peak Garden Pte. Ltd.	Singapore	40	-	Develop a parcel of land at Hougang Street 11
^^ Bina Meganmas Sdn. Bhd.	Malaysia	49	-	Build bungalow lots at Seri Alam
## Promatik Emas Sdn. Bhd.	Malaysia	25	-	Develop a parcel of land at Panorama
## Suasana Simfoni Sdn. Bhd.	Malaysia	20	-	Develop a parcel of land at Jalan Conlay

* This joint venture is a jointly-controlled operation.

^ Audited by KPMG

^^ Audited by Ernst & Young, Malaysia

Audited by PricewaterhouseCoopers, Singapore

Audited by PricewaterhouseCoopers, Malaysia

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

8 JOINT VENTURES (cont'd)

The summarised information of joint ventures is as follows:

	2009 \$	2008 \$
The Group and the Company		
- Assets	759,402,428	10,573,074
- Liabilities	488,892,683	8,390,532
- Revenue	433,805,369	1,779,615
- Operating expenses	131,998,860	4,054,253
Share of joint ventures' commitments	10,419,000	9,798,000

9 INVESTMENTS

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Available-for-sale financial assets				
- quoted equity investments				
Balance at beginning of year	13,416,791	14,044,923	2,995,992	2,796,984
Additions	5,039,418	2,207,210	67,823	9,398
Disposals	(4,559,114)	(53,361)	-	-
Exchange translation differences	(183,302)	-	(103,496)	-
Net fair value (loss)/gain recognised in equity (Note 16)	(4,120,349)	(2,781,981)	(764,949)	189,610
Impairment loss charged to income statement	(2,013,070)	-	(304,247)	-
Balance at end of year, at fair value (i)	7,580,374	13,416,791	1,891,123	2,995,992
Market value of quoted equity investments	7,580,374	13,416,791	1,891,123	2,995,992
Available-for-sale financial assets				
- unquoted equity investments, at cost				
	2,559,310	3,232,297	-	-
Less:				
Impairment loss				
Balance at beginning of year	3,105,081	2,559,310	-	-
Allowance for the year	-	545,771	-	-
Allowance written off	(545,771)	-	-	-
Balance at end of year	2,559,310	3,105,081	-	-
	-	127,216	-	-
Total (i) + (ii)	7,580,374	13,544,007	1,891,123	2,995,992

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

9 INVESTMENTS (cont'd)

The Group

Available-for-sale financial assets at cost -

- (a) A subsidiary holds an interest of 40% in an unquoted equity investment, Goldford Engineering Limited ("Goldford"). As the directors of the Company are of the opinion that the cost of the investment cannot be recovered, an impairment loss of \$825,310 (2008 - \$825,310) was made on this investment.
- (b) A subsidiary holds an interest of 21.7% in an unquoted equity investment, Nihon Building Services Pte Ltd ("Nihon"). As the company was liquidated during the financial year ended 31 January 2009, the investment was written off.
- (c) Another subsidiary has investment of \$1,734,000 (2008 - \$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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

10 INVENTORIES

	2009 \$	2008 \$
The Group		
At cost,		
Hotel supplies	144,771	183,695
Restaurant supplies	317,633	352,087
	462,404	535,782

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 \$7,466,000 (2008 - \$7,350,000).

11 WORK-IN-PROGRESS

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Construction costs	244,957,832	65,892,694	231,039,767	52,060,913
Attributable profits/(losses)	6,032,834	(2,465,965)	2,073,114	(6,425,685)
	250,990,666	63,426,729	233,112,881	45,635,228
Progress billings received and receivable	(246,014,722)	(50,128,903)	(229,086,059)	(33,200,240)
	4,975,944	13,297,826	4,026,822	12,434,988

Included in construction costs are:

Depreciation of property, plant and equipment (Note 5)				
- current year	96,898	95,365	96,898	95,365
Directors' remuneration	592,903	393,432	592,903	393,432

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

12 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Trade receivables				
- external	46,251,033	6,944,330	43,546,198	3,970,802
- joint ventures (formerly classified as associated companies)	14,210,423	6,573,860	14,210,423	6,573,860
	60,461,456	13,518,190	57,756,621	10,544,662
Impairment loss on trade receivables				
Balance at beginning of year	225,895	217,584	212,384	212,384
Allowance for the year	6,352	22,903	-	-
Allowance written off	(222,967)	(14,592)	(212,384)	-
Exchange translation difference	(1,847)	-	-	-
Balance at end of year	7,433	225,895	-	212,384
Net trade receivables (i)	60,454,023	13,292,295	57,756,621	10,332,278
Staff loans	14,550	207,993	12,050	205,721
Advances to a third party	134,143	134,143	134,143	134,143
Money withheld by a third party	1,066,191	2,038,152	-	-
Deposits	426,445	403,190	265,566	275,709
Prepayments	1,083,842	1,191,337	5,760	-
Recoverable expenses	119,359	175,967	119,359	162,573
Tax recoverable	66,238	524,659	54,761	54,761
Sundry debtors	490,313	378,887	3,845	11,144
	3,401,081	5,054,328	595,484	844,051
Impairment loss on other receivables				
Balance at beginning of year	184,591	215,391	178,199	178,199
Allowance no longer required	(6,102)	(6,369)	-	-
Allowance written off	-	(24,431)	-	-
Exchange translation difference	(290)	-	-	-
Balance at end of year	178,199	184,591	178,199	178,199
Net other receivables (ii)	3,222,882	4,869,737	417,285	665,852
Total (i) + (ii)	63,676,905	18,162,032	58,173,906	10,998,130
Trade and other receivables are denominated in the following currencies:				
Singapore dollar	58,646,002	11,654,387	58,173,906	10,998,130
United States dollar	2,471,924	3,537,375	-	-
Australian dollar	2,166,412	2,617,150	-	-
Chinese Renminbi	368,670	344,023	-	-
Malaysian Ringgit	23,897	9,097	-	-
	63,676,905	18,162,032	58,173,906	10,998,130

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

12 TRADE AND OTHER RECEIVABLES (cont'd)

The Group and the Company

All trade and other receivables are subject to credit risk exposure where the credit terms are generally between 30 days and 90 days. However, the Group and the Company do 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 \$22,817,476 (2008 - \$9,322,206) owing from construction work.

Impairment on trade receivables is made on specific debt for which the directors of the Group are of the opinion that debts are not recoverable.

The trade receivables ageing for past due but not impaired debts approximates in the period between 30 days and 90 days, excluding the retention money withheld.

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

The advances made to a third party are unsecured, interest-free and are repayable on demand.

The money withheld by a third party in connection with the gaming business is expected to be recoverable within 12 months from the balance sheet date.

13 ADVANCES MADE TO INVESTEE COMPANIES

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Advances made to investee companies	637,964	753,020	257,964	389,020
Impairment loss				
Balance at beginning of year	(753,020)	(793,020)	(389,020)	(393,020)
Allowance for the year	(16,000)	-	-	-
Allowance no longer required	122,717	40,000	122,717	4,000
Exchange translation difference	8,339	-	8,339	-
Balance at end of year	(637,964)	(753,020)	(257,964)	(389,020)
	-	-	-	-

The advances made to investee companies in which the Group has an interest, are unsecured, interest-free and are repayable on demand. The impairment loss has been made as there is no indication that these debts are recoverable.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

14 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Fixed deposits	22,688,407	15,057,496	14,882,000	-
Cash and bank balances	9,215,955	12,185,737	3,037,519	317,492
	31,904,362	27,243,233	17,919,519	317,492

The fixed deposits earn an effective interest rate of 1.35% (2008 - 6.1%) per annum which mature on varying dates between 2 February 2009 (2008 - 18 February 2008), the earliest date and 4 June 2009 (2008 - 16 April 2008), the latest date.

Cash and cash equivalents are denominated in the following currencies:

Singapore dollar	17,693,560	1,600,129	16,229,205	62,405
United States dollar	3,800,870	5,540,262	6,148	4,929
Australian dollar	2,316,835	12,604,191	891,816	7,864
Malaysian Ringgit	1,156,584	1,035,676	792,350	242,294
Chinese Renminbi	6,936,513	6,462,975	-	-
	31,904,362	27,243,233	17,919,519	317,492

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

15 SHARE CAPITAL

	← Number of ordinary shares →		← Amount →	
	2009	2008	2009	2008
			\$	\$
The Group and the Company				
Issued and fully paid ordinary shares, with no par value				
Balance at beginning of year	369,408,000	123,136,000	161,863,261	71,276,937
Shares issued in pursuant to Rights Issue	-	246,272,000	-	90,874,368
Shares issued in pursuant to Share Split exercise	369,408,000	-	-	-
Rights Issue expenses	-	-	-	(288,044)
Balance at end of year	738,816,000	369,408,000	161,863,261	161,863,261

In the financial year ended 31 January 2009, the Company completed its Share Split exercise where each ordinary share held by a shareholder was split into two ordinary shares. As a result of this Share Split exercise, the number of shares increased from 369,408,000 as of 31 January 2008 to 738,816,000 as of 31 January 2009. A total of 369,408,000 shares were allotted, listed and quoted on the official list of the Singapore Exchange Securities Trading Limited on 20 June 2008.

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.

16 RESERVES

	The Group		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Fair value reserves				
- Available-for-sale financial assets				
Balance at beginning of year	4,982,700	7,764,681	764,949	575,339
Fair value gain recycled to income statement on derecognition	(229,407)	(158,798)	-	-
Net fair value (loss)/gain recognised directly to equity	(3,838,479)	(2,623,183)	(735,183)	189,610
Exchange differences	(52,463)	-	(29,766)	-
	(4,120,349)	(2,781,981)	(764,949)	189,610
Balance at end of year	862,351	4,982,700	-	764,949

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

17 RETAINED PROFITS

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
The Company	35,460,957	85,649,404	35,460,957	85,649,404
Subsidiaries	18,211,381	6,735,757	-	-
Associated companies	3,080,196	28,413,345	-	26,352,104
	56,752,534	120,798,506	35,460,957	112,001,508
Rights Issue	-	(90,874,368)	-	(90,874,368)
Dividends	(9,235,200)	(2,524,288)	(9,235,200)	(2,524,288)
	47,517,334	27,399,850	26,225,757	18,602,852

18 EXCHANGE FLUCTUATION ACCOUNT

	2009 \$	2008 \$
The Group		
Exchange translation differences		
Balance at beginning of year	4,617,591	4,407,213
Adjustments made during the year	(5,277,217)	210,378
Balance at end of year	(659,626)	4,617,591

The exchange fluctuation account relates to the exchange difference arising from translation of the financial statements of foreign subsidiaries, associated companies and joint ventures.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

19 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Due within one year				
Trade payables	89,903,205	22,468,956	80,330,384	10,734,117
Deposits received from third parties	125,218	118,418	43,355	46,419
Rental received in advance	22,931	15,765	-	-
Sundry payables	4,058,229	986,303	146,340	167,218
(i)	94,109,583	23,589,442	80,520,079	10,947,754
Due after one year				
Other payables	299,826	-	-	-
Deposits received from third parties	377,500	355,000	-	-
(ii)	677,326	355,000	-	-
Total	94,786,909	23,944,442	80,520,079	10,947,754

Trade and other payables are denominated in the following currencies:

Singapore dollar	85,222,895	12,364,303	80,520,079	10,947,754
United States dollar	8,227,418	9,806,964	-	-
Australian dollar	1,124,719	1,578,838	-	-
Malaysian Ringgit	47,149	42,341	-	-
Chinese Renminbi	164,728	151,996	-	-
	94,786,909	23,944,442	80,520,079	10,947,754

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 balance sheets to be reasonable approximation of their fair values. The ageing of trade payables approximates 30 to 90 (2008 - 30 to 90) days.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

20 DEFERRED TAX LIABILITIES/(DEFERRED TAX ASSETS)

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
(i) Deferred tax assets				
Balance at beginning of year	-	(129,400)	-	-
Transfer from income statement (Note 28)	-	119,000	-	-
Exchange fluctuation difference	-	10,400	-	-
Balance at end of year	-	-	-	-
(ii) Deferred tax liabilities				
Balance at beginning of year	467,588	536,340	594,000	617,000
Transfer to income statement (Note 28)				
- current year	(108,000)	(32,000)	(20,000)	(23,000)
- over provision in respect of prior years	(2,000)	-	-	-
	(110,000)	(32,000)	(20,000)	(23,000)
Change in tax rate (Note 28)	(33,000)	-	(33,000)	-
Exchange fluctuation difference	38,534	(36,752)	-	-
Balance at end of year	363,122	467,588	541,000	594,000
	Excess of net book value over tax written down value of property, plant and equipment	Dividends and interest income not remitted	Others	Total
	\$	\$	\$	\$
The Group				
At 1 February 2008	54,167	584,000	(170,579)	467,588
(Credited)/charged to income statement	(32,391)	2,000	(79,609)	(110,000)
Change in tax rate	-	(33,000)	-	(33,000)
Exchange fluctuation difference	628	-	37,906	38,534
At 31 January 2009	22,404	553,000	(212,282)	363,122
The Company				
At 1 February 2008	24,000	570,000	-	594,000
(Credited)/charged to income statement	(22,000)	2,000	-	(20,000)
Change in tax rate	-	(33,000)	-	(33,000)
At 31 January 2009	2,000	539,000	-	541,000

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

21 AMOUNTS OWING TO SUBSIDIARIES (NON-TRADE)

The Company

The non-trade amounts of \$14,341,557 (2008 - \$12,787,524) owing to subsidiaries represent advances made, which are quasi-equity loans from Group's perspective, are unsecured and interest-free. Accordingly, it is not practicable to determine the fair values of these amounts owing.

22 ADVANCES RECEIVED FROM A JOINT VENTURE

The Group and the Company

The advances of \$850,000 (2008 - \$850,000) are unsecured and interest-free. The settlement of debt is by way of capital return upon dissolution of the joint venture. Accordingly, it is not practicable to determine the fair values of these amounts owing.

23 AMOUNT OWING TO A MINORITY SHAREHOLDER OF SUBSIDIARIES (NON-TRADE)

The Group

The non-trade amount of \$3,229,503 (2008 - \$4,530,219) owing to a minority shareholder of subsidiaries, representing a quasi-equity loan, is interest-free and has no fixed terms of repayment. Accordingly, it is not practicable to determine the fair value of this amount owing.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

24 BANK BORROWINGS

	2009 \$	2008 \$
The Group and the Company		
Revolving credit	16,500,000	11,500,000
Short-term loans	8,000,000	8,000,000
Advance facilities	14,000,000	49,904,000
	38,500,000	69,404,000
Bank overdrafts	12,725	5,808,143
Accrued interest	55,826	61,274
	38,568,551	75,273,417
Amount repayable:		
Not later than one year	38,568,551	75,273,417
Later than one year and not later than five years	-	-
Later than five years	-	-
	38,568,551	75,273,417

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

The Group has unutilised bank facilities of \$50,707,000 as at 31 January 2009. Under these facilities, the loan utilised during the financial year ended 31 January 2009 was \$100,885,000 for which total repayments made was \$131,789,000. As of 31 March 2009, \$27,500,000 has been repaid and \$11,000,000 has been rolled over and is repayable within three months from the balance sheet date.

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 balance sheet date, the Company has observed these financial covenants accordingly.

Given the present market condition, the directors of the Company are currently reviewing the bank facility arrangements and are considering obtaining longer term financing to cater to the Group's business needs.

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

	2009 %	2008 %
Bank borrowings	3.55	3.85
Bank overdrafts	6.00	5.00

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

25 AMOUNT OWING TO HOLDING COMPANY (NON-TRADE)

The Group

The non-trade amount owing to holding company, General Corporation Berhad, refers to unsecured disbursements made on behalf, which are interest-free and are repayable on demand.

26(a) OTHER OPERATING INCOME

	2009 \$	2008 \$
The Group		
Dividend income from		
- quoted equity investments	407,187	119,465
- an unquoted equity investment	-	78,120
Fair value gains on available-for-sale financial assets recycled to income statement on derecognition	229,407	158,798
Fair value loss on unquoted equity investments	(719)	-
(Loss)/gain on disposal of		
- quoted equity investments	(239,356)	67,060
- investment properties	-	94,345
Deficit on liquidation of a subsidiary	-	(9,736)
Interest income		
- banks	202,005	1,055,502
- fixed deposits	146,970	15,620
- associated companies	-	1,349,925
- joint ventures	1,019,854	-
- others	(7,881)	7,881
	1,360,948	2,428,928
Rental income		
- investment properties	289,838	335,118
- others	679,500	1,040,860
Sundry income	218,699	271,705
Concessionary (loss)/income from gaming centre	(2,170,616)	5,356,378
	774,888	9,941,041

The concessionary loss from gaming centre at Duxton Hotel Saigon in Vietnam is due to lower takings from gaming centre operations and an additional potential tax liability of \$3,500,000 (2008 - Nil) provided due to a change in the basis of tax assessment method adopted by the tax authority in Vietnam.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

26(b) OTHER OPERATING EXPENSES

	2009 \$	2008 \$
The Group		
Exchange loss/(gain)	102,395	(751,227)
Impairment loss on:		
- unquoted equity investments	-	545,771
- available-for-sale financial assets	2,013,070	-
Hotel maintenance and utilities	1,832,147	2,072,423
Others	236,625	135,332
	4,184,237	2,002,299

26(c) FINANCE COSTS

	2009 \$	2008 \$
The Group		
Interest expense		
- bank loans	1,367,263	1,139,787
- bank overdrafts	12,433	14,950
	1,379,696	1,154,737

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

27 PROFIT BEFORE TAXATION

		2009 \$	2008 \$
The Group			
Profit before taxation has been arrived at after charging/(crediting):			
Auditors' remuneration			
- non-audit fee			
- auditors of the Company			
- current year		69,915	67,641
- under provision in respect of prior years		72,785	37,485
- other auditors		23,437	61,788
Depreciation of investment properties	4	174,900	175,633
Depreciation of property, plant and equipment	5	4,426,363	4,674,544
Directors' fees		170,000	170,000
Exchange loss/(gain)	26(b)	102,395	(751,227)
Operating lease rentals		2,654,918	2,752,532
Impairment on receivables			
- trade receivables	12	6,352	22,903
- advances made to investee companies	13	16,000	-
Impairment loss on receivables no longer required			
- other receivables	12	(6,102)	(6,369)
- advances made to investee companies	13	(122,717)	(40,000)
Impairment loss on:			
- unquoted equity investments	26(b)	-	545,771
- available-for-sale financial assets	26(b)	2,013,070	-
- property, plant and equipment	5(ii)	343,093	-
(Gain)/loss on disposal of:			
- investment properties	26(a)	-	(94,345)
- property, plant and equipment		(3,465)	140,689
- quoted equity investments	26(a)	239,356	(67,060)
Fair value gains on available-for-sale financial assets recycled to income statement on derecognition	26(a)	(229,407)	(158,798)
Fair value loss on unquoted equity investments	26(a)	719	-
Employee benefit costs:			
Directors			
- directors of the Company		4,790,630	3,620,329
- CPF contributions and other equivalent contributions		9,046	23,635
Key management personnel (other than directors)			
- salaries, wages and other related costs		1,267,366	1,170,619
- CPF contributions and other equivalent contributions		79,733	62,815
Other than directors and key management personnel			
- salaries, wages and other related costs		15,405,125	20,269,986
- CPF contributions and other equivalent contributions		1,231,156	1,460,502
		22,783,056	26,607,886

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

28 TAXATION

	2009 \$	2008 \$
The Group		
Current taxation		
- Singapore	176,342	612,264
- Tax deducted at source	-	28,727
- Foreign	4,466,513	4,111,167
	4,642,855	4,752,158
Deferred taxation (Note 20)		
- (Credited)/charged to income statement	(108,000)	87,000
	4,534,855	4,839,158
Utilisation of unabsorbed capital allowances and tax losses brought forward	-	(272,350)
Tax expense	4,534,855	4,566,808
(Over)/under provision in respect of prior years		
- current taxation	(128,492)	(151,282)
- deferred taxation (Note 20)	(2,000)	-
Change in tax rate (Note 20)	(33,000)	-
	4,371,363	4,415,526

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

Profit before taxation	35,053,310	19,845,157
Share of profits of joint ventures/associated companies	(31,672,374)	(16,128,333)
	3,380,936	3,716,824
Tax at statutory rate of 17% (2008 - 18%)	575,000	669,000
Tax effect on non-deductible expenses	3,418,000	1,567,000
Tax effect on non-taxable income	(5,236,000)	(5,980,000)
Tax effect on deferred tax assets not recognised	272,000	3,063,000
Utilisation of deferred tax assets on temporary differences not recognised in previous years	(208,000)	(272,000)
Foreign tax	4,466,000	4,111,000
Singapore statutory stepped income exemption	(57,000)	(91,000)
Group relief utilised	(48,000)	-
Differences in foreign tax rates	1,353,000	1,500,000
	4,535,000	4,567,000

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

28 TAXATION (cont'd)

The Company

The Company has unabsorbed capital allowances and unutilised tax losses amounting to approximately \$4,000 (2008 - \$3,000) and \$32,847,000 (2008 - \$22,751,000) respectively which are subject to agreement with the respective tax authorities.

These unabsorbed capital allowances and tax losses can be carried forward for offsetting against future taxable income provided that the respective country's tax legislations are complied with.

Unutilised tax benefits of \$5,585,000 (2008 - \$4,096,000) arising from these unabsorbed capital allowances and tax losses have not been recognised since there is no reasonable certainty of their realisation in future periods.

The Group

The Group has unabsorbed capital allowances and unutilised tax losses amounting to approximately \$158,000 (2008 - \$157,000) and \$34,222,000 (2008 - \$24,500,000) respectively which are subject to agreement with the respective tax authorities.

These unabsorbed capital allowances and tax losses can be carried forward for offsetting against future taxable income provided that the respective country's tax legislations are complied with.

Unutilised tax benefits of \$5,984,000 (2008 - \$4,612,000) arising from these unabsorbed capital allowances and tax losses have not been recognised since there is no reasonable certainty of their realisation in future periods.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

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 outstanding during the financial year.

	2009 \$	2008 \$
Net profit attributable to equity holders of the Group	29,352,684	13,686,786
Weighted average number of ordinary shares outstanding for basic earnings per share	738,816,000	738,816,000
Basic earnings per share (cents)	3.97	1.85

(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 outstanding during the financial year.

Net profit attributable to equity holders of the Group	29,352,684	13,686,786
Weighted average number of ordinary shares outstanding for diluted earnings per share	738,816,000	738,816,000
Diluted earnings per share (cents)	3.97	1.85

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

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 total net deficits at 31 January 2009 of \$9.1 million (2008 - \$12.8 million) to enable them to continue to operate as going concerns and to meet their respective obligations as and when they fall due:

Amuret Pty Ltd
Bali Investment Pte. Ltd.
Dalton Investment Pte. Ltd.
Domitian Investment Pte. Ltd.
Duxton Hotel (Pte.) Ltd.
Herman Investments Pte Ltd
Kendall Pte Ltd
Kwan Hwee Investment Pte Ltd
LKH (Overseas) Pte. Ltd.
Low Keng Huat International Pte Ltd
Prodev Pte Ltd
Pyline Pte Ltd
Quality Investments Pte Ltd
Teamword Pty Limited
Thyme Saigon Pte Ltd
Upper Club Pte. Ltd.

- (b) A guarantee of US\$6,900,000 (S\$10,419,000) [2008 - US\$6,900,000 (S\$9,798,000)] 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 of Nil (2008 - \$21,840,000) proportionate to the Company's shareholding, in favour of a bank in respect of the said bank granting a credit facility to a joint venture (formerly classified as an associated company) for development project; and
- (d) A guarantee provided to a bank for loan facility of US\$2,250,000 (S\$3,397,500) [2008 - US\$2,250,000 (S\$3,195,000)] granted to a subsidiary.

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

31 RELATED PARTY TRANSACTIONS

The Group and the Company

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

	2009 \$	2008 \$
<u>Between the Company and related parties</u>		
Sales to joint ventures (formerly known as associated companies)	76,440,230	39,305,662
Interest income from joint ventures (formerly known as associated companies)	1,019,853	1,349,925
Insurance cost charged by a company deemed to be owned by certain directors of the Company	-	64,635

32 DIVIDENDS

	2009 \$	2008 \$
<u>The Group and the Company</u>		
<u>Dividends proposed</u>		
- Ordinary dividends: First and final dividend of 1.5 cents (2008 - 2.5 cents) per share, tax exempt (2008 - tax exempt)	11,082,240	9,235,200
<u>Dividends paid</u>		
- Ordinary dividends: First and final dividend of 2.5 cents (2008 - 2.5 cents) per share, tax exempt (2008 - 18%) paid in financial year ended 31 January 2009 in respect of the financial year ended 31 January 2008	9,235,200	2,524,288
- Special dividends: Dividend of Nil (2008 - 90.0 cents) per share less tax of 17% (2008 - 18%) paid in financial year ended 31 January 2009 in respect of the financial year ended 31 January 2008	-	90,874,368
	9,235,200	93,398,656

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

33 OPERATING LEASE COMMITMENTS (NON-CANCELLABLE)

The Group and the Company

- (a) Rental expense of the Group and the Company for the financial year ended 31 January 2009 amounted to \$2,654,918 (2008 - \$2,752,532) and \$119,746 (2008 - \$109,491) respectively. At the balance sheet date, the Group and the Company were committed to making payments in respect of rental of premises and office equipment with contractual terms ranging from 4 years to 50 years as follows:

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Not later than one year	2,325,088	2,128,724	122,190	108,232
Later than one year and not later than five years	1,599,325	2,698,665	488,759	432,929
Later than five years	2,746,844	2,745,293	1,344,087	1,298,788

- (b) The Group and the Company lease out a portion of their warehouse and office units to non-related parties under non-cancellable operating lease.

The future minimum lease receivable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivable, is as follows:

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Not later than one year	295,306	187,418	5,250	4,620
Later than one year and not later than five years	265,884	-	-	-
Later than five years	-	-	-	-

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

34 STATEMENT OF OPERATIONS BY SEGMENTS

The Group

Segment information is presented in respect of the Group's business and geographical segments. The primary format (business segments) is based on the Group's management and internal reporting structure. Secondary information is reported geographically. The 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.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(a) Business Segment

The Group operates principally in construction, development, hotels and investments. Operations in construction comprise building and engineering work. Development refers to property development. Operations in hotels comprise owning and operating of hotels. Investments refer to investment in properties and shares in quoted and unquoted equities.

	Construction		Development		Hotels		Investments		Consolidated	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
REVENUE										
Total sales	219,992,506	56,776,974	-	20,864	59,160,407	62,492,323	331,944	389,336	279,484,857	119,679,497
Inter-segment sales	-	-	-	-	(4,882,600)	(6,357,600)	-	-	(4,882,600)	(6,357,600)
External sales	219,992,506	56,776,974	-	20,864	54,277,807	56,134,723	331,944	389,336	274,602,257	113,321,897
RESULTS										
Segment results	(9,861,208)	(19,931,179)	(389,093)	(117,484)	16,238,198	24,773,934	(1,227,265)	146,290	4,760,632	4,871,561
Finance costs	(1,379,696)	(1,136,900)	-	-	-	(17,837)	-	-	(1,379,696)	(1,154,737)
	(11,240,904)	(21,068,079)	(389,093)	(117,484)	16,238,198	24,756,097	(1,227,265)	146,290	3,380,936	3,716,824
Share of (losses)/profits of joint ventures/ associated companies	(400,000)	(240,151)	31,668,096	15,286,568	-	-	404,278	1,081,916	31,672,374	16,128,333
	(11,640,904)	(21,308,230)	31,279,003	15,169,084	16,238,198	24,756,097	(822,987)	1,228,206	35,053,310	19,845,157
Taxation									(4,371,363)	(4,415,526)
Minority interests									(1,329,263)	(1,742,845)
Net profit									29,352,684	13,686,786

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

34 STATEMENT OF OPERATIONS BY SEGMENTS (cont'd)

(a) Business Segment (cont'd)

	Construction		Development		Hotels		Investments		Consolidated	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
OTHER INFORMATION										
Segment assets	97,459,338	40,628,340	8,539,851	7,852,155	68,647,735	93,834,854	9,921,786	15,335,069	184,568,710	157,650,418
Investment in associated companies and joint ventures under equity method	368,580	-	163,600,548	149,439,561	-	-	11,164,518	10,325,616	175,133,646	159,765,177
Consolidated total assets (excluding taxation)	97,827,918	40,628,340	172,140,399	157,291,716	68,647,735	93,834,854	21,086,304	25,660,685	359,702,356	317,415,595
Segment liabilities (excluding taxation)	123,660,897	87,246,101	165,896	152,004	13,621,599	17,238,826	207,738	133,397	137,656,130	104,770,328
Capital expenditure	3,588,128	621,551	-	-	1,308,572	1,457,720	3,507	5,790	4,900,207	2,085,061
Depreciation										
- property, plant and equipment	786,347	783,761	14,590	13,264	3,622,158	3,874,198	3,268	3,321	4,426,363	4,674,544
- investment properties	120,016	120,016	-	-	-	-	54,884	55,617	174,900	175,633
Impairment loss on										
- unquoted equity investments	-	-	-	-	-	-	-	545,771	-	545,771
- available-for-sale financial assets	-	-	-	-	-	-	2,013,070	-	2,013,070	-

(b) Sales by Market

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

	2009 \$	2008 \$
Singapore	231,787,087	68,184,668
Australia	26,266,243	32,046,282
Vietnam	16,428,752	12,880,163
Malaysia	120,175	189,920
China	-	20,864
	274,602,257	113,321,897

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

34 STATEMENT OF OPERATIONS BY SEGMENTS (cont'd)

(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 by geographical areas in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2009 \$	2008 \$	2009 \$	2008 \$
Singapore	256,206,648	184,041,267	3,631,525	727,694
Australia	35,314,888	57,636,319	235,463	512,773
Vietnam	28,874,127	30,500,176	1,029,712	838,804
Malaysia	30,866,427	37,499,278	3,507	5,790
China	8,440,266	7,852,155	-	-
Others	-	(113,600)	-	-
	359,702,356	317,415,595	4,900,207	2,085,061

Segment revenue and expenses

All segment revenue and expenses are directly attributable to the segments.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and provisions. Whilst most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities and consist principally of accounts payable, wages, loans and accrued liabilities. Segment assets and liabilities do not include provision for taxation and deferred taxation.

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	
	2009	2008
Above \$2,000,000	1	1
\$1,750,000 to \$1,999,999	-	-
\$1,000,000 to \$1,249,999	1	1
\$250,000 to \$499,999	1	2
Below \$250,000	5	4
Total	8	8

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments carried on the balance sheet include cash and cash equivalents, financial assets and financial liabilities.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity 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 through 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 does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

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.

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 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. The foreign exchange risk in the Group's income statement is largely unrealised in nature.

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, which are either the Australian dollar, United States dollar, Chinese Renminbi and Malaysian Ringgit. The exposure is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

36.2 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risk arises from bank borrowings and cash placed with financial institutions. The interest-bearing loans bear floating interest rates but the Group monitors interest rate trends closely, taking into consideration market and economic factors impacting on interest rates.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

36.3 Liquidity risk

Liquidity risk is the risk that an enterprise 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 manages its liquidity risk by ensuring the availability of funding through an adequate amount of credit facilities from financial institutions as necessary.

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.

The Group is exposed to marketable securities price risk because of the investments held by the Group which are classified on the consolidated balance sheet 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 extent of the pricing on construction materials which is borne by the Group, is pending circumstances whereby the Group may be able to negotiate for ex-gratia payment.

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 has adopted the policy of dealing with creditworthy counterparties as a means of minimising credit risks. Further, the Group places its cash with creditworthy financial institutions only. There are no significant concentrations of credit other than advances to joint ventures, associated companies, and inter-company balances which are eliminated upon consolidation.

37 FINANCIAL INSTRUMENTS

Fair values

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

The Group and the Company do not anticipate that the carrying amounts recorded at balance sheet date would be significantly different from the values that would eventually be received or settled.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

38 CRITICAL ACCOUNTING ESTIMATES

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is estimation of total budgeted costs and costs to completion for construction contracts.

Total budgeted costs for construction contracts comprise direct costs attributable to the construction of the properties. In estimating the total budgeted 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.

39 CAPITAL MANAGEMENT

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 concerns;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group and the Company actively and regularly review and manage their capital structures 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 do not adopt any formal dividend policy.

1. NUMBER OF HOLDERS OF EACH CLASS OF EQUITY SECURITY AND VOTING RIGHTS ATTACHING TO EACH CLASS ON 17 APRIL 2009:-

Class of shares	Voting Rights	No. of Holders
Ordinary shares fully paid	1 vote per share	5,424

2. DISTRIBUTION OF SHAREHOLDINGS AND NUMBER OF SHAREHOLDERS AS AT 17 APRIL 2009

Size of Holdings	No. of Holders	Percentage of Holders	No. of Shares	Percentage of Shares
1 - 999	21	0.39	4,060	0.00
1,000 - 10,000	1,872	34.51	11,311,456	1.53
10,001 - 1,000,000	3,491	64.36	185,771,368	25.14
1,000,001 and above	40	0.74	541,709,100	73.32
Grand Total	5,424	100.00	738,816,000	100.00

3. 20 LARGEST REGISTERED SHAREHOLDERS AS SHOWN IN THE REGISTER OF MEMBERS AS AT 17 APRIL 2009

No	Name of Shareholder	No. of Shares	Percentage of Issued Share Capital
1	GENERAL CORPORATION BERHAD	383,658,000	51.93
2	LAU CHOY LAY	20,634,000	2.79
3	UOB KAY HIAN PTE LTD	14,232,000	1.93
4	CITIBANK NOMS S'PORE PTE LTD	13,955,000	1.89
5	LOW KENG HOO	10,876,000	1.47
6	KIM ENG SECURITIES PTE. LTD.	7,968,000	1.08
7	UNITED OVERSEAS BANK NOMINEES	6,880,000	0.93
8	NEW CONTINENT ENTERPRISES	6,602,000	0.89
9	OCBC SECURITIES PRIVATE LTD	6,417,000	0.87
10	OEI HONG BIE @ NG KIM TJING	5,900,000	0.80
11	DBS VICKERS SECS (S) PTE LTD	5,590,000	0.76
12	DBS NOMINEES PTE LTD	5,049,000	0.68
13	LOW CHIN HAN	4,500,000	0.61
14	HSBC (SINGAPORE) NOMS PTE LTD	3,908,000	0.53
15	LOW KENG BOON @ LAU BOON SEN	3,500,000	0.47
16	LOW SEOK LING MONICA	2,602,000	0.35
17	CHIAM HOCK POH	2,509,000	0.34
18	PHILLIP SECURITIES PTE LTD	2,461,100	0.33
19	LEE EE @ LEE ENG	2,379,000	0.32
20	TAN JEE MENG	2,350,000	0.32
	Total	511,970,100	69.30

Based on information available to the Company as at 17 April 2009, approximately 40.45% of the issued ordinary shares of the Company are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST.

Statistics of Shareholdings

AS AT 17 APRIL 2009

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4. SUBSTANTIAL SHAREHOLDERS AS AT 17 APRIL 2009 AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS:-

Name of Substantial Shareholder	No. of shares fully paid		
	Direct Interest	Deemed Interest	Total
General Corporation Berhad	383,658,000	-	383,658,000
Tan Sri Dato' Low Keng Huat	1,200,000	383,658,000	384,858,000
Low Keng Boon @ Lau Boon Sen	3,500,000	410,592,000	414,092,000
Low Keng Hoo @ Lau Keeng Foo	10,876,000	383,658,000	394,534,000

Tan Sri Dato' Low Keng Huat, Low Keng Boon @ Lau Boon Sen and Low Keng Hoo @ Lau Keeng Foo, by virtue of their interests in General Corporation Berhad, are deemed to be interested in the 383,658,000 shares held by General Corporation Berhad.

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of the Company will be held at Chijmes Hall, 30 Victoria Street, Singapore 187996 on Thursday, 28 May 2009, 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 2009 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**
- (2) To declare a first and final dividend of 1.5 CENTS per ordinary share for the financial year ended 31 January 2009. **(Resolution 2)**
- (3) To re-elect Mr Wey Kim Long, a Director retiring under Article 88 of the Articles of Association of the Company. **(Resolution 3)**

Note:

Mr Wey Kim Long will, upon re-election 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 a member of the Remuneration Committee.

- (4) To re-elect Mr Jimmy Yim Wing Kuen, a Director retiring under Article 87 of the Articles of Association of the Company. **(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, 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 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.

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(8) To approve the Directors' fees of S\$170,000 for the financial year ended 31 January 2009. (2008: S\$170,000)
(Resolution 8)

(9) To re-appoint Foo Kon Tan Grant Thornton, 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 grant options and issue shares

"That the Directors be and are hereby authorised to offer and grant options in accordance with the provisions of the Low Keng Huat (Singapore) Limited Executives' Share Option Scheme (the "Scheme") and to allot and issue such shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time." **(Resolution 10)**

(11) Authority to allot and issue shares

"(a) That pursuant to Section 161 of the Companies Act, and the listing rules of the 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 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, 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,
- (ii) the 50 per cent. limit in sub-paragraph (i) above may be increased to 100% for issues of shares and/or Instruments by way of a renounceable rights issue where shareholders of the Company are entitled to participate in the same on a pro-rata basis; and
- (iii) 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 11)

(See Explanatory Note 1)

(12) Authority to issue shares at a discount

“That subject to and conditional upon the passing of Resolution 11 above, approval be and is hereby given to the directors of the Company at any time to issue shares (other than on a pro-rata basis to shareholders of the Company) at an issue price for each share which shall be determined by the directors of the Company in their absolute discretion provided that such price shall not represent a discount of more than 20 per cent. to the weighted average price of a share for trades done on the SGX-ST (as determined in accordance with the requirements of SGX-ST).”

(Resolution 12)

(See Explanatory Note 2)

ANY OTHER BUSINESS

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

NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Fortieth Annual General Meeting, a first and final dividend of 1.5 CENTS per ordinary share in respect of the financial year ended 31 January 2009 will be paid on 19 June 2009 to shareholders whose names appear in the Register of Members on 5 June 2009. Accordingly, the Transfer Books and the Register of Members of the Company will be closed from 5 June 2009 after 5.00 p.m. to 8 June 2009, for the purpose of determining shareholders' entitlements to the proposed dividend.

Registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd. at 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721, up to 5.00 p.m., on 5 June 2009 will be registered before entitlements to the dividend are determined.

By Order of the Board

Chin Yeok Yuen

Company Secretary

Singapore, 6 May 2009

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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 Notes On Special Business To Be Transacted:

- 1 (a) The Ordinary Resolution 11 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 of which (a) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) by way of a rights issue does not exceed 100% of the total number of issued shares excluding treasury shares, (b) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) to be issued on a pro rata but non-renounceable basis to shareholders of the Company does not exceed 50% of the total number of issued shares excluding treasury shares, and (c) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) 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 provided always the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) under (a), (b) and (c) shall not exceed 100% of the total number of issued shares excluding treasury shares.

(b) The increased limit of up to 100% for renounceable rights issue will be effective up to 31 December 2010 pursuant to SGX-ST's notification dated 19 February 2009 and the increased limit is subject to the conditions that the issuer makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.
2. In the Ordinary Resolution 12, the increase in the discount limit of up to 20% for the issue of shares on a non-pro rata issue basis is effective up to 31 December 2010 pursuant to SGX-ST's notification dated 19 February 2009.

Proxy Form

FOR FORTIETH ANNUAL GENERAL MEETING

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.

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 (%)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Fortieth Annual General Meeting of the Company to be held at Chijmes Hall, 30 Victoria Street, Singapore 187996 on Thursday, 28 May 2009 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 2009 together with the reports of the Directors and the Auditors thereon.				
2.	To declare a first and final dividend of 1.5 CENTS per ordinary share for the financial year ended 31 January 2009.				
3.	To re-elect Mr Wey Kim Long, a Director retiring under Article 88 of the Articles of Association of the Company.				
4.	To re-elect Mr Jimmy Yim Wing Kuen, a Director retiring under Article 87 of the Articles of Association of the Company.				
5.	To re-appoint Tan Sri Dato' Low Keng Huat, 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\$170,000 for the financial year ended 31 January 2009.				
9.	To re-appoint Foo Kon Tan Grant Thornton, as Auditors of the Company and to authorise Directors to fix their remuneration.				
10.	To authorise Directors to grant options and issue shares in connection with the LKHS Executives' Share Option Scheme.				
11.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.				
12.	To authorise Directors to issue placement shares at an issue price of up to a maximum discount of 20% to the market price of the shares.				

* 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.

Proxy Form

FOR FORTIETH ANNUAL GENERAL MEETING

LOW KENG HUAT (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)

Registration No. 196900209G

Dated this _____ day of _____ 2009.

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

- 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).
- 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.
- 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.
- 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 Tuesday, 26 May 2009.
- (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:-

 - in the case of an individual member shall be signed by the member or his attorney; and
 - 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.
- 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.
- 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.



Low Keng Huat (Singapore) Limited

(Regn. No.: 196900209G)

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