

**GPS ALLIANCE HOLDINGS LIMITED  
AND ITS SUBSIDIARIES  
(ACN 163 013 947)**

**ANNUAL REPORT**

**YEAR ENDED DECEMBER 31, 2015**

**GPS ALLIANCE HOLDINGS LIMITED  
AND ITS SUBSIDIARIES**

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS**

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# CORPORATE GOVERNANCE



GPS ALLIANCE HOLDINGS LIMITED  
ACN 163 013 947

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## CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2015 corporate governance statement is dated 24 February 2016 and reflects the corporate governance practices throughout the 2015 financial year. The Board approved the 2015 corporate governance on 24 February 2016. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement, which can be viewed at [http://www.gpsalliance.com.au/corporate/profile/Corporate policies](http://www.gpsalliance.com.au/corporate/profile/Corporate%20policies)

## DIRECTORS' REPORT

This Report by the Directors of GPS Alliance Holdings Limited (the Company) is made pursuant to the provisions of the Corporations Act 2001 for the year ended 31 December 2015 and is accompanied by the audited financial statements of the Company and its subsidiaries (the Group), for the year ended 31 December 2015.

### 1 INFORMATION ABOUT DIRECTORS & SENIOR MANAGEMENT

The name and particulars of each person who has been a Director of the Company at any time during or since the end of the financial year are:

<u>Name</u>	<u>Particulars</u>
Tan Thiam Hee	Group Chairman, Chartered Accountant, joined the Board on 25 Mar 2013 in a non-executive capacity before being appointed as its Group Executive Chairman on 1 Aug 2013, and subsequently re-designated as Non-Executive Chairman from 1 Oct 2014. He is a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee.
Lim Pang Hern (Jeffrey)	Founder of BD CraneTech, joined the Board on 1 Jul 2014 as Executive Director. He has diverse experience in cranes, properties, marine, precast, galvanizing and construction industry.
See Mei Li	Co-founder of BD CraneTech, joined the Board on 8 Aug 2014 as Executive Director.
Wang Jinhui	Vice President of China Zhonghong Enterprise Group and CEO of Hebei Tourism Group, joined the Board on 29 Apr 2015 as Executive Director.
David Richard Laxton	Chartered Mechanical Engineer, joined the Board on 8 Aug 2014 in a non-executive, non-independent capacity, and subsequently re-designated as Executive Director from 4 Jan 2016.
Vi Chi Hong	Certified Practising Accountant and a member of CPA Australia, joined the Board on 29 Apr 2015 in a non-executive, independent capacity. He is the Chair of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee.
Glenda Mary Sorrell	Managing Director of Matrix Management Group Pty Ltd, joined the Board on 25 Mar 2013 in a non-executive, independent capacity. She is the Chair of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee.
Yong Dennis	Group Chief Executive Officer, joined the Board on 25 Mar 2013 and stepped down from his directorship on 8 Aug 2014. He has more than 15 years of experience in the real estate industry and oversees the entire operations of the GPS Group. Subsequently after FY 2015, on 18 Mar 2016, he resigned from his position to pursue his personal interest.
Heather Jane Chong	She joined the Board on 25 Mar 2013 and resigned as Independent Non-Executive Director on 28 Apr 2015.

## DIRECTORS' REPORT

### 2 DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

<u>Name</u>	<u>Company</u>	<u>Period of directorship</u>
Tan Thiam Hee	Cedar Strategic Holdings Ltd	Since 2015
	Koon Holdings Limited	2008 – 2013
	JES International Holdings Limited	2011 – 2012
Lim Pang Hern (Jeffrey)	Lorenzo International Limited	Since 2015
Heather Jane Chong	Koon Holdings Limited	Since 2015
	Aquaint Capital Holdings Limited	2013 - 2015
Glenda Mary Sorrell	Koon Holdings Limited	Since 2003

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

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

### 4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company except as follows:

Shareholdings registered in name of director			
Name of director and companies in which interests are held	At beginning of year, or date of appointment, if later	Issued or purchased during the year	At end of year, or date of resignation, if earlier
GPS Alliance Holdings Limited (ordinary shares)			
Tan Thiam Hee	811,815	-	811,815
Lim Pang Hern (Jeffrey)	6,955,429	-	6,955,429
Wang Jinhui *	9,750,000	-	9,750,000
Heather Jane Chong **	7,800	-	7,800

\*Wang Jinhui (appointed on 29 April 2015)

\*\*Heather Jane Chong (Resigned on 28 April 2015)

### 5 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the date of incorporation, no director has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the director or with a firm of which he / she is a member, or with a company in which he /she has a substantial financial interest except as disclosed in the financial statements and that certain directors received remuneration from related corporations in their capacity as directors and/or executives of the related corporations.

## DIRECTORS' REPORT

### 6 SHARE OPTIONS

(a) *Option to take up unissued shares*

During the financial year, no option to take up unissued shares of the company was granted.

(b) *Option exercised*

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the company under option.

### 7 COMPANY SECRETARY

Marcelo Mora was appointed to the position of Company Secretary on 31 May 2014. He holds a Bachelor of Business degree and Graduate Diploma of Applied Corporate Governance, and is a Chartered Secretary and member of the Governance Institute of Australia (AGIA). Mr Mora has been an accountant for more than 25 years and has experience in resources and mining companies both in Australia and internationally, providing financial reporting and company secretarial services to a range of publicly listed companies.

### 8 PRINCIPAL ACTIVITIES

The consolidated entity's principal activities in the course of the financial year were the provision of services as real-estate agency, provision of real estate consultancy and investment and trading of building materials, interior design and fit-out work businesses.

### 9 REVIEW OF OPERATIONS

Revenue for year ended 31 December 2015 (FY2015) decreased by 65.0% to S\$2.3 million as compared with the previous year (FY2014). The drop in revenue was largely due to lower revenue of S\$3.6 million from ID & fit-out work segment due to change in estimate of S\$0.3 million revenue previously recognised from the project management contract in China Chongqing.

The Group reported a gross loss of S\$2.0 million in FY2015, compared with gross profit of S\$1.5 million in FY2014, mainly due to higher costs incurred in ID & fit-out work segment and reversal of revenue from project management contract.

Other income decreased S\$0.1 million from S\$0.4 million to S\$0.3 million in FY2015 mainly due to lower interest received from Huge Development as the loan was fully repaid in May 2015.

There was a 9.6% decrease in administrative expenses from S\$3.3 million in FY2014 to S\$3.0 million in FY2015, mainly due to lower activities in the ID & fit-out work segment, in line with lower revenue, partially offset by higher expenses from Development and Investment segment.

## DIRECTORS' REPORT

Finance costs decreased marginally by S\$8,000 to S\$359,000 in FY2015 following the partial repayment of bank loan in June 2015 (S\$1.67 million) and December 2015 (S\$0.75 million).

The Group recognised a share of profit from its associate, for the Watercolours Executive Condominium project amounting to S\$7.9 million, the recognition is upon receiving Notice of Vacant Possession (NVP) in FY2015.

Loss from the discontinued operations in FY2015 was S\$0.9 million, an improvement of S\$0.6 million as compared with a loss of S\$1.5 million in FY2014. This was mainly due to lower administration costs partially offset by lower other income and higher distribution costs.

The Group reported a profit of S\$1.9 million in FY2015, compared with a loss of S\$4.6million in FY2014, mainly due to the share of profit from the Watercolours Executive Condominium project, lower losses from discontinued operations, lower administrative expenses and the absence of one-off due diligence and investment assessment expenses and director cessation benefits, partially offset by gross loss for the year.

### Review of the Financial Position of the Group

As at 31 December 2015, the Group's current assets decreased by S\$7.0 million from S\$15.7 million to S\$8.7 million when compared to the beginning of the year. This was mainly due to lower commission receivable from Real Estate Agency segment in line with the reduction in business activities and lower contract work-in-progress from ID & fit-out work segment.

Non-current assets increased by S\$6.1 million from S\$4.7 million to S\$10.8 million when compared to the beginning of the year. This was mainly due to the recognition of share of profit from investment in associate partially offset by reclassification of assets held for sale to current assets, reversal of deferred tax assets and depreciation for the year.

Current liabilities decreased by S\$4.6 million from S\$20.4 million to S\$15.8 million mainly due to repayment of bank loan and lower commission payable from Real Estate Agency segment in line with the reduction in business activities.

Non-current liabilities decreased by S\$0.2 million mainly due to reclassification of borrowings to current liabilities.

### Review of the Group Cash Flow

The cash and cash equivalents of the Group decreased S\$1.2 million mainly due to cash used in operating activities, repayment of bank loan, partially offset by share placement, dividend received from associate and borrowing for agency operation.

## 10 CHANGES IN STATE OF AFFAIRS

There is no change in state of affairs.

## DIRECTORS' REPORT

### 11 SUBSEQUENT EVENTS

On 2 February 2016, the Group completed the Sale and Purchase Agreement (SPA) to sell its real estate agency business in Singapore with changes to certain terms. The final consideration received by Global Property Strategic Alliance Pte Ltd ("GPSA") was S\$728,000. The vendors (GPSA and MORE Property Pte Ltd collectively) amended the contract to remove the consideration of S\$1,500,000 payable in ordinary shares in the capital of Asia-Pacific Strategic Investments Limited ("APSI") and the requirement to enter into the management agreement. The payment of the consideration constituted full and final settlement of all amounts owed by the purchaser, APSI, to the vendors under the SPA. No other terms and conditions of the SPA were modified.

On 18 March 2016, the Group announced the resignation of Mr Dennis Yong as Group Chief Executive Officer (CEO) of the company.

### 12 INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr Marcelo Mora, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

### 13 DIRECTORS' MEETING

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 6 board meetings, 3 audit and risk management committee meetings and 2 nomination and remuneration committee meeting were held.

	Board of Directors		Audit and Risk Management Committee		Nomination and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Directors						
Tan Thiam Hee	6	6	3	3	2	2
Lim Pang Hern (Jeffrey)	6	6	-	-	-	-
See Mei Li	6	6	-	-	-	-
Glenda Mary Sorrell	6	6	3	3	2	2
David Richard Laxton	6	6	-	-	-	-
Vi Chi Hong	4	4	2	2	1	1
Wang Jinhui	4	1	-	-	-	-
Heather Jane Chong (resigned on 28 April 2015)	1	1	1	1	-	-

## DIRECTORS' REPORT

### 14 AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company is chaired by Vi Chi Hong, an independent director, and includes Glenda Mary Sorrell, an independent director and Tan Thiam Hee, a non-executive Chairman. The Audit and Risk Management Committee has met 3 times during the financial year and reviewed the following, where relevant, with the executive directors and external auditor of the Company:

- (a) the audit plans of the internal and external auditors;
- (b) the Group's financial and operating results and accounting policies;
- (c) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the external auditors' report on those financial statements;
- (d) the half-yearly and annual announcements as well as the related press release on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by management to the Group's external auditors; and
- (f) the re-appointment of the external auditors of the Group.

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

### 15 AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 18 of the annual report.

### 16 NON-AUDIT SERVICES

There were no amounts paid or payable to the auditor for non-audit services provided during the year by the auditor.

### 17 ROUNDING OFF

The Company is of a kind referred to in ASIC class Order 98/100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

## DIRECTORS' REPORT

### 18. REMUNERATION REPORT (AUDITED)

#### 18.1 INTRODUCTION

The Board presents the Remuneration Report for the Group for the year ended 31 December 2015, which forms part of the Directors' Report and has been prepared in accordance with section 300A of the *Corporations Act 2001*. The data provided in the Remuneration Report was audited as required under section 308(3C) of the Corporations Act.

#### 18.2 REMUNERATION GOVERNANCE

##### *Nomination and Remuneration Committee*

The Board has an established Nomination and Remuneration Committee which is directly responsible for reviewing and recommending remuneration arrangements for directors, the Group Chief Executive Officer (CEO) and senior executives who directly reports to them.

The Committee comprises the following directors:

- Glenda Mary Sorrell (Chairman);
- Tan Thiam Hee;
- Heather Jane Chong (resigned on 28.04.2015); and
- Vi Chi Hong (appointed on 29.04.2015).

The Committee provides oversight for general remuneration levels of the Group ensuring they are set at appropriate levels to access the skills and capabilities the Group needs to operate successfully.

The Committee operates under the delegated authority of the Board for some matters related to remuneration arrangements for both executives and non-executives, and is required to make recommendations to the Board. The Committee also reviews and makes recommendations to the Board on incentive schemes.

The Committee is required to meet regularly throughout the year, and in any event at least twice per year, and considers recommendations from internal management.

The Board is ultimately responsible for decisions made on recommendations from the Committee.

#### 18.3 DETAILS OF KEY MANAGEMENT PERSONNEL

KMP for the year ended 31 December 2015 are those persons who are identified as having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any executive or Non-Executive Directors (NED) of the Group.

The KMP of the Group for the year ended 31 December 2015 are:

## DIRECTORS' REPORT

	Position
<b>Non-executive directors</b>	
Tan Thiam Hee	Group Chairman Non-Executive Director
Glenda Mary Sorrell	Non-Executive Director
Heather Jane Chong	Non-Executive Director (Resigned on 28.04.2015)
Vi Chi Hong	Non-Executive Director (Appointed on 29.04.2015)
David Richard Laxton	Non-Executive Director (Redesignated as Executive Director from 04.01.2016)
<b>Executive directors</b>	
Lim Pang Hern (Jeffrey)	Executive Director
See Mei Li	Executive Director
Wang Jinhui	Executive Director (Appointed on 29.04.2015)
<b>Key Management</b>	
Dennis Yong	Group CEO

### 18.4 REMUNERATION OF KMP (EXCLUDING NON-EXECUTIVE DIRECTORS)

#### (a) *Remuneration policy*

The Group's remuneration policy is to ensure that remuneration packages properly reflect the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of suitable quality.

The structure of remuneration, as explained below, is designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of long-term value creation for shareholders. The remuneration structures take into account a range of factors, including the following:

- capability, skills and experience;
- ability to impact achievement of the strategic objectives of the Group;
- performance of the KMP in their roles;
- the Group's overall performance;
- remuneration levels being paid by competitors for similar positions; and
- the need to ensure continuity of executive talent.

Refer below for detail around the mechanisms in place, which link the remuneration outcomes to individual and Group performance.

## DIRECTORS' REPORT

(b) *Link between remuneration and Group's performance*

The Board understands the importance of the relationship between the Group's remuneration policy for KMP and the Group's performance. The remuneration packages for KMP are aimed at achieving this balance and aligning KMP remuneration with the interests of shareholders.

**Remuneration component**

Fixed Remuneration

**Link to Group performance**

Fixed remuneration is not linked to Group performance. It is set with reference to the individual's role, responsibilities and performance and remuneration levels for similar positions in the market.

The table below sets out summary information about the Group's earnings and movement in shareholder wealth for 31 December 2015 and 31 December 2014:

	Dec , 31 2015	Restated Dec , 31 2014
Revenue (S\$'000)	2,288	6,536
Profit/(Loss) for the year (S\$'000)	1,949	(4,586)
EPS (Singapore cents)	2.38	(7.05)
NAV per share (Singapore cents)	3.90	(0.71)
Share price @31 December (Australian cents)	15	17

### 18.5 TOTAL FIXED REMUNERATION

Total Fixed Remuneration (TFR) is a guaranteed annual salary, which is calculated on a total cost basis, which may include salary-packaged benefits grossed up for Fringe Benefit Tax (FBT) payable, as well as employer contributions to Central Provident Fund and other non-cash benefits that may be agreed to from time to time.

The Committee reviews and makes recommendations to the Board in relation to fixed remuneration levels for GPS on an annual basis.

The table below details the TFR for each of the executives for the year ended 31 December 2015:

Executive	Position	Total fixed remuneration (p.a.)
Lim Pang Hern (Jeffrey)	Executive Director	S\$40,960
See Mei Li	Executive Director	S\$67,650
Wang Jinhui	Executive Director	S\$104,077 (Joined Date: 29.04.2015)
Dennis Yong	Group CEO	S\$394,200

## DIRECTORS' REPORT

### 18.6 SHORT-TERM INCENTIVE SCHEME

The Short-term Incentive (STI) scheme aims to reward eligible employees whose achievements, behavior and focus meets the Group's business plan and key result expectations during one or more specified measurement periods.

Initial participation in the scheme is completely at the discretion of the Board.

The Board has structured the KPIs around both financial metrics, such as Operating Income, Earnings per Share and Operating Cashflows, and non-financial metrics around strategy development and execution, business performance, people and stakeholder relationships.

For the year ended 31 December 2015 the Board assessed the performance of the Group CEO against his KPI. The Board approved on the STI awards recommended by the Committee.

The Board approved STI awards for the year ended 31 December 2015 for each executive are as follows:

Executive	Position	Actual STI Awarded S\$	Actual STI Awarded as a % of Maximum STI
Dennis Yong	Group CEO	37,779	N.A
Lim Pang Hern (Jeffrey)	Executive Director	-	N.A
See Mei Li	Executive Director	19,429	N.A
Wang Jinhui	Executive Director	-	N.A

STI awarded is based on a percentage of commission received.

### 18.7 LONG-TERM INCENTIVE SCHEME

No employees or Executive Directors are currently participating in the The Employee Performance Share Plan (EPSP).

EPSP provides an opportunity to:

- employees of the GPS Group selected by the Nomination and Remuneration Committee, who are eligible to participate; and
- Executive Directors of the Company, who are eligible to participate in the equity of the Company.

The Nomination and Remuneration Committee may grant an award of ordinary shares at any time during the period in which the EPSP is in force to eligible employees and Executive Directors, who, at the sole discretion of the Nomination and Remuneration Committee, are regarded as having achieved the performance target(s) set by the Nomination and Remuneration Committee.

No employees or Executive Directors are currently participating in the EPSP.

## DIRECTORS' REPORT

### 18.8 GPS EMPLOYMENT CONTRACTS

#### **Executive Director – Lim Pang Hern (Jeffrey)**

Contract duration	Commenced 1 July 2014
Fixed remuneration	Total remuneration package includes fixed remuneration and CPF.
Variable remuneration eligibility	Eligible for STI
Non-compete period	12 months.
Non-solicitation period	12 months.
Notice by GPS	4 weeks.
Notice by executive	4 weeks.
Treatment on termination	Payment in lieu of notice: Employment is terminated by either party giving to the other not less than four weeks' prior written notice.

#### **Executive Director – See Mei Li**

Contract duration	Commenced 8 August 2014
Fixed remuneration	Total remuneration package includes fixed remuneration and CPF.
Variable remuneration eligibility	Eligible for STI
Non-compete period	12 months.
Non-solicitation period	12 months.
Notice by GPS	4 weeks.
Notice by executive	4 weeks.
Treatment on termination	Payment in lieu of notice: Employment is terminated by either party giving to the other not less than four weeks' prior written notice.

#### **Executive Director – Wang Jinhui**

Contract duration	Commenced 29 April 2015
Fixed remuneration	Total remuneration package includes fixed remuneration and CPF.
Variable remuneration eligibility	Eligible for STI
Non-compete period	12 months.
Non-solicitation period	12 months.
Notice by GPS	4 weeks.
Notice by executive	4 weeks.
Treatment on termination	Payment in lieu of notice: Employment is terminated by either party giving to the other not less than four weeks' prior written notice.

# DIRECTORS' REPORT

## Group CEO – Dennis Yong

Contract duration	Commenced 1 June 2013 for a fixed period of three years (the "Initial Period")
Fixed remuneration	Total remuneration package includes fixed remuneration and CPF.
Variable remuneration eligibility	Eligible for STI
Non-compete period	12 months.
Non-solicitation period	12 months.
Notice by GPS	6 months.
Notice by executive	6 months.
Treatment on termination	Payment in lieu of notice: Employment is terminated by either party giving to the other not less than six months' prior written notice.

## 18.9 REMUNERATION TABLES

The following tables outline the remuneration provided to KMP excluding NEDs for the years ended 31 December 2015 and 31 December 2014.

No KMP appointed during the period received a payment as part of their consideration for agreeing to hold the position.

Key Management Personnel - Executive Remuneration														
		Short-Term					Other long-term	LTI			Performance related		Termination	Shared-based payment
											STI+LTI	LTI		
		Non-mone- tary	(1) Other Payment	Central Fund	(2) STI	Total Short-term	Long service leave	Perform- ance quantum rights	Reten- tion quantum rights	Total Long-term	Percent of total	Percent of total	Termina- tion benefits	Shares
2015	Salary	benefits												
Executive director		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	%	%	S\$	S\$
Lim Pang Hern (Jeffrey)	Executive Director	36,000	-	-	4,960	-	40,960	-	-	-	-	-	-	-
See Mei Li	Executive Director	60,000	-	-	7,650	19,429	87,079	-	-	-	22	-	-	-
Wang Jinhui	Executive Director	97,091	-	-	6,986	-	104,077	-	-	-	-	-	-	-
Dennis Yong	Group CEO	360,000	-	24,000	10,200	37,779	431,979	-	-	-	9	-	-	-
Total executive director		553,091	-	24,000	29,796	57,208	664,095	-	-	-	9	-	-	-

- Other payment consist of transport allowances.
- SITs were accrued or paid in the year ended 31 December 2015.

## DIRECTORS' REPORT

Key Management Personnel - Executive Remuneration														
	Short-Term						Other long-term	LT		Total Long-term	Performance related		Termination	Shared-based payment
	Salary	Non-mone-tary benefits	(1) Other Payment	Central Provident Fund	(2) STI	Total Short-term	Long service leave	Perform-ance quantum rights	Reten-tion quantum rights		STI+LT	LT	Termination (3) benefits	
2014	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	%	%	S\$	S\$
Executive director														
Tan Thiam Hee Group Chairman	270,000	-	18,000	7,200	34,727	329,927	-	-	-	-	11	-	-	-
Dennis Yong Group CEO	360,000	-	24,000	9,600	84,974	478,574	-	-	-	-	18	-	-	-
Jeffrey Hong Group COO	210,000	-	14,000	5,600	59,349	288,949	-	-	-	-	21	-	810,000	-
Lim Pang Hern (Jeffrey) Executive Director	18,000	-	-	2,520	-	20,520	-	-	-	-	-	-	-	-
See Mei Li Executive Director	23,809	-	-	3,809	-	27,618	-	-	-	-	-	-	-	-
Total executive director	881,809	-	56,000	28,729	179,050	1,145,588	-	-	-	-	16	-	810,000	-

Other Payment consist of transport allowances.

1. Other payment consist of transport allowances.
2. STIs were accrued or paid in the year ended 31 December 2014.
3. Termination benefits relate to cessation payment for Jeffrey Hong, consistent with the announcement made on 8 August 2014. No other termination benefits were granted for the year ended 31 December 2014.

### 18.10 NON-EXECUTIVE DIRECTORS' REMUNERATION

#### (a) Directors' fees

The maximum aggregate fee pool available to NEDs is S\$300,000 as stipulated in the Constitution that was adopted by pre-internalisation.

#### (b) Performance-based remuneration

NEDs are remunerated by way of cash benefits. They are not permitted to participate in performance based remuneration practices unless approved by shareholders. The Group currently has no intention to remunerate NEDs by any way other than cash benefits.

#### (c) Equity-based remuneration

There is currently no equity-based remuneration plan in place for NEDs.

#### (d) NED remuneration table

The following table outlines the remuneration provided to NEDs for the year ended 31 December 2015 and 31 December 2014.

## DIRECTORS' REPORT

Non-executive directors		Directors' fees S\$	Other* S\$	Total S\$
Tan Thiam Hee	2015	60,000	120,000	180,000
	2014 <sup>(1)</sup>	15,000	30,000	45,000
Glenda Mary Sorrell	2015	40,000	-	40,000
	2014	40,000	-	40,000
Vi Chi Hong	2015 <sup>(2)</sup>	30,288	-	30,288
	2014	-	-	-
David Richard Laxton	2015	24,000	-	24,000
	2014 <sup>(3)</sup>	5,000	-	5,000
Heather Jane Chong	2015 <sup>(4)</sup>	14,712	-	14,712
	2014	45,000	-	45,000
Total non-executive directors	2015	169,000	120,000	289,000
	2014	105,000	30,000	135,000

- (1) Tan Thiam Hee stepped down as Executive Chairman on 30 September 2014 and was re-appointed as Non-Executive Chairman on 1 October 2014.
- (2) Vi Chi Hong was appointed as director on 29 April 2015.
- (3) David Richard Laxton was appointed as director on 8 August 2014.
- (4) Heather Jane Chong resigned as director on 28 April 2015.

\* Other relates to additional duties undertaken by the NED, relating to acquisitions and disposals.

In addition to the above fees, all NEDs receive reimbursement for reasonable travel, accommodation and other expenses incurred for conduct of business relating to the Group.

NEDs do not receive additional remuneration for chairing or being a member of Board committees.

## DIRECTORS' REPORT

### 18.11 SUBSEQUENT EVENTS

This section of the Remuneration Report deals with the period from 31 December 2015 to the date of this Report.

**(a) Target mix of remuneration components**

Based on advice from the Committee, the Board has set the target remuneration mix for executives for 2015-16, expressed as a percentage of total remuneration, as detailed in the table below.


Target mix	TFR	STI	LTI	Total remuneration
Executive Directors	100%	-	-	100%
Group CEO	73%	27%	-	100%

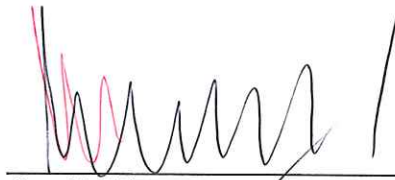
**(b) Total fixed remuneration 2015-16**

Based on advice from the Committee and their service agreements, the Board has set TFR for each of the executives for 2015-16 as detailed in the table below.

Executive	Position	TFR (p.a.)
Lim Pang Hern (Jeffrey)	Executive Director	S\$70,200
See Mei Li	Executive Director	S\$70,200
Wang Jinhui	Executive Director	S\$156,240
David Richard Laxton	Executive Director	S\$40,680
Dennis Yong	Group CEO	S\$396,240

*On behalf of the Directors*

  
\_\_\_\_\_  
Lim Pang Hern (Jeffrey)  
Executive Director

  
\_\_\_\_\_  
See Mei Li  
Executive Director

*Dated in Singapore this  
31<sup>st</sup> March 2016*

# DIRECTORS' REPORT

GPS ALLIANCE HOLDINGS LIMITED  
ACN 163 013 947

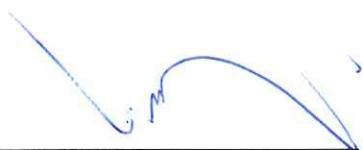
## DIRECTORS' DECLARATION

*The directors declare that:*

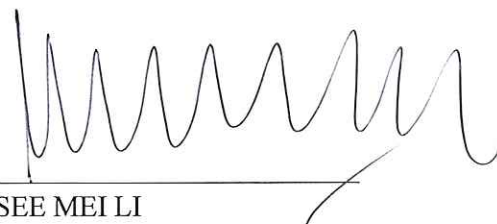
- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.*
- (b) The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 4 to the financial statements.*
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and*
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.*

*Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporation Act 2001.*

On behalf of the Directors



LIM PANG HERN (JEFFREY)  
Executive Director



SEE MEI LI  
Executive Director

Dated this 31<sup>st</sup> day of March 2016

The Board of Directors  
GPS Alliance Holdings Limited  
Level 2, 174 Collins Street  
Hobart Tasmania 7000 Australia

31 March 2016

Dear Board Members

**GPS Alliance Holdings Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of GPS Alliance Holdings Limited.

As lead audit partner for the audit of the financial statements of GPS Alliance Holdings Limited for the year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU

Carl Harris  
Partner  
Chartered Accountants

## **Independent Auditor's Report to the members of GPS Alliance Holdings Limited**

### **Report on the financial report**

We have audited the accompanying financial report of GPS Alliance Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the year or from time to time during the year as set out on pages 17 to 79.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 4, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

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

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

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

#### *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*,

which has been given to the directors of GPS Alliance Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

In our opinion:

- (a) the financial report of GPS Alliance Holdings Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 4.

## *Emphasis of matter*

Without modifying our opinion, we draw attention to Note 3 in the financial report, which indicates that the consolidated entity had net cash outflows from operations of \$1.5 million during the year ended 31 December 2015 and, as of that date the consolidated entity's current liabilities exceeded its current assets by \$7.1 million. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the company and the consolidated entity to continue as going concerns and therefore, the company and the consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in paragraph 18 on pages 8 to 16 of the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Opinion*

In our opinion the Remuneration Report of GPS Alliance Holdings Limited for the year ended 31 December 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu  
DELOITTE TOUCHE TOHMATSU

Carl Harris  
Partner  
Chartered Accountants  
Hobart, 31 March 2016

# Consolidated Statement of Financial Position

## December 31, 2015

	Note	<u>2015</u> S\$'000	<u>2014</u> S\$'000
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash & cash equivalents	8	1,109	2,856
Trade receivables	9	4,291	7,708
Other receivables	10	460	3,068
Inventories	11	131	261
Contract work-in-progress	12	<u>353</u>	<u>1,812</u>
		6,344	15,705
Assets classified as held for sale	37	<u>2,346</u>	<u>-</u>
Total current assets		<u>8,690</u>	<u>15,705</u>
<b>Non-current assets</b>			
Intangible assets		3	7
Property, plant and equipment	13	3,467	4,341
Investment in associate	14	7,291	150
Deferred tax assets	20	<u>-</u>	<u>174</u>
Total non-current assets		<u>10,761</u>	<u>4,672</u>
<b>Total assets</b>		<u>19,451</u>	<u>20,377</u>

See accompanying notes to the consolidated financial statements.

# Consolidated Statement of Financial Position

## December 31, 2015

	Note	<u>2015</u> S\$'000	<u>2014</u> S\$'000
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Borrowings	15	6,813	10,046
Trade payables	16	4,793	7,368
Other payables and accruals	17	1,408	2,983
Finance leases	19	36	48
Income tax payable		<u>128</u>	<u>-</u>
		13,128	20,445
Liabilities directly associated with assets classified as held for sales	36	<u>2,632</u>	<u>-</u>
Total current liabilities		<u>15,810</u>	<u>20,445</u>
<b>Non-current liabilities</b>			
Borrowings		-	142
Provisions for other liabilities and charges	18	240	306
Finance leases	19	<u>46</u>	<u>13</u>
Total non-current liabilities		<u>286</u>	<u>461</u>
<b>Total liabilities</b>		<u>16,096</u>	<u>20,906</u>
<b>Equity</b>			
Share capital	21	10,354	8,229
Capital reserve	22	1,943	1,943
Accumulated losses	23	(6,990)	(10,300)
Translation reserve	24	<u>(370)</u>	<u>(180)</u>
Equity / (Deficiency in equity) attributable to owners of the Company		4,937	(308)
Non-controlling interests	25	<u>(1,582)</u>	<u>(221)</u>
Total equity / (deficiency in equity)		<u>3,355</u>	<u>(529)</u>
<b>Total liabilities and equity</b>		<u>19,451</u>	<u>20,377</u>

See accompanying notes to the consolidated financial statements.

# Consolidated Statement of Profit or Loss and Comprehensive Income

## For the year ended December 31, 2015

	<u>Note</u>	<u>2015</u> <u>S\$'000</u>	<u>2014</u> <u>S\$'000</u>
Revenue	26	2,288	6,536
Cost of sales		<u>(4,270)</u>	<u>(4,999)</u>
<b>Gross (loss) / profit</b>		(1,982)	1,537
Other income	27	300	368
Administrative expenses		(2,994)	(3,311)
Acquisition expenses		-	(504)
Directors cessation benefits		-	(810)
Finance costs	29	(359)	(367)
Share of profit for associate		<u>7,891</u>	<u>-</u>
<b>Profit / (loss) before income tax</b>		2,856	(3,087)
Income tax	30	<u>-</u>	<u>-</u>
Profit / (loss) from continuing operations		2,856	(3,087)
<b><u>Discontinued operations</u></b>			
Loss from discontinued operations, attributable to the owners of the parent	37	<u>(907)</u>	<u>(1,499)</u>
<b>Profit / (loss) for the year</b>	31	<u>1,949</u>	<u>(4,586)</u>
<b>Other comprehensive income:</b>			
Items that may not be reclassified subsequently to profit or loss:			
Exchange difference on translation to presentational currency, net of tax		<u>(190)</u>	<u>(71)</u>
<b>Total comprehensive income / (loss) for the year</b>		<u>1,759</u>	<u>(4,657)</u>

See accompanying notes to the consolidated financial statements.

# Consolidated Statement of Profit or Loss and Comprehensive Income

## For the year ended December 31, 2015

	Note	<u>2015</u> S\$'000	<u>2014</u> S\$'000
<b>Profit / (Loss) for the year attributable to:</b>			
Owners of the Company		3,310	(4,408)
Non-controlling interests		(1,361)	(178)
		<u>1,949</u>	<u>(4,586)</u>
<b>Total comprehensive income attributable to:</b>			
<b>attributable to:</b>			
Owners of the Company		3,120	(4,479)
Non-controlling interests		(1,361)	(178)
		<u>1,759</u>	<u>(4,657)</u>
<b>Earnings per share for the year (Singapore cents):</b>			
	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>
	FY2015 FY2014	FY2015 FY2014	FY2015 FY2014
- Basic	3.48 (4.75)	(1.11) (2.30)	2.38 (7.05)
- Diluted	3.48 (4.75)	(1.11) (2.30)	2.38 (7.05)

See accompanying notes to the consolidated financial statements.

## Consolidated Statement of Changes in Equity

### For the year ended December 31, 2015

	Share capital	Capital reserve	Translation reserve	Accumulated losses	Attributable to owners of the Company	Non- controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at January 1, 2014	6,353	1,943	(109)	(5,892)	2,295	(43)	2,252
Issue of share capital (Note 21)	1,876	-	-	-	1,876	-	1,876
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(71)</u>	<u>(4,408)</u>	<u>(4,479)</u>	<u>(178)</u>	<u>(4,657)</u>
Balance at Dec 31, 2014	<u>8,229</u>	<u>1,943</u>	<u>(180)</u>	<u>(10,300)</u>	<u>(308)</u>	<u>(221)</u>	<u>(529)</u>
Issue of share capital (Note 21)	2,125	-	-	-	2,125	-	2,125
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(190)</u>	<u>3,310</u>	<u>3,120</u>	<u>(1,361)</u>	<u>1,759</u>
Balance at Dec 31, 2015	<u>10,354</u>	<u>1,943</u>	<u>(370)</u>	<u>(6,990)</u>	<u>4,937</u>	<u>(1,582)</u>	<u>3,355</u>

See accompanying notes to the consolidated financial statements.

## Consolidated Statement of Cash Flows

### For the year ended December 31, 2015

	<u>2015</u> S\$'000	<u>2014</u> S\$'000
<b>Operating activities</b>		
Profit / (Loss) before income tax	1,949	(4,586)
Adjustments for:		
Write off deferred tax asset	174	-
Depreciation expense	589	661
Loss on disposal of property, plant & equipment	200	9
Interest expense	374	386
Interest income	(46)	(113)
Impairment loss on inventory	103	-
Net impairment (write back) /loss on Property, Plant and Equipment	(279)	377
Provision for doubtful debts	86	-
Unrealised exchange gain	(158)	(67)
Share of profit of associate	<u>(7,891)</u>	<u>-</u>
Operating cash outflows before movements in working capital	(4,899)	(3,333)
 Contract work-in-progress	 1,459	 (1,328)
Trade receivables	1,858	3,054
Other receivables	2,418	122
Inventories	27	(49)
Trade payables	(1,311)	(1,264)
Other payables	<u>(698)</u>	<u>1,078</u>
Cash used in operations	(1,146)	(1,720)
Interest received	46	113
Interest paid	(382)	(385)
Income tax paid	<u>-</u>	<u>(5)</u>
Net cash used in operating activities	<u>(1,482)</u>	<u>(1,997)</u>

See accompanying notes to the consolidated financial statements.

# Consolidated Statement of Cash Flows

## December 31, 2015

	<u>2015</u> S\$'000	<u>2014</u> S\$'000
<b>Investing activities</b>		
Purchase of property, plant and equipment	(175)	(3,765)
Purchase of intangible assets	(1)	(2)
Proceeds from disposal of property, plant and equipment	27	16
Dividend income from associate	<u>750</u>	<u>-</u>
Net cash used in investing activities	<u>601</u>	<u>(3,751)</u>
<b>Financing activities</b>		
Proceeds from issuance of shares	2,125	1,876
Contribution from Minority Interest	1	-
Proceeds from borrowings	500	3,590
Repayment of borrowings	(2,979)	(384)
Proceeds from finance lease liabilities	77	437
Repayment of finance lease liabilities	(56)	(180)
Proceeds from bills payable	-	619
Repayment of bills payable	<u>-</u>	<u>(1,135)</u>
Net cash (used in)/ from financing activities	<u>(332)</u>	<u>4,823</u>
Net decrease in cash and cash equivalents	(1,213)	(925)
Cash and cash equivalents at January 1 2015	<u>2,158</u>	<u>3,083</u>
<b>Cash and cash equivalents at December 31 2015</b>	<u><u>945</u></u>	<u><u>2,158</u></u>

### Note to statement of cash flows

#### *Continuing operations:*

Cash and bank balances	1,109	2,856
Less: Bank overdraft	<u>(309)</u>	<u>(698)</u>
	800	2,158

#### *Discontinued operations:*

Cash and bank balances	<u>145</u>	<u>-</u>
	<u><u>945</u></u>	<u><u>2,158</u></u>

See accompanying notes to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 1 GENERAL

The Company (Registration No. ACN 163013947) was incorporated in Australia on 25 March 2014 with its registered office at Level 2, 174 Collins Street, Hobart Tasmania 7000 Australia. The Company is listed on the Australian Securities Exchange. The financial information is expressed in Singapore dollars.

The details of the subsidiaries are as follows:

<u>Name of subsidiaries</u>	<u>Principal activity (Country of incorporation/operation)</u>	<u>Effective equity interest held</u>	
		<u>2015</u> %	<u>2014</u> %
GPS Alliance Holdings Pte Ltd	Investment holding (Singapore)	100	100
Global Property Strategic Alliance Pte Ltd	Provision of services as real-estate agency (Singapore)	100	100
GPS Alliance IT Pte Ltd	Struck-off (Singapore)	-	100
GPS Alliance Development & Investment Pte Ltd	Provision of real estate consultancy and investment (Singapore)	100	100
GPS Alliance International Academy Pte Ltd	Dormant (Singapore)	100	100
Urban Point Sdn Bhd	Dormant (Malaysia)	100	100
Myanmar GPS Alliance Co Ltd	Dormant (Myanmar)	100	100

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 1 GENERAL (CONT'D)

<u>Name of subsidiaries</u>	<u>Principal activity (Country of incorporation/operation)</u>	<u>Effective equity interest held</u>	
		<u>2015</u> %	<u>2014</u> %
Global Alliance Property Pte Ltd	Provision of services as real-estate agency (Singapore)	71	-
GPS Alliance Home Solutions Pte Ltd	Investment holding (Singapore)	60	60
Homz Lifestyle Pte Ltd	Wholesale of furniture, home furnishings and other household equipment (Singapore)	60	60
Probuild Pte Ltd	Trading of building materials, interior design and fit-out work (Singapore)	60	60
Ecobuild Products Pte Ltd	Trading of building materials, interior design and fit-out work (Singapore)	60	60
Novel Praxis Pte Ltd	Trading of building materials, interior design and fit-out work (Singapore)	60	60
Probuild Sdn Bhd	Trading of building materials, interior design and fit-out work (Malaysia)	60	60

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 2 APPLICATION OF NEW ACCOUNTING STANDARDS AND REVISED ACCOUNTING STANDARD

#### 2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations are effective for the first time for the year ended 31 December 2015 and have also been adopted in the current year and have affected the amounts reported in these financial statements.

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments does not have any material impact on amounts recognised in the Company's financial statements.

AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

The Annual Improvements 2010-2012 has made number of amendments to various AASBs, which are summarised below.

- The amendments to AASB 2
  - (i) change the definitions of 'vesting condition' and 'market condition'; and
  - (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for sharebased payment transactions for which the grant date is on or after 1 July 2014.
- The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.
- The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 2 APPLICATION OF NEW ACCOUNTING STANDARDS AND REVISED ACCOUNTING STANDARD (CONT'D)

#### 2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

- The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The Annual Improvements 2011-2013 has made number of amendments to various AASBs, which are summarised below.

- The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

- The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

- The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of AASB 140; and
- the transaction meets the definition of a business combination under AASB 3.

The application of these amendments does not have any material impact on the amounts recognised in the Company's financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 2 APPLICATION OF NEW ACCOUNTING STANDARDS AND REVISED ACCOUNTING STANDARD (CONT'D)

#### 2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)

The revised AASB 1031 is an interim standard that cross references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the amounts recognised in the Company's financial statements.

#### Interpretation 21 'Levies'

Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. Interpretation 21 has been applied retrospectively. The application of this Interpretation does not have any material impact on the amounts recognised in the Company's financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 2 APPLICATION OF NEW ACCOUNTING STANDARDS AND REVISED ACCOUNTING STANDARD (CONT'D)

#### 2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' and the relevant amending standards	1 January 2018	31 December 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	31 December 2016
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	31 December 2018
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	31 December 2016
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016
AASB 16 - Leases	1 January 2019	31 December 2019

AASB 15 is not expected to have a significant impact on the recognition of revenue from the rendering of services for a short duration, rental income, interest income, or sale of goods. However, recognition in relation to construction contracts will be impacted based on the identification of performance obligations within the contracts, as revenue will be recognised as the Company satisfies those performance obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 3 GOING CONCERN

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at and for the year ended 31 December 2015, the consolidated entity had accumulated losses of S\$7.0 million (2014: S\$10.3 million), net cash used in operating activities of S\$1.5 million (2014: S\$2.0 million) and a working capital deficiency of S\$7.1 million (2014: S\$4.7 million). The working capital deficiency arises primarily due to the ability of the banks to recall the loans at their absolute discretion.

The first bank loan of S\$6.95 million with an original maturity date of 30 September 2015 is secured against the investment in the Watercolours Executive Condominium project. During June 2015 and December 2015, the consolidated entity made partial repayment of S\$1.67 million and S\$0.75 million respectively. The maturity date of the remaining loan amount of S\$4.53 million had been extended to 30 April 2016. The consolidated entity will continue to negotiate with the bank to extend the maturity date to match the expected dividend income from the watercolours project.

The second bank loan of S\$2.6 million was taken up to finance the acquisition of a JTC leasehold property with a purchase price of S\$3.3 million and had been paid down to S\$1.8 million as at reporting date. This loan is repayable over 72 months from February 2014 to January 2020 on a monthly basis.

On 2 February 2016, the consolidated entity completed the Sale and Purchase Agreement (SPA) to sell part of its real estate agency business in Singapore for a consideration of S\$728,000, as disclosed in page 3.

The ability of the Company and the consolidated entity to continue as going concerns is dependent upon the continued support of the current bankers and the successful timely completion of the following events / plans that have been put in place by Management:

- The consolidated entity has a history of successfully extending repayment dates for the first bank loan should it be needed;
- The consolidated entity is in discussions with existing bankers to secure additional facilities should they be needed;
- The Watercolours Executive Condominium project achieved NVP status in May 2015, and is currently pending approval for Certificate of Statutory Completion (CSC) and the expected expiry of the defect liability period in the second quarter of 2016. The consolidated entity's investment in the joint venture has a carrying amount of S\$7.3 million at 31 December 2015. This value includes the share of the equity accounted profit from the associate for the period of S\$7.9 million. The consolidated entity expects to receive future cash payments from the venture of S\$6.87 million by way of dividends in

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 3 GOING CONCERN (CONT'D)

amounts and timing sufficient to meet the rescheduled loan repayment dates with any surplus available to cover operations;

- The consolidated entity is working to improve the underlying profitability and cash flows of the business;
- The completion of Shareholders Agreement to acquire 51% of a mixed development in Kempas, Johor Bahru, Malaysia (by the consolidated entity's property development division) as announced on 12 June 2015;
- The consolidated entity may continue to seek suitable merger and acquisition opportunities and/or strategic alliances to strengthen existing businesses;
- The consolidated entity has a history of successful share placements and capital raisings to improve its cash position when they have been required.

At the date of this report and having considered the above factors, the directors are confident that the Company and consolidated entity will be able to continue as going concerns.

However, if the Company and consolidated entity are unable to obtain the additional and continuing financial support of their financier and successfully complete the plans referred to above, significant uncertainty would exist as to the ability of the Company and the consolidated entity to continue as going concerns and, therefore, whether they will be able to realise their assets and discharge their liabilities in their normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amount and classification of liabilities that might be necessary should the Company and the consolidated entity not continue as going concerns.

### 4 SIGNIFICANT ACCOUNTING POLICIES

(a) STATEMENT OF COMPLIANCE – These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 31 March 2016.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) BASIS OF PREPARATION – The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The Company is of a kind referred to in ASIC class Order 98/100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary
- (ii) and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement year adjustments (see below).

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement year adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement year (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

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

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter year. Interest income and expense is recognised on an effective interest basis for debt instruments.

#### **Financial assets**

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

#### Available-for-sale financial assets

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 5. Where reliable fair value estimates are not available, these investments are stated at cost less any impairment losses. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Groups right to receive payments is established.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and are subject to an insignificant risk of changes in value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Loans and receivables

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

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

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

#### Derecognition of financial assets

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the

consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

#### **Financial liabilities and equity instruments**

##### Classification as debt or equity

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

##### Equity instruments

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

##### Financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

##### Derecognition of financial liabilities

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

(f) **LEASES** - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(g) INVENTORIES - Inventories are stated at the lower of cost and net realisable value, on the first-in first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Provision is made where necessary for obsolete, slow-moving and defective stocks.

(h) PLANT AND EQUIPMENT - Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	-	10% to 33.3% or over leasehold year
Plant and machinery	-	10% to 20%
Motor Vehicles	-	10%
Furniture and fittings	-	25% to 33.3%
Office equipment	-	25% to 33.3%
Computer software	-	33.3%
Enterprise Resource Planning Equipment	-	14.3%

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

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

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

(i) IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting year, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

(k) ASSETS HELD FOR SALE - Non-current assets are classified as assets held for sale and measured at the lower of carrying amount and fair value less costs to sell if they are expected to be recovered principally through a sale transaction rather than through continuing use.

Any impairment losses on initial classification and subsequent gains or losses on remeasurement are recognised in profit or loss. Subsequent increases in fair value less costs to sell are recognised in profit or loss (not exceeding the accumulated impairment loss that has been previously recognised).

(l) SHARE-BASED PAYMENTS – The group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at the fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(m) REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The company assesses its revenue arrangements to determine if it is acting as principal or agent. The company has concluded that it is acting as a principal in all of its revenue arrangements.

#### Rendering of services

Revenue from a contract to provide services of short duration is recognised when services are rendered. The company's policy for recognition of revenue from construction contracts is described at note 4(r) below.

#### Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### Interest income

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

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work.

Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

(n) **DEFINED CONTRIBUTION COSTS** - Payments to defined contribution benefit plans are charged as an expense as the employee renders the service. Payment made to state-managed benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution benefit plan.

(o) **EMPLOYEE LEAVE ENTITLEMENT** - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting year.

(p) **INCOME TAX** - Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current Tax

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

#### Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

#### Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

(q) FOREIGN CURRENCY TRANSACTIONS - The financial statements of the company are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the company are presented in Singapore dollars, whereas the functional currency of the parent company is Australian dollar.

In preparing the financial statements of the company, transactions in currencies other than the company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

(r) CONSTRUCTION CONTRACTS - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting year, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

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

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

#### Long-term construction contracts

Revenue and profits from long-term construction contracts are recognised based on the percentage of completion as at the end of the reporting year by reference to the proportion of cost incurred to date in relation to the estimated total costs for the respective contracts, provided that the outcome can be reliably estimated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provision is made in full for estimated losses on uncompleted contracts and liquidated damages in the year in which such losses are anticipated, regardless of the stage of completion of the contracts.

(s) **BORROWING COSTS** - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) **EMPLOYEE BENEFITS** - A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(u) **GOODS AND SERVICES TAX** - Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) INVESTMENT IN ASSOCIATE - An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture, (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 4 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### i) *Critical judgements in applying the Group's accounting policies*

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements other than those involving estimations as discussed below.

#### ii) *Key sources of estimation uncertainty*

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

##### (a) Revenue from contract work-in-progress

Revenue and costs associated with a project are recognised as revenue and expenses respectively by reference to the proportion of cost incurred to date in relation to the estimated total costs for the respective contracts, provided that the outcome can be reliably estimated. When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately. These computations are based on the presumption that the outcome of a project can be estimated reliably.

Management has performed cost studies, taking into account the costs to date and costs to complete each project, foreseeable losses and applicable liquidated damages, if any. Management has also reviewed the status of such projects and is satisfied that the estimates to complete are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery.

Management has recognised a reversal of S\$0.3million previously recognised from the project management contract in China Chongqing.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

#### (b) Allowance for doubtful debts

The Group makes allowances for 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 doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the year in which such estimate has been changed. Allowance of doubtful debts at the end of the reporting year is S\$179,000 (December 31, 2014 : S\$81,000).

#### (c) Allowance for inventories

Inventory is valued at the lower of the actual cost or net realisable value. Net realisable value is generally the merchandise's selling price, less costs to sell. The Group reviews its inventory levels in order to identify slow-moving and obsolete items which have a market price that is lower than its carrying amount. Allowances for inventories are recognised in profit or loss. There is no allowance of inventories at the end of the reporting year (December 31, 2014 : Nil).

#### (d) Useful lives and residual value of plant and equipment

The Group reassesses the estimated useful lives and residual value of plant and equipment at the end of each reporting year. Management is satisfied that there is no change in the useful lives and residual value of the plant and equipment from prior year.

The Group's activities expose it to a variety of financial risks, including the effects of: changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group does not use derivative financial instruments such as foreign exchange forward contracts to hedge certain exposures. The Group does not hold or issue derivative financial instruments for speculative purposes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 6 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

#### (a) *Categories of financial instruments*

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

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	<u>S\$'000</u>	<u>S\$'000</u>
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	7,993	13,589
Investment in associate	<u>7,291</u>	<u>150</u>
	<u>15,824</u>	<u>13,739</u>
<b>Financial liabilities</b>		
Borrowings and payables at amortised cost	<u>15,558</u>	<u>20,282</u>

#### (b) *Financial risk management policies and objectives*

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Board of Directors provide written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash.

Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the management under the policies approved by the Board of Directors.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 6. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

#### (i) Foreign exchange risk management

The Group's and Company's activities are mainly conducted in the functional currencies of the respective entities. Hence, the Group's exposure to foreign exchange risk is minimal.

#### (ii) Interest rate risk management

Interest-bearing financial assets are mainly bank balances, fixed deposit and loan to investee company. The interest rates for finance leases, loan to investee company and certain bank loans are fixed on the date of inception. Any variation in the short-term interest rates will not have a material impact on the results of the Group.

The Group is exposed to the interest rate risk on certain bank loans and bills payable, which varies accordingly to prime lending rate. Management is of the view that any variation of the prime lending rate is not likely to have a material impact on the results of the Group. Accordingly, the Group does not hedge against interest rate risk relating to its bank loans and bills payable.

#### (iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management annually.

The Group's bank balances are placed with credit-worthy financial institutions.

Concentration of credit risk exists when economic, industry or geographical factors similarly affect Group counter parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 6 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

The Group's customers are located in Singapore, Malaysia, Philippines, Australia and United Kingdom, and in addition, the Group has significant concentration of credit risk in that its top 5 debtors accounted for S\$1,043,318 (2014 : S\$2,429,000) or 24% (2014 : 31%) of the gross trade receivables balance at year end.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 9 and 10 to the financial statements respectively.

#### (iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. Management finances the Group's liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available. Management expects that the Company is not exposed to undue liquidity risk as it expects that the amount payable to subsidiaries will be set-off against future dividend payments.

#### **Liquidity and interest risk analyses**

##### Non-derivative financial liabilities

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 6 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Group	Weighted average effective interest rate %	On demand or within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000	Expected Interest S\$'000	Total S\$'000
<u>2015</u>						
Non-interest bearing	-	8,833	-	-	-	8,833
Finance lease liability (fixed rate)	2.81	39	49	-	(6)	82
Bank loan (variable rate)	5.73	4,595	-	-	(65)	4,530
Bank loan (variable rate)	4.19	1,908	-	-	(76)	1,832
Overdraft (variable rate)	4.75	324	-	-	(15)	309
Variable interest rate instruments	5.40	<u>150</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>142</u>
		<u>15,679</u>	<u>49</u>	<u>-</u>	<u>(170)</u>	<u>15,558</u>

	Weighted average effective interest rate %	On demand or within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000	Expected Interest S\$'000	Total S\$'000
<u>2014</u>						
Non-interest bearing	-	10,040	-	-	-	10,040
Finance lease liability (fixed rate)	3.35	51	13	-	(3)	61
Bank loan (variable rate)	4.68	7,167	-	-	(217)	6,950
Bank loan (variable rate)	3.56	2,329	-	-	(73)	2,256
Overdraft (variable rate)	4.75	718	-	-	(20)	698
Variable interest rate instruments	5.4	<u>292</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>277</u>
		<u>20,597</u>	<u>13</u>	<u>-</u>	<u>(328)</u>	<u>20,282</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 6 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

#### Non-derivative financial assets

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

	Weighted average effective interest rate %	On demand or within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000	Expected Interest S\$'000	Total S\$'000
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#### Group

#### 2015

Non-interest bearing	-	<u>7,811</u>	<u>-</u>	<u>-</u>	<u>7,811</u>	<u>7,811</u>
		<u>7,811</u>	<u>-</u>	<u>-</u>	<u>7,811</u>	<u>7,811</u>

	Weighted average effective interest rate %	On demand or within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000	Expected Interest S\$'000	Total S\$'000
--	--------------------------------------------------------	------------------------------------------------	----------------------------	-----------------------------	---------------------------------	------------------

#### 2014

Non-interest bearing	-	11,936	-	-	-	11,936
Fixed deposits (fixed rate)	6.50	<u>1,689</u>	<u>-</u>	<u>-</u>	<u>(36)</u>	<u>1,653</u>
		<u>13,625</u>	<u>-</u>	<u>-</u>	<u>(36)</u>	<u>13,589</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 6 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

#### (vi) Fair value of financial assets and financial liabilities

Management considers that the carrying amounts of non-derivative financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

#### (c) *Capital risk management policies and objectives*

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

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital and reserves and accumulated profits.

The Group's overall strategy remains unchanged from 2014.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 7 RELATED PARTY TRANSACTIONS

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

#### *Compensation of directors and key management personnel*

The remuneration of directors and other members of key management during the year were as follows:

	<u>2015</u>	<u>2014</u>
	S\$	S\$
Short-term benefits	895,887	1,251,859
Post-employment benefits	57,208	28,729
Termination benefits	<u>-</u>	<u>810,000</u>
Total	<u>953,095</u>	<u>2,090,588</u>

The remuneration of directors and key management is determined by the nomination and remuneration committee having regard to the performance of individuals and market trends, in accordance with disclosures made in our replacement prospectus dated 24 May 2014.

The following table outlines the remuneration provided to NEDs for the year ended 31 December 2015 and 31 December 2014.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

## 7 RELATED PARTY TRANSACTIONS (CONT'D)

The following tables outline the remuneration provided to KMP excluding NEDs for the years ended 31 December 2015 and 31 December 2014.

No executive GPS appointed during the period received a payment as part of their consideration for agreeing to hold the position.

Key Management Personnel - Executive Remuneration													
2015		Short-Term					Other long-term	LTI		Performance related		Termination	Shared-based payment
		Non-mone- tary	(1)	Central Provident Fund	(2) STI	Total Short-term		Long service leave	Perform- ance rights	Reten- tion quantum	Percent of total		
		Salary	benefits	Payment	STI	term	term	quantum	rights	%	%	benefits	Shares
	Executive director	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	%	S\$	S\$
	Lim Pang Hern (Jeffrey)	36,000	-	-	4,960	-	-	-	-	-	-	-	-
	See Mei Li	60,000	-	-	7,650	19,429	-	-	-	22	-	-	-
	Wang Jinhui	97,091	-	-	6,986	-	-	-	-	-	-	-	-
	Dennis Yong Group CEO	360,000	-	24,000	10,200	431,979	-	-	-	9	-	-	-
	Total executive director	553,091	-	24,000	29,796	664,095	-	-	-	9	-	-	-

1. Other Payment consists of transport allowances.
2. STIs were accrued or paid in the year ended 31 December 2015.
3. Termination benefits relate to cessation payment for Jeffrey Hong, consistent with the announcement made on 8 August 2014. No other termination benefits were granted for the year ended 31 December 2015.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2015

### 7 RELATED PARTY TRANSACTIONS (CONT'D)

Key Management Personnel – Executive Remuneration																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
2014		Short-Term				Total Short-term	Other long-term	LTI		Performance related		Termination	Shared-based payment																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
		Non-mone-tary	(1) Other	Central	(2) STI			Long service	Long- term	Perform- ance	Reten- tion			STI+LTI	LTI	Percent of total	Percent of total	benefits	Shares																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
		benefits	Payment	Fund		leave	rights	quantum	rights	quantum	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	rights	righ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1. Other Payment consists of transport allowances.
2. STIs were accrued or paid in the year ended 31 December 2014.
3. Termination benefits relate to cessation payment for Jeffrey Hong, consistent with the announcement made on 8 August 2014. No other termination benefits were granted for the year ended 31 December 2014.

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 8 CASH AND CASH EQUIVALENTS

	<u>2015</u> S\$'000	<u>2014</u> S\$'000
Cash at bank and on hand	<u>1,109</u>	<u>2,856</u>
Cash and cash equivalents	<u>1,109</u>	<u>2,856</u>

The Group's total cash and cash equivalents are denominated in the functional currencies of the respective entities.

### 9 TRADE RECEIVABLES

	<u>2015</u> S\$'000	<u>Group</u> <u>2014</u> S\$'000
Outside parties	1,036	1,648
Retention monies receivable (Note 12)	220	294
Unbilled receivables	3,214	5,847
Less: Allowance for doubtful debts	<u>(179)</u>	<u>(81)</u>
	<u>4,291</u>	<u>7,708</u>

The average credit period on the outstanding trade receivables is 132 days (2014 : 117 days). No interest is charged on trade receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of S\$855,000 (2014 : S\$1,531,000) which are past due at the reporting date for which the Group has not provided for any impairment allowance.

The table below is an analysis of age of debts which are past due but not impaired:

	<u>2015</u> S\$'000	<u>Group</u> <u>2014</u> S\$'000
1 month to 3 months	244	833
3 months to 6 months	137	108
6 months to 12 months	95	285
12 months to 24 months	180	161
24 months to 36 months	<u>199</u>	<u>144</u>
	<u>855</u>	<u>1,531</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, management believes that there is no further credit provision required in excess of the allowance for the doubtful debts.

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 9 TRADE RECEIVABLES (CONT'D)

The trade receivables that are past due nor impaired related to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management.

The Group's and Company's total receivables are denominated in the functional currencies of the respective entities and translated to SGD for reporting purpose.

#### Movement in the allowance for doubtful debts

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Balance at beginning of the year	81	18
Provision for impairment losses recognised on receivables	<u>98</u>	<u>63</u>
Balance at end of the year	<u>179</u>	<u>81</u>

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to S\$98,000 (2014: S\$63,000) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds.

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
<u>Age of impaired trade receivables</u>		
12 months to 36 months	<u>179</u>	<u>81</u>

### 10 OTHER RECEIVABLES

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Other deposits	133	629
Prepayments	69	175
Loan to investee company	-	751
Interest receivable on loan to investee company	-	903
Advance to suppliers	107	118
Others	114	362
GST receivable	<u>37</u>	<u>130</u>
	<u>460</u>	<u>3,068</u>

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 10 OTHER RECEIVABLES (CONT'D)

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Analysed as:		
Current	460	3,068
Non-current	-	-
	<u>460</u>	<u>3,068</u>

The loan to investee company was fully repaid by investee company on 26<sup>th</sup> May 2015.

The Group's and Company's other receivables are denominated in the functional currencies of the respective entities and translated to SGD for reporting purpose.

### 11 INVENTORIES

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Raw materials	131	243
Finished goods	-	18
	<u>131</u>	<u>261</u>

During the year, the cost of inventories recognised as an expense was S\$59,000 in respect of continuing operations.

### 12 CONTRACT WORK-IN-PROGRESS

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Costs and recognised profit of uncompleted contracts in excess of related billings (included in current assets):		
Accumulated costs	7,346	4,717
Recognised profits	832	1,234
Accumulated billings	(7,825)	(4,139)
	<u>353</u>	<u>1,812</u>

As at December 31, 2015, retentions held by customers for construction contracts amounted to S\$220,000 (2014 : S\$294,000), and are included in trade receivables (Note 9). The contract work-in-progress is classified as current because they are expected to be realised in the normal operating cycle.

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 13 PLANT AND EQUIPMENT

	Computer and software S\$'000	Furniture and fitting S\$'000	Leasehold improvement S\$'000	Office equipment S\$'000	Motor vehicle S\$'000	Plant and machinery S\$'000	ERP equipment S\$'000	Total S\$'000
<b>Cost:</b>								
At January 1, 2014	190	82	860	168	101	249	75	1,725
Additions	3	29	390	-	103	3,413	65	4,003
Disposals	(4)	(51)	(58)	(4)	(31)	(9)	-	(157)
Asset held for sale	-	-	-	-	(1)	(4)	-	(5)
At December 31, 2014	189	60	1,192	164	172	3,649	140	5,566
Additions	2	-	20	72	-	-	-	94
Group transfer	(68)	(5)	(440)	(148)	-	-	(43)	(704)
Reversal	-	-	(75)	-	-	-	-	(75)
Disposals	(5)	-	(408)	(2)	(50)	(19)	-	(484)
Translation reserve	-	(4)	-	(1)	(8)	(29)	-	(42)
At December 31, 2015	118	51	289	85	114	3,601	97	4,355
<b>Accumulated depreciation:</b>								
At January 1, 2014	102	5	58	92	18	6	12	293
Depreciation	47	10	209	40	39	310	6	661
Disposals	(4)	-	(8)	(1)	(15)	(1)	-	(29)
At December 31, 2014	145	15	259	131	42	315	18	925
Depreciation	28	8	150	14	30	306	17	553
Group transfer	(62)	(3)	(149)	(130)	-	-	(24)	(368)
Disposals	(5)	-	(190)	(2)	(37)	(1)	-	(235)
Translation reserve	-	(1)	-	-	(1)	(6)	-	(8)
At December 31, 2015	106	19	70	13	34	614	11	867
<b>Impairment:</b>								
At January 1, 2014	-	51	50	2	-	-	-	103
Addition	-	-	300	-	-	-	-	300
Reversal	-	(51)	(50)	(2)	-	-	-	(103)
At December 31, 2014	-	-	300	-	-	-	-	300
Addition	-	-	-	-	-	-	21	21
Disposal	-	-	(300)	-	-	-	-	(300)
At December 31, 2015	-	-	-	-	-	-	21	21
<b>Carrying amount:</b>								
At December 31, 2015	12	32	219	72	80	2,987	65	3,467
At December 31, 2014	44	45	633	33	130	3,334	122	4,341

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 14 INVESTMENT IN ASSOCIATE

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs (adjusted by the group for equity accounting purposes).

	<u>2015</u> S\$'000	<u>2014</u> S\$'000
Balance at beginning of year	150	150
Share of profit	7,891	-
Less Dividend received	(750)	-
Unquoted equity shares	<u>7,291</u>	<u>150</u>

The investment in associate instrument represents an investment in a company that is engaged in property development.

	<u>2015</u> S\$'000	<u>2014</u> S\$'000
<b>Huge Development Pte Ltd</b>		
Current assets	62,263	277,747
Non-current assets	-	3,465
Current liabilities	5,978	278,052
Non-current liabilities	7,676	2,225

	<u>2015</u> S\$'000	<u>2014</u> S\$'000
Revenue	322,039	-
Profit or loss from continuing operations	322,039	-
Profit for the year	52,674	(48)
Other comprehensive income for the year	(5,000)	-
Total comprehensive income for the year	47,674	(48)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huge Development Pte Ltd recognised in these consolidated financial statements:

	<u>2015</u> S\$'000	<u>2014</u> S\$'000
Net assets of the associate	48,609	935
Proportion of the group's ownership interest in Huge Development Pte Ltd	15%	15%
Other adjustments (please specify)	-	-
Carrying amount of the group's interest in Huge Development Pte Ltd	7,291	150

Huge Development Pte Ltd is a Singapore incorporated company with its operation in Singapore. Its principal activity is in property development.

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 15 BORROWINGS (CURRENT)

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Bank overdraft	309	698
First bank loan	4,530	6,957
Second bank loan	1,832	2,256
Term loan	<u>142</u>	<u>135</u>
	<u>6,813</u>	<u>10,046</u>

Bank overdraft bears interest at Bank's Prevailing Prime Rate + 0.5% per annum.

The first bank loan total S\$4.53 million with maturity date of 31 March 2016. The initial S\$3.58 million bears interest at Singapore Interbank Offered Rate (SIBOR) + 4% per annum while the balance S\$0.95 million bears interest at SIBOR + 5% per annum, both with maturity date of 31 March 2016. The loan is secured by way of legal charge over a subsidiary's shares in an investee company with a carrying amount of S\$150,000 (2014: S\$150,000) and corporate guarantee from the Company. The bank is able to recall the funds at their absolute discretion.

The second bank loan of S\$1.83 million is repayable over 72 monthly instalments from Feb 2015 to Jan 2020. During the year, the principal amount of approximately S\$424,000 had been paid. The interest for the first 12 months bears interest at the lower of "3-month SIBOR + 1.48%" or 2.48% per annum. Subsequently, the loan bears interest at "3-month SIBOR + 3%" per annum. The loan is secured by way of legal charge over a subsidiary's leasehold property, corporate guarantee from the company and one of its subsidiary, and personal guarantee from certain directors of a subsidiary. The bank is able to recall the funds at their absolute discretion.

The borrowings are denominated in the functional currencies of the respective entities and translated to SGD for reporting purpose.

### 16 TRADE PAYABLES

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Outside parties	<u>4,793</u>	<u>7,368</u>

The average credit period on the outstanding trade payables is 410 days (2014 : 538 days). No interest is payable on overdue balances.

The Group's trade payables are denominated in the functional currencies of the respective entities and translated to SGD for reporting purpose.

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 17 OTHER PAYABLES

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Accrued expenses	739	1,224
Advance from a non-controlling interest	316	289
Deposits received	28	165
Provision for warranty <sup>(i)</sup>	53	81
Others	<u>272</u>	<u>1,224</u>
	<u>1,408</u>	<u>2,983</u>
<i>Analysed as:</i>		
Current	<u>1,408</u>	<u>2,983</u>

The advance from a non-controlling interest is unsecured, interest free and repayable on demand.

(i) Includes provision for warranty relates to the estimated cost of work agreed to be carried out for the warranty claim for a project.

The Group's other payables are denominated in the functional currency of the respective entities and translated to SGD for reporting purpose.

### 18 PROVISIONS

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Provision for office reinstatement cost	<u>240</u>	<u>306</u>

Provision for office reinstatement is for a subsidiary's office.

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 19 FINANCE LEASES

	Minimum lease payment		Present value of Minimum lease payment	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Amounts payable under finance leases:				
Within one year	39	51	36	48
In the second to fifth year inclusive	<u>49</u>	<u>13</u>	<u>46</u>	<u>13</u>
	88	64	82	61
Less: Future finance charges	<u>(6)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Present value of lease obligations	<u>82</u>	<u>61</u>	82	61
Less: Amount due for settlement within 12 months			<u>(36)</u>	<u>(48)</u>
Amount due for settlement after 12 months			<u>46</u>	<u>13</u>

It is the company's policy to lease certain items of its plant and equipment under finance leases. The average lease term is 3 years. The average effective borrowing rate is 3.08% per annum. Interest rates are fixed at the contract date, and thus expose the company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Singapore dollars.

The fair value of the company's lease obligations approximates their carrying amount.

The company's obligations under finance leases are secured by the lessors' titles to the leased assets.

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 20 DEFERRED INCOME TAX ASSETS / (LIABILITIES)

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Deferred income tax assets	-	174
Deferred income tax liabilities	-	-
Net	-	<u>174</u>

The following are the major deferred tax (liabilities) assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	<u>Accelerated tax depreciation</u>	<u>Capital allowance</u>	<u>Total</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>Group</u>			
At January 1, 2014	-	174	174
Credit / (charge) to profit or loss for the year	-	-	-
At December 31, 2014	-	174	174
Credit / (charge) to profit or loss for the year	-	(174)	(174)
At December 31, 2015	-	-	-

### 21 SHARE CAPITAL

	<u>2015</u>		<u>2014</u>	
	<u>Number of Ordinary shares</u>	<u>S\$'000</u>	<u>Number of Ordinary shares</u>	<u>S\$'000</u>
	<u>'000</u>		<u>'000</u>	
<b>Issued and paid up:</b>				
At beginning of year	74,750	8,229	65,000	6,353
Issued during the year:				
Share placement	<u>11,212</u>	<u>2,125</u>	<u>9,750</u>	<u>1,876</u>
At end of the year	<u>85,962</u>	<u>10,354</u>	<u>74,750</u>	<u>8,229</u>

During the year, the Company issued 11,212,000 (2014: 9,750,000) ordinary shares to raise S\$2,125,000 (2014: S\$1,876,000).

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 22 CAPITAL RESERVE

	Group	
	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Capital reserve arising from		
Capital restructuring	2,000	2,000
Others	<u>(57)</u>	<u>(57)</u>
Net	<u>1,943</u>	<u>1,943</u>

### 23 ACCUMULATED LOSSES

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Balance at beginning of year	(10,300)	(5,892)
Profit / (Loss) attributable to owners of the company	<u>3,310</u>	<u>(4,408)</u>
Balance at end of year	<u>(6,990)</u>	<u>(10,300)</u>

### 24 TRANSLATION RESERVE

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Balance at beginning of year	(180)	(109)
Exchange differences arising on translating to presentation currency	<u>(190)</u>	<u>(71)</u>
Balance at end of year	<u>(370)</u>	<u>(180)</u>

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Singapore dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

### 25 NON-CONTROLLING INTEREST

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Balance at beginning of year	(221)	(43)
Share of loss for the year	<u>(1,361)</u>	<u>(178)</u>
Balance at end of year	<u>(1,582)</u>	<u>(221)</u>

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 26 REVENUE

The following is an analysis of the Group's revenue for the year from continuing operations.

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Consultancy income	(257)	356
ID & fit-out work	<u>2,545</u>	<u>6,180</u>
	<u>2,288</u>	<u>6,536</u>

### 27 OTHER INCOME

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Interest income	45	113
Government grant income	87	139
Others	<u>168</u>	<u>116</u>
	<u>300</u>	<u>368</u>

### 28 EMPLOYEE BENEFIT EXPENSE

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Includes staff salaries, bonus, leave entitlement and compulsory funds contribution	<u>1,090</u>	<u>2,041</u>

### 29 FINANCE COSTS

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
HP interest expense	(8)	12
Loan interest expenses	366	352
Other interest charges	<u>1</u>	<u>3</u>
Total finance cost	<u>359</u>	<u>367</u>

Finance costs decreased marginally by S\$8,000 to S\$359,000 in FY2015 following the partial repayment of bank loan in June 2015 (S\$1.67 million) and December 2015 (S\$0.75 million).

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 30 INCOME TAX

	2015 S\$'000	2014 S\$'000
Overprovision of deferred tax assets in prior years	-	-
Deferred tax (assets) / liabilities	-	-
Income tax (benefit) / expense	-	-

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2015 S\$'000	2014 S\$'000
Profit/ (Loss) before tax from continuing operations	<u>1,949</u>	<u>(4,586)</u>
Income tax expense / (benefit) calculated at 17%	331	(780)
Effect of expenses that are not deductible in determining taxable profit	-	265
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(331)	521
Others	-	(6)
Adjustment recognised in the current year in relation to the current tax of prior years	-	-
Income tax benefit recognised in profit or loss	<u>-</u>	<u>-</u>

The Group has tax loss carry forwards available for offsetting against future taxable income as follows:

	Group 2015 S\$'000	2014 S\$'000
At beginning of year	1,129	608
Amount (utilised) / arising during the year	<u>(331)</u>	<u>521</u>
At end of year	<u>798</u>	<u>1,129</u>

No deferred tax asset has been recognised in respect of the above tax loss carried forwards due to the unpredictability of future profit streams.

The realisation of the future income tax benefits from tax loss carried forwards is available for an unlimited future period subject to the conditions imposed by the relevant tax authorities.

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 31 PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Owner of the Company	3,310	(4,408)
Non-controlling interests	<u>(1,361)</u>	<u>(178)</u>
	<u>1,949</u>	<u>(4,586)</u>

Profit / (Loss) for the year from continuing operations has been arrived at after charging (crediting):

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Depreciation of property, plant and equipment and amortisation	553	661
Foreign exchange gain	131	70
Inventory expense	59	2,442
Impairment loss	21	300

### 32 EARNINGS PER SHARE

	<u>2015</u>	<u>2014</u>
Profit/(loss) for the year attributable to owners of the Company (in S\$'000)	<u>1,949</u>	<u>(4,586)</u>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (in '000)	82,061	65,053
<b>Earnings per share (Singapore cents):</b>		
- Basic	2.38	(7.05)
- Diluted	2.38	(7.05)

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 33 OPERATING SEGMENT INFORMATION

#### *Products and services from which reportable segments derive their revenues*

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focused on the functionality of services provided. The Group's reportable segments are as follows:

- Property Development
- Interior Design and fit-out work ("ID & fit-out work")

The real estate agency business has been discontinued.

Information regarding the Group's reportable segments is presented below:

#### *Segment revenues and results*

The following is an analysis of the Group's revenue and results by reportable segment:

	<u>Revenue</u>		<u>Results</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Property Development	(257)	356	6,921	(308)
ID & fit-out work	<u>2,545</u>	<u>6,180</u>	<u>(3,192)</u>	<u>(463)</u>
	2,288	6,536	3,729	(711)
Elimination	<u>-</u>	<u>-</u>	<u>633</u>	<u>680</u>
	<u>2,288</u>	<u>6,536</u>	4,362	(91)
Unallocated corporate income			21	50
Administrative expenses			(1,527)	(2,542)
Acquisition expenses			-	(504)
Profit / (Loss) before income tax			2,856	(3,087)
Income tax			-	-
Profit / (Loss) for the year			<u>2,856</u>	<u>(3,087)</u>

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 33 OPERATING SEGMENT INFORMATION (CONT'D)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of interest income, finance costs and income tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

#### *Segment assets*

	<u>2015</u> S\$'000	<u>2014</u> S\$'000
Property Development	11,210	6,190
ID & fit-out work	<u>4,853</u>	<u>16,234</u>
Total segment assets	16,063	22,424
Assets relating to Real Estate Agency (now discontinued)	2,346	10,251
Elimination	<u>805</u>	<u>(14,377)</u>
	19,214	18,298
Unallocated corporate assets	<u>237</u>	<u>2,079</u>
Total assets	<u>19,451</u>	<u>20,377</u>

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than deferred income tax asset and the assets of investment holding companies which are included under unallocated corporate assets representing cash and bank balances, deposits, prepayments and plant and equipment.

#### *Other segment information*

	Depreciation		Addition to PPE		Disposal of PPE	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	S\$'00	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Property Development	-	-	-	-	-	-
ID & fit-out work	392	415	22	3,811	(76)	(152)
Others	13	9	72	3	-	(4)
Total	<u>405</u>	<u>424</u>	<u>94</u>	<u>3,814</u>	<u>(76)</u>	<u>(156)</u>

#### *Geographical information*

The Group mainly operates in Singapore, its country of domicile and thus no breakdown is required.

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 34 OPERATING LEASE ARRANGEMENTS

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Minimum lease payments under operating leases recognised as an expense in the year	<u>996</u>	<u>1,537</u>

At the end of the reporting year, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Within one year	124	1,567
In the second to fifth year inclusive	<u>532</u>	<u>732</u>
	<u>656</u>	<u>2,299</u>

Operating lease payments represent rentals payable by the Group for rental of premises and copiers.

### 35 REMUNERATION OF AUDITORS

	<u>2015</u>	<u>2014</u>
	S\$	S\$
Audit or review of the financial statements	<u>156,000</u>	<u>173,000</u>

The auditor of GPS Alliance Holdings Limited is Deloitte Touche Tohmatsu.

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 36 PARENT ENTITY INFORMATION

<i>Financial position</i>	<u>2015</u> S\$'000	<u>2014</u> S\$'000
<b>Asset</b>		
Current assets	85	83
Non-current assets	<u>3,878</u>	<u>3,777</u>
Total assets	<u>3,963</u>	<u>3,860</u>
<b>Liabilities</b>		
Current liabilities	309	188
Non-current liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>309</u>	<u>188</u>
<b>Equity</b>		
Issued capital	13,132	11,007
Retained earnings	(9,446)	(7,372)
Reserves		
Translation reserve	<u>(32)</u>	<u>37</u>
Total equity	<u>3,654</u>	<u>3,672</u>
Total liabilities and equity	<u>3,963</u>	<u>3,860</u>
<i>Financial performance</i>	<u>2015</u> S\$'000	<u>2014</u> S\$'000
Loss	(2,074)	(4,917)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss	<u>(2,074)</u>	<u>(4,917)</u>

#### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

	<u>December 31,</u> <u>2015</u> S\$'000	<u>December 31,</u> <u>2014</u> S\$'000
Guarantee provided under the deed of cross guarantee <sup>(i)</sup>	4,530	6,950
Guarantee provided under the deed of cross guarantee <sup>(ii)</sup>	<u>1,832</u>	<u>2,640</u>
Total Guarantee	<u>6,362</u>	<u>9,590</u>

(i) GPS Alliance Holdings Limited has entered into a deed of cross guarantee with one of its wholly-owned subsidiaries, GPS Alliance Development & Investment Pte Ltd.

(ii) GPS Alliance Holdings Limited has entered into a deed of cross guarantee with one of its 60% owned subsidiaries, Probuild Pte Ltd.

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 37 DISCONTINUED OPERATIONS / HELD FOR SALE

On 20 July 2015, one of the Company's subsidiaries, Global Property Strategic Alliance Pte Ltd ("GPSA") together with MORE Property Pte Ltd ("MORE"), a company incorporated in Singapore, together as vendors, entered into a conditional sale and purchase agreement ('SPA') with Asia-Pacific Strategic Investments Limited ("APSI"), a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited for the sale of the entire issued capital of Global Alliance Property Pte Ltd ("GA"), a newly incorporated company by GPSA and MORE.

On 2 February 2016, the Group completed the Sale and Purchase Agreement (SPA) to sell part of its real estate agency business in Singapore with changes to certain terms. The final consideration received by GPSA was S\$728,000. The vendors (GPSA and MORE Property Pte Ltd collectively) amended the contract to remove the consideration of S\$1,500,000 payable in ordinary shares in the capital of APSI and the requirement to enter into the management agreement. The payment of the consideration constituted full and final settlement of all amounts owed by the purchaser, APSI, to the vendors under the SPA. No other terms and conditions of the SPA were modified.

In compliance with the provision of AASB5 Non-Current Assets Held for Sale and Discontinued Operations, the selected assets and liabilities of GPSA that will be transferred to GA have been classified as "held for sale" on the consolidated balance sheet, and the entire results of GPSA have been presented separately in the statement of comprehensive income as "Discontinued Operations" for the year ended 31 December 2015.

	2015 S\$'000	2014 S\$'000
<b><i>Profit / (loss) for the period from discontinued operations</i></b>		
Revenue	14,172	17,501
Cost of sales	(12,583)	(16,461)
Gross profit	1,589	1,040
Other income	522	818
Expenses	(2,844)	(3,357)
Profit before tax	(733)	(1,499)
Attributable income tax expense	(174)	-
Loss for the period from discontinued operations	(907)	(1,499)
<b><i>Cash flow from discontinued operations</i></b>		
Net cash inflows from operating activities	203	138
Net cash outflows from investing activities	(20)	(94)
Net cash inflows from financing activities	354	277
Net cash inflows	537	321

# Notes to the Consolidated Financial Statements

## December 31, 2015

### 37 DISCONTINUED OPERATIONS / HELD FOR SALE (CONT'D)

Certain assets and liabilities of the real-estate agency division has been classified and accounted for at 31 December 2015 as held for sale.

	<u>2015</u> S\$'000	<u>2014</u> S\$'000
<i>Assets classified as held for sale</i>		
Cash & Cash equivalent	145	-
Trade receivables	1,472	-
Other receivables	319	
Non-current assets	<u>410</u>	<u>-</u>
	<u>2,346</u>	<u>-</u>
<i>Liabilities associated with assets held for sale</i>		
Trade payables	1,265	-
Other payables & accruals	<u>1,367</u>	<u>-</u>
	<u>2,632</u>	<u>-</u>
<i>Amounts recognised directly in equity associated with assets held for sale</i>	<u>(286)</u>	<u>-</u>

### 38 EVENTS AFTER THE REPORTING YEAR

On 2 February 2016, the consolidated entity announced that it had completed the Sale and Purchase Agreement (SPA) to sell its real estate agency business in Singapore, as disclosed in Note 36.

On 18 March 2016, the Group announced the resignation of Mr Dennis Yong as Group Chief Executive Officer (CEO) of the company

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the consolidated entity.

## Additional Stock Exchange Information

Additional information as at 29 February 2016 required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

### Home Exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Sydney.

### Substantial Holders

Holdings of substantial shareholders are set out below.

Ordinary Shares	Quantity
Yong Dennis	13,842,597
Hong Eng Leong	13,842,597
Wang Jinhui	9,750,000
Ang Ah Nui	7,967,115
Lim Pang Hern (Jeffrey)	6,955,429

### The number of holders in each class of securities

The numbers of holders in each class of securities on issue at 29 February 2016 were as follows:

Type of security	Number of holders	Quantity of securities
Ordinary shares	711	85,962,500

### Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

### Distribution of Shareholders

As at 29 February 2016, the total distribution of fully paid shareholders, being the only class of equity, was as follows:

Range	Number of holders	Number of shares
1 - 1,000	215	112,191
1,001 - 5,000	334	727,256
5,001 - 10,000	63	472,415
10,001 - 100,000	71	2,003,113
100,001 and over	28	82,647,525
Total	711	85,962,500

## Additional Stock Exchange Information

### Unmarketable Parcels

As at 29 February 2016, 93 shareholders held less than marketable parcels of 26,196 shares.

### Twenty Largest quoted Shareholders

As at 29 February 2016 the twenty largest quoted shareholders held 93.11% of the fully paid ordinary shares as follows:

	Name	Quantity	%
1	Yong Dennis	13,842,597	16.10
2	Hong Eng Leong	13,842,597	16.10
3	HSBC Custody Nominees (Australia) Limited	11,253,785	13.09
4	Ms Wang Jinhui	9,750,000	11.34
5	Ang Ah Nui	7,967,115	9.27
6	Lim Pang Hern (Jeffrey)	6,955,429	8.09
7	Phillip Securities Pte Ltd <Client Account>	3,970,846	4.62
8	Mr Peter Tan	2,191,260	2.55
9	Mr Anthony Chow Kee Yap	1,536,606	1.79
10	Citicorp Nominees Pty Limited	1,385,915	1.61
11	Samsu	1,040,000	1.21
12	Tan Thiam Hee	811,815	0.94
13	Mr Wee Tat Teo	800,000	0.93
14	Mr Wei Chan	750,000	0.87
15	BNP Paribas Noms Pty Ltd <UOB Kay Hian Priv Ltd DRP>	681,305	0.79
16	Oh Keng Lim	660,335	0.77
17	Mr Eng Huat Hong	650,000	0.76
18	Malek Ali Abou Nough	650,000	0.76
19	Mr Wei Cheng Pan	650,000	0.76
20	Ms Jiaojun Xu	650,000	0.76
	<b>Total</b>	<b>80,039,605</b>	<b>93.11</b>

### On Market Buy Back

There is no on market buy-back.

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