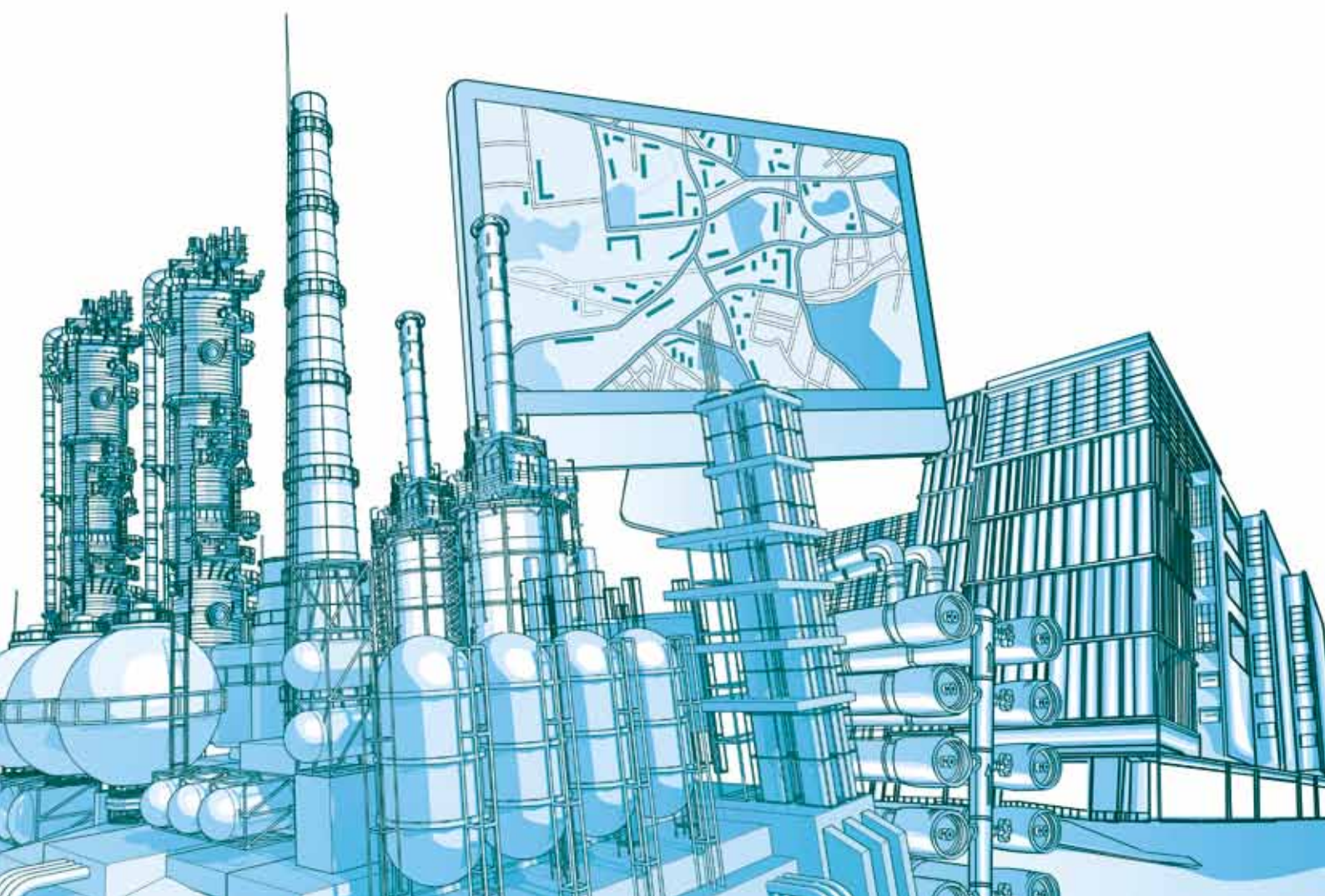


# OUR PORTFOLIO GIVES US MOMENTUM

**BOUSTEAD SINGAPORE LIMITED**  
annual report 2014



## Further Information



Visit us or download the Annual Report at [www.boustead.sg](http://www.boustead.sg).

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# CORPORATE PROFILE

Established in 1828, Boustead Singapore Limited is a progressive global Infrastructure-Related Engineering Services and Geo-Spatial Technology Group listed on the Singapore Exchange. Focusing on the engineering and development of key infrastructure supporting economic growth in the public and private sectors of emerging markets, our strong suite of Engineering Services comprises: Energy-Related Engineering, Water & Wastewater Engineering and Real Estate Solutions.

Under our Geo-Spatial Technology arm, we provide professional services and exclusively distribute Esri geo-spatial technology – the world’s leading geographic information systems – to major markets across Australia and South East Asia. Our location intelligence solutions are essential to effectively plan, deploy and manage key infrastructure and resources in countries.

With a vast global network stretching across Asia, Australia, Europe, Africa and the Americas, Boustead is ready to serve the world. To date, Boustead has undertaken infrastructure-related projects in 84 countries globally.

In 2008 and 2009, Boustead was recognised in the prestigious Forbes Asia 200 Best Under A Billion as one of the Asia Pacific’s 200 best public-listed corporations under US\$1 billion in revenue. Boustead is also listed on the MSCI Global Small Cap Index for Singapore and the FTSE ST Small Cap Index.

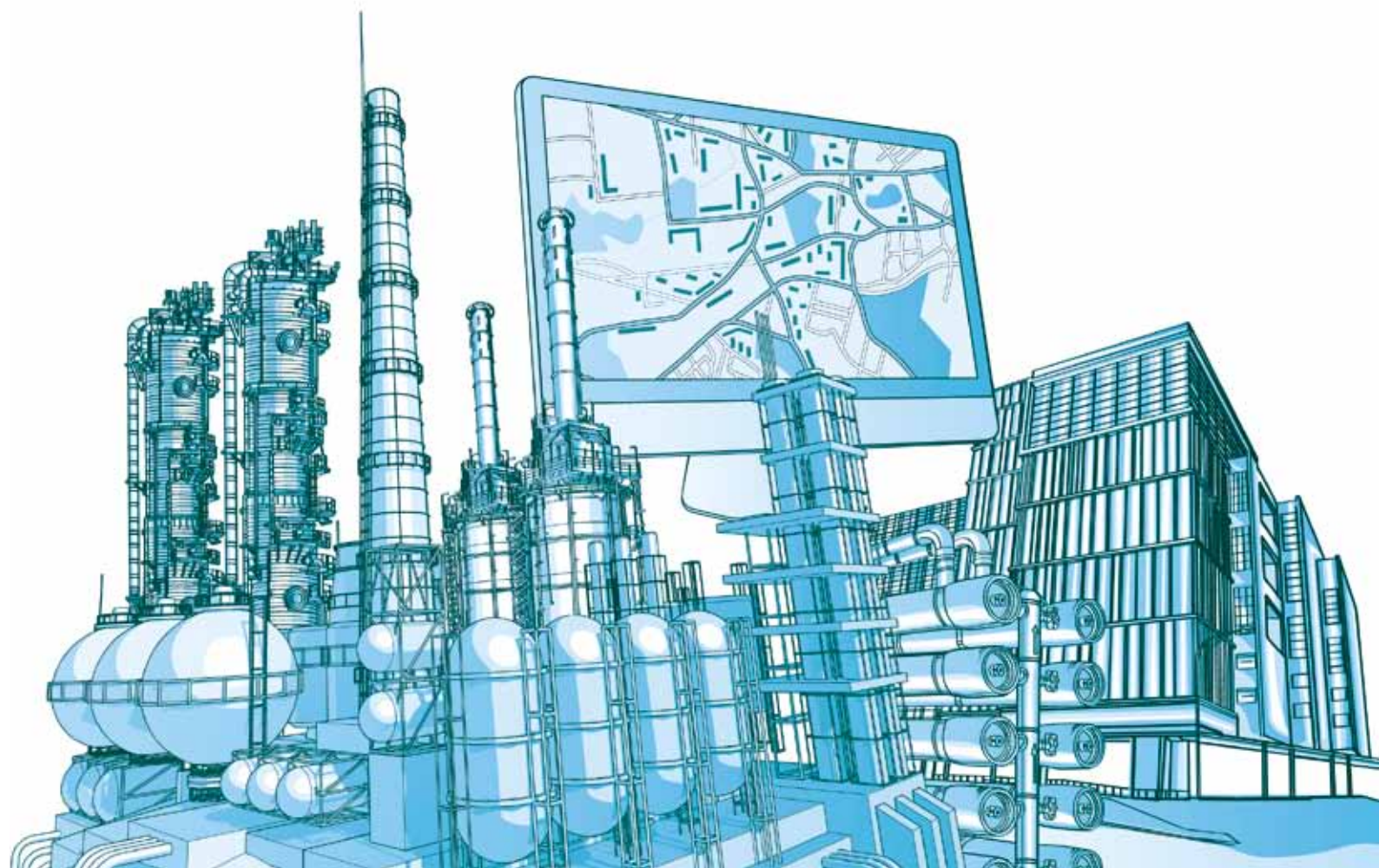
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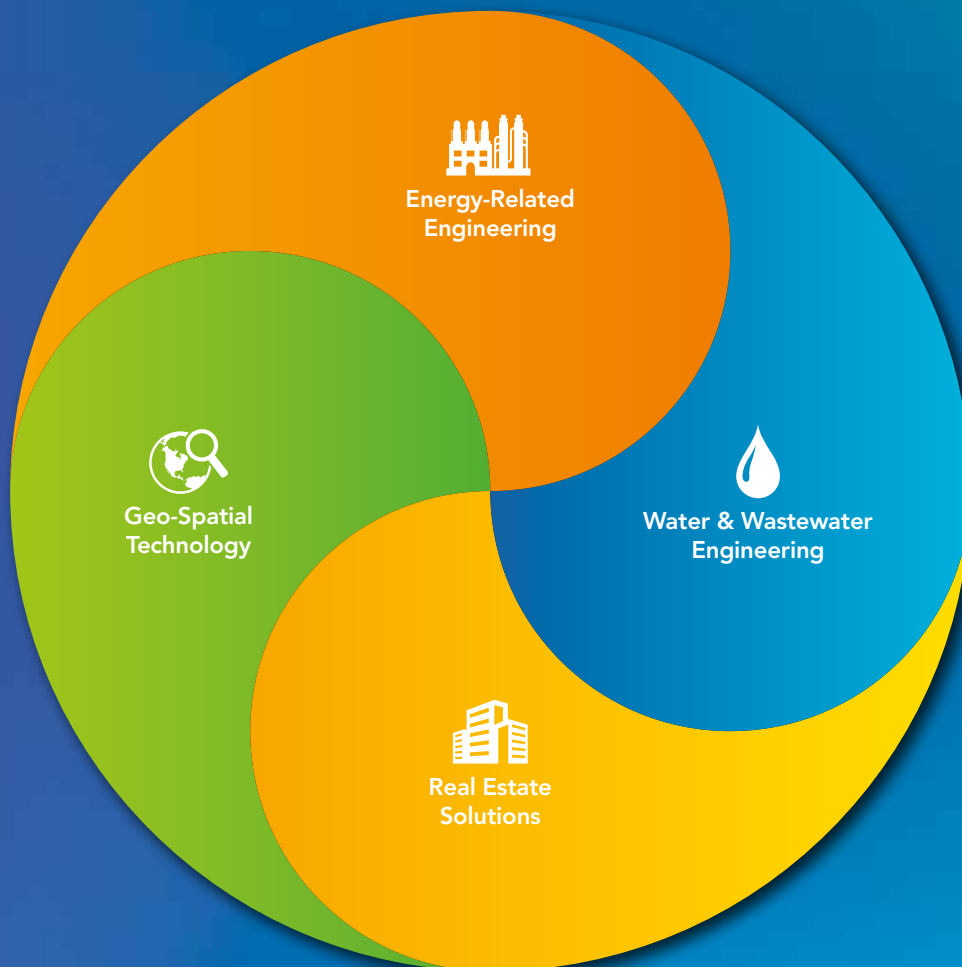
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# OUR PORTFOLIO GIVES US MOMENTUM



MOMENTUM ENHANCES OUR:

- ① REPUTATION
  - ② EXPERTISE
  - ③ PARTNERSHIPS
  - ④ SOLUTIONS
- 

We have established reputable positions in our principal market sectors.

Our ability to bring together engineering skills and proven technology makes us a dependable partner with a trusted brand name.

Going forward, our strategy to produce world-class engineering solutions globally and to form strategic partnerships with like-minded reputable partners will broaden our revenue streams and create value for our shareholders in the long-term.

# OUR REPUTATION GIVES YOU TRUST



Over the past 186 years, Boustead has earned an excellent reputation as an adaptable and fundamentally-driven corporation with strong brand heritage and a long standing history of credibility and trust with valued clients, partners, stakeholders and the global community.

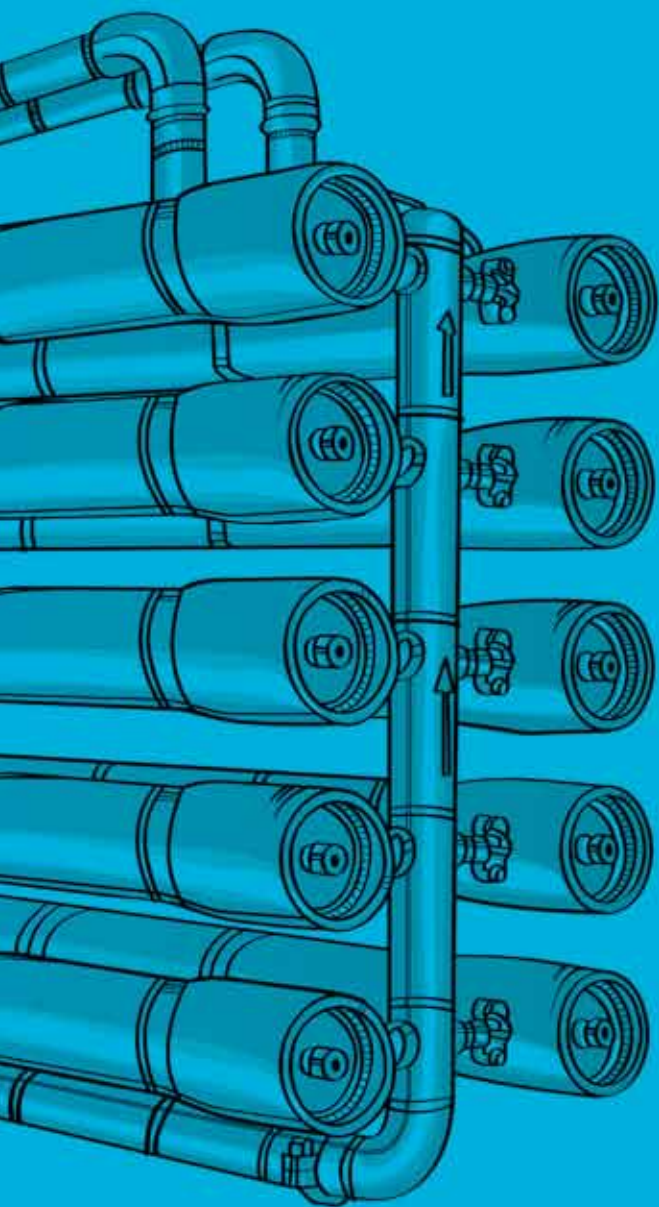


*Our Energy-Related Engineering Division has delivered projects for more than 60% of the world's 50 largest oil & gas corporations.*

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# OUR EXPERTISE SETS US APART



Tapping on Singapore's global trading hub status, strong connections and natural competitive advantage – a geographic presence at the heart of the Asia Pacific – Boustead has implemented solutions in 84 countries globally, making us a truly global corporation. Our distinguished track record has earned us pre-qualified status with many of the world's largest engineering corporations, as well as numerous Fortune 500 corporations. At the backbone of global economic growth, we provide the necessary infrastructure for industrial growth, from supplying process heater systems, waste heat recovery units and water treatment technology to the energy sector, to building industrial parks with high-tech manufacturing plants, logistics facilities and R&D centres. Our geo-spatial solutions also support the effective and efficient management of national assets, infrastructure and resources.



*Our Water & Wastewater Engineering Division is Singapore's largest water treatment technology provider in the energy sector.*



# OUR PARTNERSHIPS CREATE VALUE



Over the past few years, Boustead has formed various strategic partnerships with like-minded reputable partners on several fronts, including investments in a mixed development in Beijing Tongzhou, the asset enhancement of TripleOne Somerset in Singapore and the joint development of a prime industrial zone in Iskandar Malaysia, among others. Each strategic partner brings along in-depth domain expertise and vast experience in their respective fields, creating value for our partnerships, extending our networks and lowering the risks involved.

Leveraging on our expansive business network, we will actively explore venturing into new markets and broadening our presence.



*Our Real Estate Solutions Division is the market leader in Singapore in pioneering advanced environmentally-sustainable industrial facilities under the BCA Green Mark and US LEED Programmes, having designed and built the first Green Mark Platinum facilities in the heavy industry category, logistics category and at the Seletar Aerospace Park. We are also one of only nine bizSAFE Mentors in Singapore.*



# OUR SOLUTIONS MAKE THE DIFFERENCE



Boustead has long recognised the importance of sustainable development, which is why we have constantly reinvented ourselves through our entry into new sustainable businesses.

Moving beyond the simple provision of products and services, we are solution providers. Today, all of our divisions – in energy, water, real estate and geo-spatial technology – are delivering solutions to engineer a sustainable future, helping our clients to protect the environment, implement sustainable technology and effectively manage resources. We also deliver value engineering, helping our clients to achieve a highly effective cost competitive solution that raises efficiency and sustainability while eliminating wastage.



*Our Geo-Spatial Technology Division is the number one provider of geographic information systems in Australia, Singapore, Malaysia and Indonesia.*

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## OUR STRATEGY

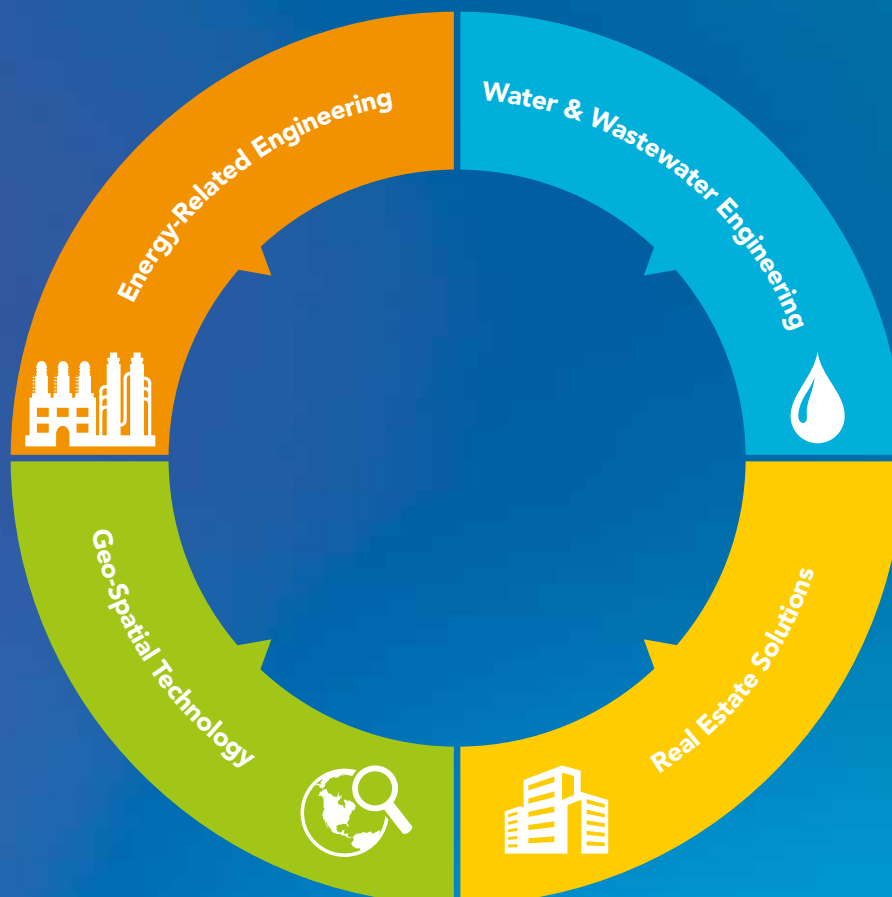
# HOW WE CREATE VALUE

We have a clear defined strategy, which outlines our business model and drives our performance. It sets us apart from our competitors and gives us the necessary platform to deliver long-term value to our shareholders. It also makes Boustead a rewarding and fulfilling place of work for our employees.

### 1. Our Business Model

Our experienced and versatile teams possess in-depth domain expertise and tremendous international experience. Following through with our clients on design, process and detailed engineering to the project management and commissioning of large-scale infrastructure-related projects, we are a knowledge-driven corporation with an excellent track record. Our in-house expertise in undertaking only the high value-added activities across the engineering value chain of activities means that we are able to focus on the details that matter most to our clients.

Employing a business model with inbuilt exportability and flexibility has enabled us to adapt our business operations to diverse situations and widespread geographic markets.



## 2. Our Strategy

### 1 Leading market positions

We have made our mark in niche areas, undertaking important projects at many of the world's largest energy developments, Singapore's leading industrial parks and in support of government agencies across the region.

### 2 Reputable brand and proven track record

With a strong brand heritage, we have established reputable positions in our principal market sectors, bringing together engineering skills and proven technology in over 1,000 projects globally.

### 3 Strategic partnerships and investments

Our strategic partnerships and continuous search for value in acquisitions and investments is aimed at broadening our revenue streams and driving long-term sustainable growth.

### 4 Balancing risk and reward

We are vigilant in aligning our strategies with risk ownership, ensuring that the enhancement of shareholder value and rewards are supported by sound management of risks.

### 5 Excellent health and safety record

We strive to achieve the highest standards for workplace health, safety and environment, for the comfort and protection of every individual. We are a leader and active participant in the bizSAFE Programme initiated by the Workplace Safety & Health Council of Singapore.

## 3. Our Value Chain

Building a strong order book

Committing to operational excellence

Delivering efficiency and value to clients

Generating increased revenue, profit and cash flow

Delivering shareholder value

Absolute growth in gross dividend per ordinary share over one decade

**+833%**

Absolute growth in net asset value per share over one decade

**+302%**

Absolute growth in earnings per share over one decade

**+334%**

Average return on equity over one decade

**24%**

## KEY ACHIEVEMENTS IN FY2014

# FROM STRENGTH TO STRENGTH



**JULY 2013**

### Ground breaking contract win

Boustead Projects awarded largest contract to date – in excess of S\$107 million – for Seagate's The Shugart, Fusionopolis, Singapore



**OCTOBER 2013**

### Entering new markets

Joint venture with AME, Tat Hong and CSC to develop 120,000 square metres of prime industrial land in Iskandar Malaysia



**OCTOBER 2013**

### Expanding recurring income

Gross floor area of industrial leasehold portfolio raised to over 170,000 square metres



**NOVEMBER 2013**

### Urban planning in 3D

Esri Singapore signed MOU with Urban Redevelopment Authority to invest in 3D smart city technology for urban planning



**JANUARY 2014**

### Partnering for growth

Consortium with Perennial and several partners to purchase and asset enhance TripleOne Somerset in Central Business District, Singapore



**MARCH 2014**

### Healthy order book

Group awarded S\$413 million in new contracts for FY2014

## OPERATIONAL HIGHLIGHTS



Leading positions in markets with healthy long-term prospects

Delivering

**12**

consecutive years of dividend payout



Building strategic partnerships

Industrial leasehold portfolio

**170,000 sqm**



**+9%**

compounded annual growth rate in profit before tax over past decade for Geo-Spatial Technology Division



Focusing on National Spatial Data Infrastructure projects in South East Asia

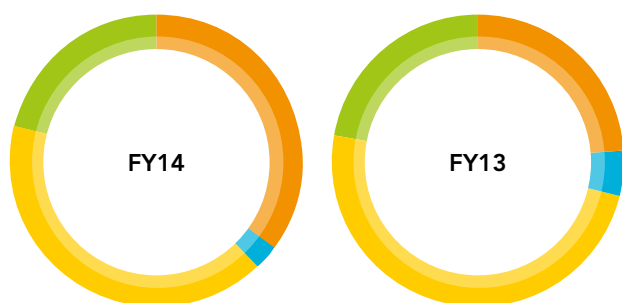






Record level of orders secured by Energy-Related Engineering Division

**S\$213m**



## GROUP AT A GLANCE



Revenue by Division		FY14	FY13
	Energy-Related Engineering	35%	24%
	Water & Wastewater Engineering	3%	5%
	Real Estate Solutions	41%	49%
	Geo-Spatial Technology	21%	22%

### Energy-Related Engineering

The Energy-Related Engineering Division is focused on providing key process technologies for:

1. Oil & gas and petrochemical infrastructure sectors; and
2. Mini-power and solid waste energy recovery plant sectors.

The division has undertaken more than 400 projects in 57 countries globally.



<b>Revenue</b>	S\$181.3m
<b>Profit before tax</b>	S\$24.8m
<b>Contracts secured</b>	S\$213m

Go to  pages 26-29 of the annual report


### Water & Wastewater Engineering

The Water & Wastewater Engineering Division is focused on providing key water and wastewater treatment technologies for the energy sector.

The division has undertaken more than 800 projects in 60 countries globally.



<b>Revenue</b>	S\$16.3m
<b>Profit before tax</b>	S\$1.1m
<b>Contracts secured</b>	S\$35m

Go to  pages 30-33 of the annual report

# 12

consecutive years  
of dividend payout

#### Revenue

**S\$513.7m**

#### Net Profit

**S\$70.7m**

#### Net Cash Position

**S\$165.9m**

#### Orders Secured

**S\$421m**

#### Earnings Per Share

**13.9¢**

#### Net Asset Value Per Share

**68.4¢**



## Real Estate Solutions

The Real Estate Solutions Division is focused on providing design-and-build engineering and development expertise for:

1. Industrial facilities;
2. Industrial parks; and
3. Business parks.

The division has delivered more than 4,000,000 square metres of industrial real estate regionally. It is a leader in pioneering advanced environmentally-sustainable industrial facilities under the BCA Green Mark and US LEED Programmes.



<b>Revenue</b>	<b>S\$209.2m</b>
<b>Profit before tax</b>	<b>S\$39.4m</b>
<b>Contracts secured</b>	<b>S\$173m</b>

Go to [▶](#) pages 34-39 of the annual report



## Geo-Spatial Technology

The Geo-Spatial Technology Division is focused on providing professional services and exclusive distribution of Esri geo-spatial technology, the world's leading geographic information systems.

The division has more than 13,000 clients including key government agencies and multinational corporations across its seven exclusive markets in Australia and South East Asia.



<b>Revenue</b>	<b>S\$106.9m</b>
<b>Profit before tax</b>	<b>S\$25.2m</b>

Go to [▶](#) pages 40-45 of the annual report

## GLOBAL PRESENCE

# Projects undertaken in 84 countries

### PROJECTS TRACK RECORD



ENERGY-RELATED ENGINEERING



WATER &amp; WASTEWATER ENGINEERING



REAL ESTATE SOLUTIONS



GEO-SPATIAL TECHNOLOGY

### PROJECTS ONGOING IN FY2014



ENERGY-RELATED ENGINEERING



WATER &amp; WASTEWATER ENGINEERING



REAL ESTATE SOLUTIONS



GEO-SPATIAL TECHNOLOGY

### NORTH AMERICA & SOUTH AMERICA

#### Latin America & Caribbean

Argentina	
Bolivia	
Brazil	
Chile	
Dominican Republic	
Mexico	
Netherlands Antilles	
Peru	
Venezuela	

#### North America

Canada	
U.S.A.	

### EUROPE

#### Eastern Europe

Hungary	
Poland	
Russia	
Slovakia	
Ukraine	

#### Northern Europe

England	
Finland	
Ireland	
Isle of Man	
Lithuania	
Norway	
Scotland	
Wales	

#### Southern Europe

Cyprus	
Greece	
Italy	
Spain	
Turkey	

#### Western Europe

Austria	
Belgium	
Germany	
Netherlands	
Switzerland	

### AFRICA

#### Eastern Africa

Tanzania	
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#### North Africa

Algeria	
Egypt	
Libya	
Tunisia	

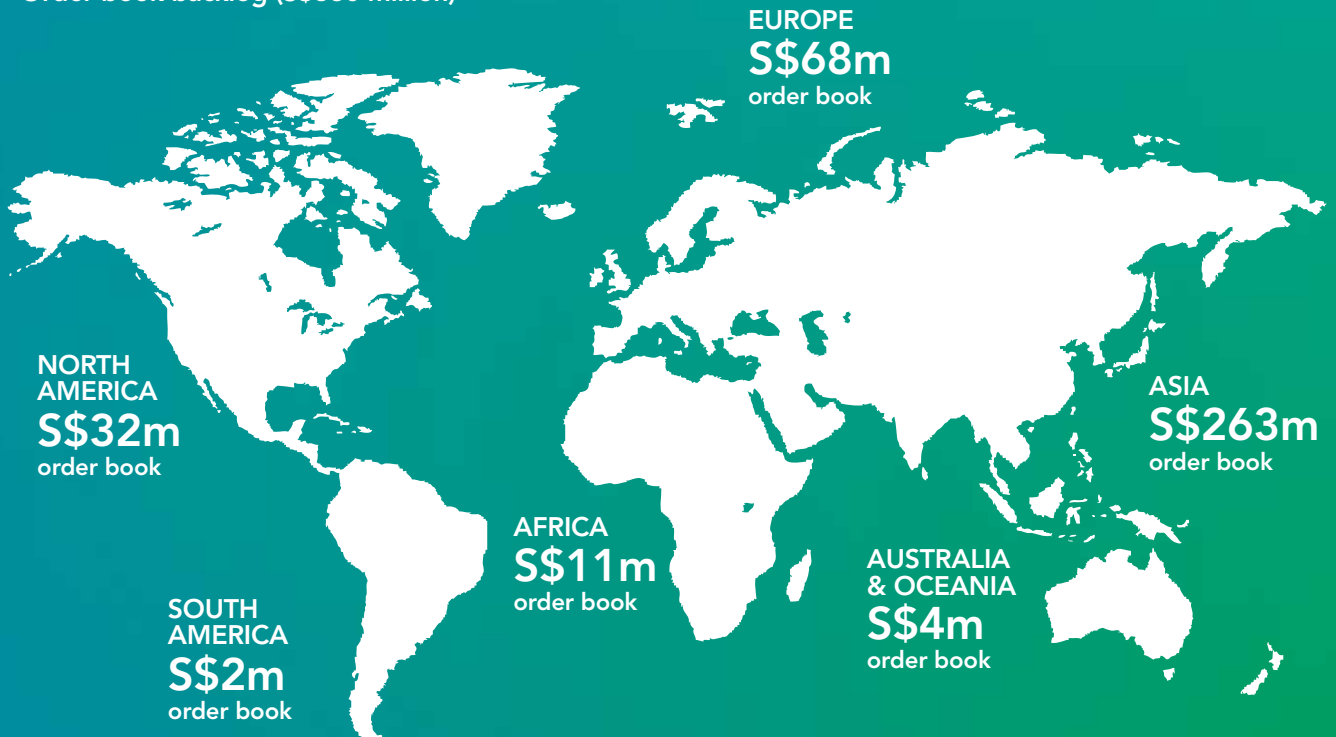
#### Middle Africa

Angola	
Equatorial Guinea	

#### Western Africa

Gabon	
Ghana	
Nigeria	

## Order book backlog (\$\$380 million)\*



\* Order book backlog as at the end of FY2014 plus new orders secured since.

## ASIA

### East Asia & Central Asia

Azerbaijan	
China	
Hong Kong	
Japan	
Macau	
South Korea	
Taiwan	
Turkmenistan	

### South East Asia

Brunei	
Indonesia	
Malaysia	
Philippines	
Singapore	
Thailand	
Timor-Leste	
Vietnam	

### South Asia

Bangladesh	
India	
Maldives	
Pakistan	
Sri Lanka	

### South West Asia

Bahrain	
Jordan	
Kuwait	
Oman	
Qatar	
Saudi Arabia	
U.A.E.	

## AUSTRALIA & OCEANIA

Australia	
New Caledonia	
New Zealand	
Papua New Guinea	

# FINANCIAL HIGHLIGHTS

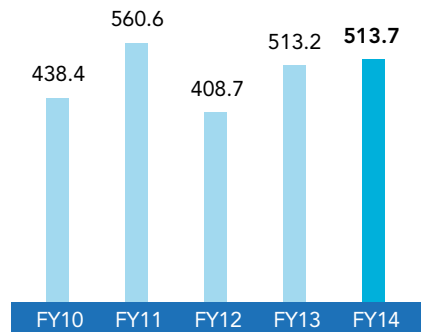
	31 Mar 14 S\$'000	31 Mar 13 S\$'000	31 Mar 12 S\$'000	31 Mar 11 S\$'000	31 Mar 10 S\$'000
<b>REVENUE AND PROFITS</b>					
Revenue	513,705	513,198	408,695	560,572	438,398
Gross profit	175,402	177,402	146,028	178,080	132,616
Profit before income tax	90,637	97,423	71,928	73,573	58,964
Profit for the year	74,046	84,480	58,416	58,578	47,126
Profit for the year attributable to equity holders of the Company	70,685	81,357	55,584	52,235	43,066
Cash/Scrip dividends	(36,085)	(35,154)	(25,264)	(35,446)	(27,841)
<b>STATEMENT OF FINANCIAL POSITION</b>					
Equity attributable to equity holders of the Company	352,348	300,868	254,454	229,416	213,307
Non-controlling interests	9,352	11,458	9,878	8,053	17,264
<b>CAPITAL EMPLOYED</b>	<b>361,700</b>	<b>312,326</b>	<b>264,332</b>	<b>237,469</b>	<b>230,571</b>
Property, plant and equipment	17,025	18,545	17,159	15,775	21,891
Investment properties	105,941	50,346	52,142	13,463	6,661
Goodwill	1,322	1,568	1,580	1,536	1,613
Other intangible assets	2,420	1,829	1,754	1,875	2,143
Investments in associated companies	3,959	2,787	2,787	5,192	5,192
Investment in joint venture	4,467	0	0	0	0
Available-for-sale investments (non-current)	69,392	32,340	48,896	9,684	5,550
Prepayments	1,221	0	0	0	0
Net deferred income tax assets	548	955	1,106	520	2,202
Net current assets	209,334	232,323	158,808	212,871	207,469
Non-current liabilities (excluding deferred income tax liabilities)	(53,929)	(28,367)	(19,900)	(23,447)	(22,150)
<b>ASSETS EMPLOYED</b>	<b>361,700</b>	<b>312,326</b>	<b>264,332</b>	<b>237,469</b>	<b>230,571</b>
<b>FINANCIAL STATISTICS</b>					
Operating profit over turnover (%)	17.6	19.0	17.6	13.1	13.4
Return on equity (%) (Note <sup>1</sup> )	20.1	27.0	21.8	22.8	20.2
Gross dividend per ordinary share (cents)	7.0	7.0	5.0	7.0	5.5
Dividend cover (times)	2.0	2.3	2.2	1.5	1.5
Basic earnings per ordinary share (cents) (Note <sup>2</sup> )	13.9	16.2	11.0	10.3	8.5
Net asset value per ordinary share (cents) (Note <sup>3</sup> )	68.4	60.0	50.4	45.3	42.2

## Notes:

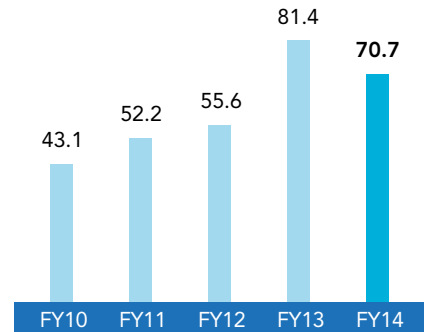
1. Based on profit for the year attributable to equity holders of the Company divided by equity attributable to equity holders of the Company.
2. Based on profit for the year attributable to equity holders of the Company divided by weighted average number of ordinary shares in issue during financial year ended 31 March.
3. Based on equity attributable to equity holders of the Company divided by number of ordinary shares in issue at end of financial year ended 31 March.

**Group Revenue (\$m)**

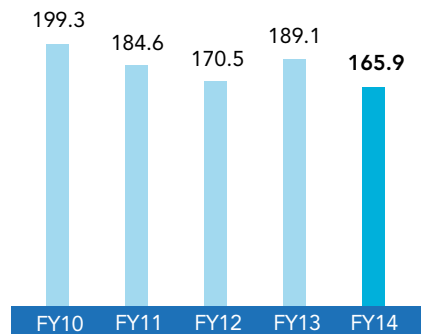
10-YR CAGR\*

**+9%****Group Net Profit (\$m)**

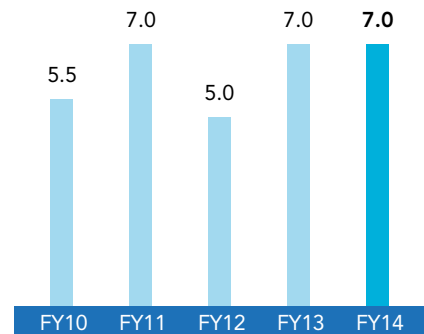
10-YR CAGR

**+17%****Net Cash Position (\$m)**

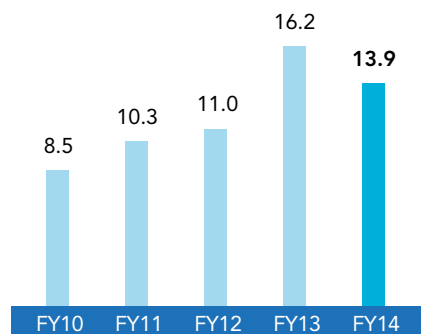
10-YR CAGR

**+23%****Gross Dividend Per Ordinary Share (Cents)**

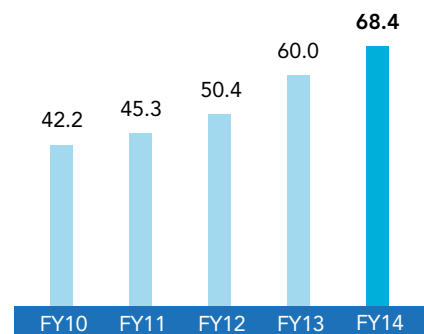
10-YR CAGR

**+17%****Earnings Per Ordinary Share (Cents)**

10-YR CAGR

**+16%****Net Asset Value Per Ordinary Share (Cents)**

10-YR CAGR

**+14%**

\* Refers to 10-year compounded annual growth rate.

## CHAIRMAN'S MESSAGE

&gt;&gt;

**We produced a sterling performance that exceeded our expectations**

### Dear Fellow Shareholders,

It gives me great pleasure to present to you the Boustead FY2014 Annual Report for the financial year ended 31 March 2014.

This past year, we achieved our second highest net profit attributable to you – the owners of our company – in our history. Our net profit was a respectable S\$70.7 million, on revenue of S\$513.7 million. We did not manage to reach the record net profit achieved just one year earlier of S\$81.4 million but I would say that by all standards, we produced a sterling performance that exceeded our expectations.

Comparing our net profit on an apple-to-apple basis by stripping away the bonus non-recurring items year-on-year, our commendable performance becomes more apparent. After adjusting for bonus non-recurring items, worth S\$10.8 million in FY2014 versus S\$24.6 million in FY2013, core net profit for FY2014 would instead have been 6% higher than that for FY2013.

### FY2014 – Three Consecutive Years of Broad-Based Profitability

In FY2014, I am glad to report that all four divisions returned a profit before tax ("PBT"), accomplishing broad-based profitability across the Group for the third consecutive year.

&gt;&gt;

**Our Energy-Related Engineering Division's outlook remains bright**

Rebounding with a strong focus, our Energy-Related Engineering Division achieved record revenue of S\$181.3 million and record PBT of S\$24.8 million, up 49% and 81% respectively. After a down cycle from FY2011 to FY2013, our robust recovery took shape in FY2014 with several major contracts awarded throughout FY2014: at the beginning, in the middle and at the end. We executed projects mainly outside of the Middle East and more specifically in North America, Europe and Australia. Our product category of waste heat recovery units continues to be a major driver, supporting the global upstream and downstream oil & gas industries and now, even the power industry in becoming cleaner and more efficient. Serving not just conventional oil & gas developments, this division also possesses technology catered to LNG, shale gas, coal methane gas and oil sands developments. Recently, SGX reported that we are the fourth largest SGX-listed corporation categorised under the oil & gas equipment and services sub-industry category and the second best performing share in this sub-industry category in terms of total returns over 12 months. This division's outlook remains bright.

Despite experiencing challenging conditions in Singapore, our Real Estate Solutions Division remained both the top revenue and PBT contributor among the divisions in FY2014. This division has now been the top revenue contributor of the Group for seven consecutive years. Revenue was S\$209.2 million and PBT was S\$39.4 million, decreasing 17% and 36% respectively. PBT fell faster than revenue due to tighter margins in a more competitive environment, lower value of bonus non-recurring items year-on-year and our focus on design-build-and-lease projects, which do not show up on our consolidated profit and loss statement even though they continue to incur the overheads of this division. In the short-term,

**Wong Fong Fui**

Chairman &amp; Group Chief Executive Officer



the market will continue to be sluggish, a situation that has existed since two years ago and will persist for the foreseeable future. However, concrete steps have been taken to address these challenges, which I will elaborate on later.

For the third straight year, the Water & Wastewater Engineering Division stayed in the black with PBT of S\$1.1 million, despite a 35% drop in revenue to S\$16.3 million. As what we stated we would accomplish at the beginning of FY2014, we successfully streamlined our focus to water treatment technology for the energy sector, primarily for power and oil & gas developments. Today, enquiries pursued by this division are generated almost exclusively from the energy sector.

After the strong showing at the Energy-Related Engineering Division, I was a little disappointed that the Geo-Spatial Technology Division was prevented from achieving 12 consecutive years of revenue growth due to a temporary slowdown caused by events in Australia. Revenue came in at S\$106.9 million and PBT at S\$25.2 million, declining 7% and 15% respectively. Overall, our teams across the region made a valiant effort to make up for the first half shortfall caused by the withholding of spending preceding the Australian Federal Election held in September 2013 and also the significant softening of AUD against our consolidated reporting currency, SGD. Had the exchange rate between AUD and SGD stayed stable year-on-year, then this division's revenue would have decreased by a negligible 1% instead of 7%.

The combined results of our four divisions ensure that we are able to match the dividends paid for FY2013. Our proposed final dividend and special dividend of 3 cents and 2 cents respectively, plus the 2 cents already paid out during the interim, totals 7 cents per share for FY2014. This represents a payout ratio of 50% and a dividend yield of 3.7% on our current share price. Both key indicators are almost double the average for the S&P 500. In addition, our dividend yield is above the 3.6% of the FTSE Singapore in 2013, a level reported by SGX as already being the highest among the 12 Asian countries represented by the FTSE Global Equity Index Series.

>>  
**Dividend  
 payout of  
 7 cents  
 per share**

### **Our Portfolio Gives Us Momentum – Looking Back at the Past Five Years ... and a Little Further**

This year's theme for the annual report is "Our portfolio gives us momentum". Two key words stand out here: "portfolio" and "momentum". Not to be mistaken as a reference to our industrial leasehold portfolio, in this context, "our portfolio" refers to how I would like us to view our Group: 1) as a collection of great businesses, 2) backed by established track records, domain expertise, knowledge and networks, 3) with capable management teams, 4) producing good cash flow, and 5) all linked together by one great brand name that continues to withstand the test of time and represents credibility and trust. The second key word "momentum" refers to our ability to sustain a baseline of profitability even in the most challenging of times, when many other engineering corporations have fallen by the wayside.

Placing the Group's performance against the backdrop of the past five years ... and a little further than that should demonstrate how "our portfolio gives us momentum".

Five years on, the fallout of the Global Financial Crisis ("GFC") is still fresh on our minds. Never in my 45 years of business experience have I witnessed such an unprecedented period of artificially-suppressed interest rates on such a global scale. The effects of such actions – flooding ... flooding of speculative money that is, creating bubbles and a noticeable shift into riskier assets. Interestingly, these actions were meant to save us from the over-leveraged positions of nations and banks which gave rise to the GFC and Eurozone Crisis. Yet, five years later, the world is even more enslaved to leverage. Global debt recently breached US\$100 trillion, soaring by 40% since the first signs of the GFC. I see this as unsustainable. If you look at Singapore, the number of low quality bond issuances at low yields says it all – plenty of junk is being sold. To borrow some wise words from world-renowned investor, Seth Klarman, "... most investors are downplaying risk and this never turns out well." For all the money that has been thrown at resolving the world's financial problems, the results look truly dismal.

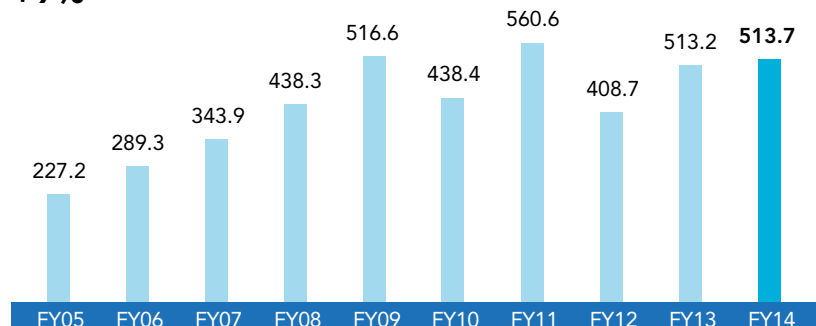
Apart from low interest rates and dampened economic growth in most parts of the world, plenty of other major events have passed including the Japan earthquake and tsunami, and geo-political tensions in MENA, which did have a direct impact on Boustead. Geo-political tensions are now appearing in East Asia, except that tensions are high between countries rather than within countries, apart from Thailand that is.

## CHAIRMAN'S MESSAGE

### Group Revenue (S\$m)

10-YR CAGR\*

**+9%**



For all that has happened, Boustead has been rather resilient.

Pre-GFC, from FY2003 to FY2009, we registered seven consecutive years of record revenue and net profit – which went from S\$8.6 million to S\$60.1 million – during a good period of growth for the whole world. Post-GFC, the lowest that our net profit has fallen to was S\$43.1 million in FY2010 (the year following the aftermath of the GFC). Thereafter, in FY2013 and FY2014, net profit twice exceeded the pre-GFC record of S\$60.1 million.

>>

**We continue to deliver the results year-after-year**

This run of strong performances post-GFC has been made possible by the momentum that our portfolio has given us and will continue to give us in the future. This past year, the excellent results of the Energy-Related Engineering Division balanced off the tough environment faced by the Real Estate Solutions Division and the temporary slowdown in the Geo-Spatial Technology Division. We were not caught out even by the setbacks faced by two divisions. We continue to deliver the results year-after-year, which sustain the value of the Group and generate free cash flow and stable dividends.

Our net cash position of S\$165.9 million and non-reliance on leverage opens up the widest range of options. This affords us the flexibility to rapidly change our strategy and position to suit the global business environment. I hope I am not being too presumptuous to claim that not many corporations possess these favourable attributes. When the world begins to deleverage one day – and that day will certainly come – we will be in a better position to deliver the results and have plenty of opportunities to make sizeable bolt-on acquisitions, as well as investments in our industrial leasehold portfolio. Corporate actions such as acquisitions, divestments, mergers and spin-offs of any of our businesses can be concluded at more attractive prices. Patience will pay handsomely when that day arrives.

### FY2015 – From Small Picture to Big Picture

In FY2015, we will consider streamlining our divisions further. With the Water & Wastewater Engineering Division contributing just 3% of the Group's revenue in FY2014, the reporting of this business as a standalone division may not be warranted. This division's business should grow but not with the same prospects as that seen at other divisions. The 10 largest water corporations in the world hold a combined global market share of just 7%. Can it get more competitive than that? Today, this division's focus is on providing water treatment technology to the energy sector, sharing a similar set of clients with the Energy-Related Engineering Division. Both divisions pursue enquiries in the same industries: oil & gas and power. Both divisions are also increasingly sharing market intelligence as they ride on each other's networks. Therefore, it may make sense to categorise our Water & Wastewater Engineering Division under our Energy-Related Engineering Division for reporting purposes.

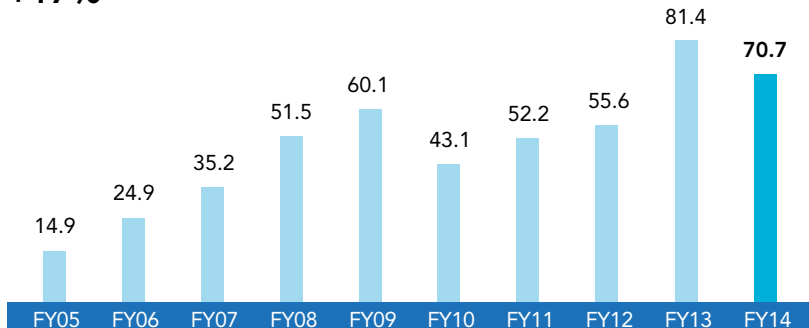
Elsewhere, our Real Estate Solutions Division has set in motion plans to address the short-term challenges while positioning ourselves for long-term growth.

Iskandar Malaysia is an opportunity that I have spoken about for a while now. In FY2014, we took our first step of expansion into this market by setting up a local team there.

\* Refers to 10-year compounded annual growth rate.

**Group Net Profit (\$m)**

10-YR CAGR

**+17%**

**Our hunt  
for overseas  
opportunities will  
extend regionally**

Shortly after, we entered into a joint venture with three reputable partners in AME, Tat Hong and CSC, together owning 120,000 square metres of prime industrial land at the Southern Industrial & Logistics Clusters in Nusajaya. We own 35% of what we view as an exciting development in an area with real demand. Beyond this joint venture, we are also pursuing enquiries on our own. As multinational corporations and local enterprises – many of them already our clients in Singapore – look toward the cost advantages of locating in Malaysia, we shall certainly be glad to service them. In addition, our hunt for overseas opportunities is unlikely to stop in Malaysia but will extend regionally, especially to those markets closer to home.

On a separate front, our industrial leasehold portfolio expanded by another 60,000 square metres in FY2014, bringing our total gross floor area to an anticipated 170,000 square metres. New additions include Continental Automotive (Continental Building Phase 2), MTU, Energy Alloys, AusGroup and our new headquarters, Edward Boustead Centre, a joint venture with Tat Hong Investments. Compare this with FY2013 when we secured just a single deal with Jabil and you can see the good progress we have made. Nonetheless, I admit that we still do not have critical mass to launch our own REIT. Having said that, all options are still on the table. For example, we could potentially sell everything or we could hold onto the entire portfolio – adding more properties – to continue generating long-term recurring income. The bottomline is that the final unlocking of the value of our industrial leasehold portfolio delivers the best value proposition to our shareholders. To this I will add, our industrial leasehold portfolio gives us momentum too.

Strategic joint ventures and cooperative partnerships will become more common, as we seek out new networks and synergies. One such example is our participation in the consortium with Perennial and several partners to enhance TripleOne Somerset, a project that we are looking to get actively involved in.



**At S\$380 million,  
our order book  
backlog is at a  
healthy level**

At S\$380 million (as at the end of FY2014 plus new orders secured since), our order book backlog is at a healthy level. We will continue to work hard for you in FY2015, just as we have done in past years.

**A Word of Appreciation**

As always, I would like to express my deepest gratitude to our management and staff around the world, who keep working hard to uphold the reputation of Boustead and deliver financial results to match. Great talent are hard to come by and I believe that we have gathered some great talent over the years. I would also like to extend my thanks to all our clients, business partners, associates, bankers, suppliers and shareholders for your continuing support.

Thank you for your vote of confidence. I look forward to seeing you at our upcoming Annual General Meeting.

**WONG FONG FUI**  
**Chairman & Group Chief Executive Officer**

## ENERGY-RELATED ENGINEERING

Division Revenue

# S\$181.3m

Division Profit Before Tax

# S\$24.8m

Division Contracts Secured

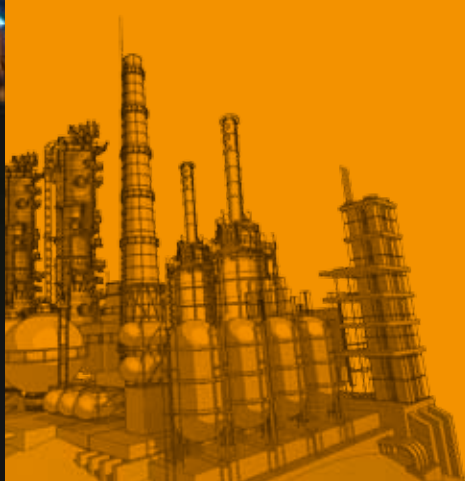
# S\$213m

### Market Sectors

- Crude oil and natural gas production
- Crude oil and natural gas refining
- Gas-to-liquids production
- Hydrogen power generation
- Liquefied natural gas production
- Oil sands upgrading
- Once through steam generation
- Power generation
- Solid waste energy recovery
- Waste heat recovery

### Geographic Markets

- Africa
- Asia Pacific
- Australia
- Europe
- Middle East
- North America
- South America

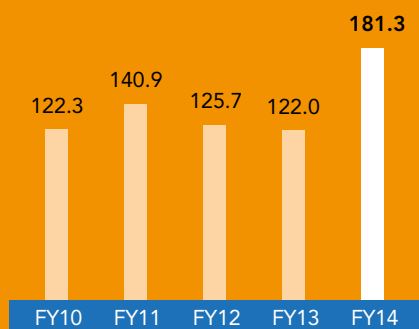




### Division Revenue (S\$m)

Year-on-year

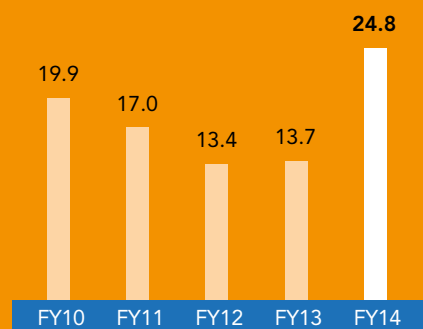
**+49%**



### Division Profit Before Tax (S\$m)

Year-on-year

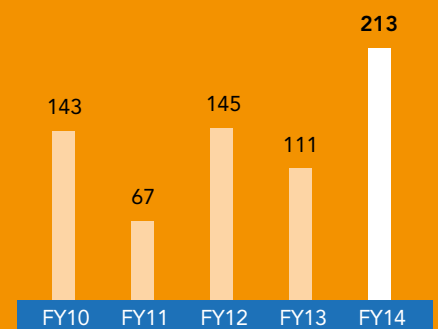
**+81%**



### Division Contracts Secured (S\$m)

Year-on-year

**+92%**



## ENERGY-RELATED ENGINEERING

In FY2014, the Energy-Related Engineering Division achieved record revenue of S\$181.3 million and record profit before tax ("PBT") of S\$24.8 million, up by an impressive 49% and 81% year-on-year respectively. In addition, the value of new contracts secured of S\$213 million was a new record for the division.

Revenue and profit contributions came from business units in the:

1. Oil & gas and petrochemical infrastructure sectors; and
2. Mini-power and solid waste energy recovery plant sectors.

### Downstream Oil & Gas/ Petrochemical Infrastructure

Boustead International Heaters ("BIH") is a leading global specialist in designing, engineering and supplying direct-fired process heater systems, waste heat recovery units ("WHRUs") and once through steam generators to the downstream oil & gas and petrochemical industries. In recent years, BIH has established a strong reputation in delivering WHRUs to the upstream oil & gas and power industries as well.

In FY2014, BIH produced a strong management performance on the back of a robust recovery in the downstream oil & gas industries, which underpinned the excellent performance of the division as a whole. BIH delivered key large-scale process heater systems and WHRUs to many of the world's largest energy developments, which are currently under construction by global engineering, procurement & construction ("EPC") clients and

multinational and national oil & gas clients across six continents. Projects were progressively implemented for end-user clients that include almost half of the world's 20 largest oil & gas corporations.

With a highly active enquiry pipeline, BIH was able to secure sizeable contracts spread throughout the year, bumping up the order book by more than double the previous year. The shale gas boom in the US and heavy investment in the Canadian Oil Sands created higher demand for process heater systems, resulting in greater revenue contribution from such systems. Outside of North America, the demand for WHRUs continued to grow steadily, especially for upstream oil & gas applications.

As BIH neared the completion of several major projects secured in previous years for a number of the world's largest LNG energy developments in Australia, the focus shifted to two major oil & gas regions – North America and Europe – that dominated BIH's order book wins in FY2014.

In North America, BIH continued to build on its foothold in the US, picking up a contract to supply process heater systems to a major oil refinery. At the same time, BIH completed its largest project in seven years by delivering process heater systems for a propane dehydrogenation plant owned by a global chemical giant in the US. This milestone project greatly reinforces BIH's excellent reputation and track record globally, and serves to strengthen BIH's future in the US. Elsewhere in North America,

BIH secured three contracts in Canada, involving the supply of sophisticated process heater systems to an oil sands development for a repeat client.

FY2014 also saw the revival of the oil & gas market in Europe, following almost a decade of inactivity. Having secured four contracts in Europe in FY2013, BIH continued its momentum by securing another four contracts in FY2014, mostly around Northern Europe. BIH also extended its global footprint to Finland, picking up a new client in the new market.

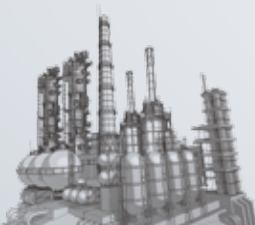
Leveraging on its strong technical expertise in designing WHRUs, BIH strengthened its relationships with the world's top gas turbine vendors. BIH secured several high profile contracts including a contract in consortium with GE for a power station in Brunei – its third in the power industry – and other contracts to deliver WHRUs to projects in Africa and Europe.

Going forward in FY2015, BIH expects the momentum to continue in the positive oil & gas investment environment. Pursuit of opportunities will take place globally in major oil & gas regions where investment activities are increasing and the commercialisation of large shale gas deposits is already underway.

### Upstream Oil & Gas Infrastructure

Boustead Controls & Electrics ("BC&E") is a well-recognised leader in designing, engineering and supplying wellhead control systems, hydraulic power units ("HPUs"), integrated control & safety shutdown

## MAJOR CONTRACT AWARDS & ACHIEVEMENTS IN FY2014



### APR – JUN 2013

Europe, Middle East, North America,  
South Asia, South East Asia  
**S\$101 million**

Key large-scale process heater systems, WHRUs, wellhead control systems, ESS and HPUs

### JUL – SEP 2013

Africa, Europe, Middle East,  
South Asia  
**S\$45 million**

Key large-scale process heater systems, WHRUs and wellhead control systems

("ICSS") systems, chemical injection ("CI") skids, fire & gas detection systems and other process control systems to the upstream oil & gas industries.

During FY2014, BC&E continued to execute projects for many repeat clients in the Middle East, India and the Asia Pacific, where investments in upstream oil & gas infrastructure have been relatively stable. Enquiry pipelines for hydraulic control systems remained healthy, leading to a good level of contract awards for wellhead control systems, HPUs and emergency shutdown systems ("ESS"). The outlook for ICSS systems is improving with several floating, production, storage & offloading ("FPSO") vessel projects in the pipeline.

As a market leader for wellhead control systems, BC&E secured several landmark contracts during the year including two from Saudi Aramco for the delivery of nine smart wellhead shutdown skids, fitted with electronic ESS and hydraulic control systems, all packaged into an environment-controlled e-house. A separate order for the supply of 25 units of single-wellhead panels was also received and executed in record time, which enabled early production to commence with its associated benefits to the client.

BC&E achieved a breakthrough in Abu Dhabi, which has been a difficult market to break into even though BC&E has been officially pre-qualified for some time as a potential supplier to the national oil corporation. The year marked BC&E's very first order,

comprising four solar powered wellhead control panels destined for Abu Dhabi Company for Onshore Oil Operations' oil fields that are currently nearing completion.

In South East Asia, BC&E was awarded its first ICSS system project from new client, EMAS, which will be installed onboard a FSO vessel in Indonesia.

Going forward in FY2015, BC&E will be looking at further opportunities to develop ICSS systems for FPSOs as the market revives, as well as custom-engineered e-houses to accommodate critical hydraulic control systems and electrical equipment in a self-sufficient packaged environment.

### Mini-Power Plants/Solid Waste Energy Recovery Plants

Boustead Maxitherm ("BM") is an established regional specialist in designing, engineering and supplying mini-power plants, solid waste energy recovery plants and associated combustion technology.

In FY2014, BM continued to progress on two mini-power plant projects for PLN, the national power corporation of Indonesia. Going forward in FY2015, the outlook for BM remains subdued as it did not secure any new contracts during FY2014 due to the cautious approach taken by management on pricing in the volatility of contracts in IDR. Furthermore, the enquiry pipeline remains limited.



1



2



3

- 1 Platformer charge heater, Brazil
- 2 Hot oil heater, Finland
- 3 Solar powered wellhead control panels, UAE

#### OCT – DEC 2013

Middle East, South Asia,  
South East Asia  
**\$S\$11 million**

Smart well shutdown skids  
in e-house, wellhead control  
systems and ICSS systems

#### JAN – MAR 2014

Africa, Central Asia,  
Europe  
**\$S\$56 million**

Key large-scale process  
heater systems, WHRUs and  
process control systems

## WATER & WASTEWATER ENGINEERING

Division Revenue

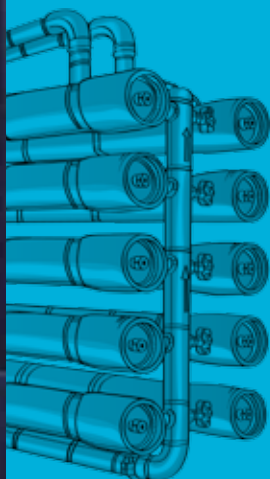
**S\$16.3m**

Division Profit Before Tax

**S\$1.1m**

Division Contracts Secured

**S\$35m**



### Market Sectors

- Condensate polishing
- Desalination
- Ion exchange
- Ultra-pure water
- Wastewater recycling
- Wastewater treatment

### Geographic Markets

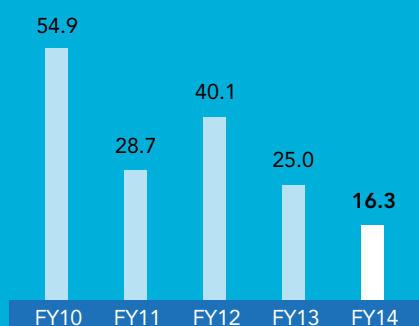
- Africa
- Asia Pacific
- Middle East
- South America



#### Division Revenue (\$m)

Year-on-year

**-35%**



#### Division Profit Before Tax (\$m)

Year-on-year

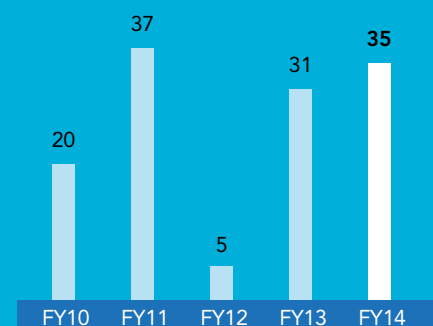
**-27%**



#### Division Contracts Secured (\$m)

Year-on-year

**+13%**



## WATER & WASTEWATER ENGINEERING

In FY2014, the Water & Wastewater Engineering Division witnessed a 35% decline in revenue to S\$16.3 million. PBT fell to S\$1.1 million, a decrease of 27%. However, the division stayed in the black for the third straight year.

The division is represented by Boustead Salcon Water Solutions ("BSWS"), a leading global water & wastewater engineering specialist for the energy sector and Singapore's largest ion exchange specialist in the energy sector. BSWS' in-depth domain expertise and vast experience focuses on seawater desalination, ion exchange and wastewater recycling. With more than 800 installations in 60 countries worldwide, BSWS has delivered projects across the oil & gas, petrochemical, pharmaceutical, power, semiconductor and special defence industries, as well as for municipal authorities.

Unlike its competitors, BSWS is a fully integrated engineering, procurement, construction & maintenance ("EPCM") contractor, which in synergy with sister company, Boustead Projects ("BP"), is approved by the Building & Construction Authority of Singapore ("BCA") for Grade ME11-L6 and Grade CW01-A1 to execute mechanical, electrical and building construction contracts of unlimited value. In addition, BSWS has the outstanding distinction of being one of an exclusive group of Asian specialists outside of Japan to be a pre-qualified vendor to several of the world's largest EPC corporations.

BSWS set out at the beginning of FY2014 to transform and further

streamline its business development activities and operations to focus on the energy sector, specifically the power and oil & gas industries. By the end of FY2014, the implementation of this strategy had been achieved, with the majority of ongoing projects, newly secured projects and enquiry pipeline being centred within these two industries. This has established BSWS' reputation as the supplier of choice for providing sophisticated water treatment technology for industries with the world's most stringent water quality requirements.

During FY2014, BSWS made good progress on major industrial water and wastewater treatment projects across nine countries in Africa, the Asia Pacific and Middle East.

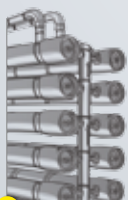
After a good run of executing three years' of ongoing projects on Jurong Island in Singapore, BSWS approached the tail end of its remaining projects at Singapore's petrochemical hub. At Sembcorp Industries' Banyan Multi-Utilities Facility on Jurong Island, BSWS delivered a 16,840 cubic metres/day demineralisation plant and 11,320 cubic metres/day condensate polishing plant, rounding up BSWS' track record as the only specialist to have supplied water treatment technology to five out of Singapore's six power producers. Both water treatment plants provide an integrated supply of steam, water and wastewater treatment services to Sembcorp Industries' clients at the Banyan sector. In recognition of BSWS' distinction on the project, Sembcorp Industries awarded BSWS

with a safety performance award for achieving excellent safety and accident-free accomplishment.

With the emphasis shifting outside of Singapore, BSWS delivered another landmark project, this time in China, the world's most competitive water market. BSWS recently performance tested and passed with the highest standards on a 40,000 cubic metres/day intake wastewater recycling plant for Asia Symbol's pulp & paper mill, the second largest in China. The wastewater recycling plant is the first of its kind in Rizhao, and employs an advanced membrane technology including ultrafiltration and reverse osmosis to treat and recycle incoming city effluent from a municipal wastewater plant to produce high grade industrial water for the mill's processes. Water pollution and environmental impact have been greatly reduced through wastewater treatment and water recycling processes, which contribute to the mill's excellent reputation of being the first in China to attain ISO9001, ISO14001, OHSAS18001 and having wastewater quality and air emission quality levels that exceed national and international environmental protection specifications required of the paper industry.

In Taiwan, BSWS progressed ahead of schedule with an 118,560 cubic metres/day condensate polishing plant at Taiwan Power Company's 1,600MW ultra supercritical coal-fired thermal power plant. Advanced ion exchange technology is employed within the condensate polishing plant to produce high grade pure boiler feedwater

### MAJOR CONTRACT AWARDS & ACHIEVEMENTS IN FY2014



#### MAY 2013

Malaysia

Demineralisation and oily wastewater plants at Petronas LNG Train 9 Project

#### JUL 2013

Nigeria

Ammonia and urea water filtration and condensate polishing plants at Indorama fertiliser complex at Port Harcourt

for the power plant, making it more energy-efficient and environmentally-friendly as compared to existing traditional coal-fired power plants.

BSWS registered a noticeable recovery in its contracts secured for FY2014. BSWS secured a project for end-user Petronas to design and construct water and wastewater treatment plants to be utilised for the LNG Train 9 at the Petronas LNG Complex in Bintulu, Sarawak. BSWS also extended its footprint in Saudi Arabia with the award of a contract for a remineralisation plant at the Rabigh II Petrochemical Project. Heading further west, BSWS was awarded a contract in Nigeria to design and construct ammonia and urea water filtration and condensate polishing plants to support Indorama's US\$1.2 billion fertiliser complex at Port Harcourt, which boasts the world's largest single train urea complex.

Just before FY2014 closed, BSWS secured its largest industrial water contract in the past decade to design and construct seawater desalination, demineralisation, condensate polishing and wastewater treatment plants for Indonesia's first ultra supercritical coal-fired thermal power plant. The award of this project further strengthens BSWS' position as the preferred complete technology provider for the water and wastewater balance of plant portion in the energy sector.

In FY2015, BSWS will continue business development efforts in the Asia Pacific and Middle East, centred within the energy sector.



- 1 Wastewater recycling plant at Asia Symbol pulp & paper mill, China
- 2 Demineralisation and condensate polishing plants at Sembcorp Industries Banyan Multi-Utilities Facility, Singapore

### AUG 2013

#### Saudi Arabia

Remineralisation plant at Rabigh II Petrochemical Project

### MAR 2014

#### Indonesia

Seawater desalination, demineralisation, condensate polishing and wastewater treatment plants at ultra supercritical coal-fired thermal power plant

# REAL ESTATE SOLUTIONS



## Market Sectors

- Aviation
- Education
- Engineering
- Healthcare/biomedical
- High-tech manufacturing
- Logistics
- Oil & gas/petrochemicals
- Research & development

## Geographic Markets

- South East Asia



Industrial Leasehold Portfolio Size (GFA)

**170,000 sqm**

Division Revenue

**S\$209.2m**

Division Profit Before Tax

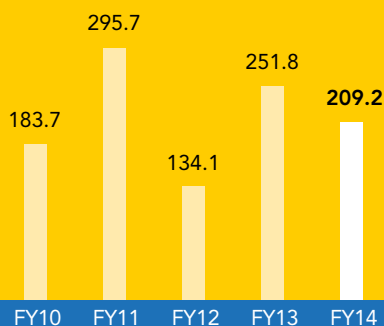
**S\$39.4m**

Division Contracts Secured

**S\$173m**

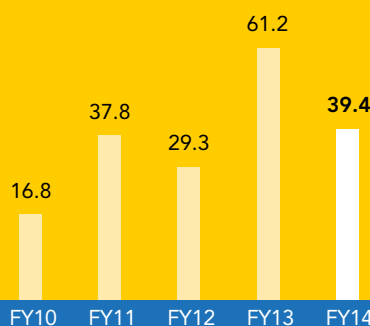
## Division Revenue (S\$m)

Year-on-year

**-17%**

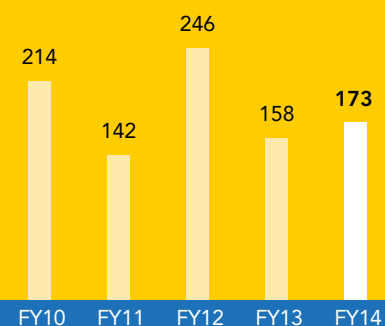
## Division Profit Before Tax (S\$m)

Year-on-year

**-36%**

## Division Contracts Secured (S\$m)

Year-on-year

**+9%**

## REAL ESTATE SOLUTIONS

For the seventh consecutive year, the Real Estate Solutions Division was the highest revenue contributor among the divisions. However, revenue fell 17% to S\$209.2 million and PBT decreased by 36% to S\$39.4 million.

The key company of this division, Boustead Projects ("BP") is a leading industrial real estate solutions provider in Singapore, with core engineering expertise in the design-and-build, and development of industrial facilities for multinational corporations and local enterprises. To date, BP has constructed and developed more than four million square metres of industrial real estate in Singapore, China, Malaysia and Vietnam. BP is approved by the Building & Construction Authority of Singapore ("BCA") for Grade CW01-A1 to execute building construction contracts of unlimited value.

BP is a leader in pioneering advanced environmentally-sustainable industrial facilities under the BCA Green Mark and US LEED Programmes, as evidenced by BP's delivery of the first Green Mark Platinum facilities for the heavy industry category, logistics category and at the Seletar Aerospace Park ("SA Park"). In Singapore, BP is one of only nine bizSAFE Mentors and also a bizSAFE Star, the highest qualification that can be attained in recognition of a corporation's health, safety and environmental management programmes.

In FY2014, the business environment remained challenging for the industrial real estate market in Singapore, in a situation that began

more than two years ago after the government implemented policies to reduce reliance on foreign labour through lowering quotas and raising levies. The business environment was further hurt by the high amount of market speculation on industrial land that occurred in previous years.

During FY2014, BP progressed on 12 design-and-build projects in the aviation, commercial, food processing, logistics, petrochemical, pharmaceutical and technology industries. BP's strength in fast-track design and construction programmes saw it delivering industrial facilities to clients within a short timeframe of six to 18 months, from the concept proposal phase to the final handover of completed facilities.

BP has built up an enviable track record in the aviation industry and this is none more apparent than at the SA Park, where BP completed two more projects during FY2014, taking its total tally to seven completed projects at the SA Park. BP delivered the Satair Airbus Singapore Centre, an integrated service repair, distribution and office facility, which was awarded Green Mark Gold. Officially opened in February 2014, the Satair Airbus Singapore Centre consolidates the supply chain operations for both Airbus and Satair for the first time and is now the primary spare parts support and distribution hub for Airbus aircraft regionally.

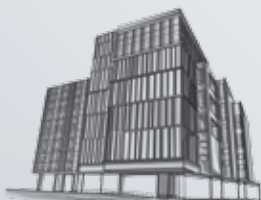
The second project completed by BP at the SA Park was officially opened in September 2013 for Bombardier Aerospace, the world

leader in corporate jets. Under a design-build-and-lease arrangement, the integrated aircraft service centre and maintenance, repair and overhaul ("MRO") facility will allow Bombardier's customers to enjoy seamless access to its full suite of MRO capabilities for Global Express, Learjet 75 and Challenger series aircraft. Together with the integrated manufacturing and technology centre completed for Jabil at the Tampines Hi-Tech Park, these two design-build-and-lease projects began contributing to the recurring rental income of BP's industrial leasehold portfolio during FY2014.

BP's maiden project within the Ang Mo Kio Industrial Park, ST Electronics' integrated manufacturing, technology and office facility named ST Engineering Hub 1 was delivered at the beginning of FY2014. The facility provides dedicated space for manufacturing, R&D, logistics and administration, and consolidates all of ST Electronics' operations into the same area for better synergies.

During FY2014, BP continued to expand its track record in other key industries including the food processing and petrochemical industries. At the Paya Lebar iPark, BP completed the RE&S Building, an integrated hazard analysis & critical control points (HACCP) food processing and office facility for RE&S, famous for its portfolio of Japanese restaurants including Ichiban Boshi, Ichiban Sushi, Kuishin Bo and Shimbashi Soba. RE&S Building houses a 5,570 square metres central kitchen featuring a fully-automated

### MAJOR CONTRACT AWARDS & ACHIEVEMENTS IN FY2014



#### JUL 2013

Singapore

Design-and-build contract in excess of S\$107 million for The Shugart for Seagate at Fusionopolis, one-north

#### AUG 2013

Singapore

Design-build-and-lease contract for R&D and technology centre expansion to existing Continental Building for Continental Automotive at Kallang iPark\*

rice production line and salmon processing line, which when running at full capacity is expected to save RE&S about 3,000 man-hours per month. At the Banyan sector of Jurong Island, BP completed a new antioxidant production facility for the world's leading chemical corporation, BASF. This is BP's second project on Jurong Island, following an earlier successful tie up with sister company, BSWS to deliver a demineralisation plant to Tuas Power.

Recently, BP also completed an extremely large integrated ramp-up logistics and office facility for DB Schenker at the Tampines LogisPark. As DB Schenker's largest investment in the Asia Pacific, the facility will be a shared warehouse for DB Schenker's customers in the automotive, electronics and healthcare industries. The facility was the recipient of Green Mark Platinum at the recent BCA Awards 2014.

Despite the tougher business environment in FY2014, BP secured its largest design-and-build contract in its history – significantly higher than the previous record contract of S\$107 million from Rolls-Royce at the SA Park – to design and build The Shugart for Seagate. This contract was awarded to BP against stiff competition based on BP's excellent design-and-build track record and its capability in providing value engineering. The Shugart, named after Seagate's late founder Alan Shugart, will be located at the 30-hectare Fusionopolis, a world-class R&D hub. Earmarked to be awarded Green Mark Platinum, The Shugart



- 1 Jabil Circuit integrated manufacturing and technology centre, Singapore
- 2 ST Engineering Hub 1, Singapore

### AUG 2013

#### Singapore

Joint venture with Tat Hong Investments to jointly develop Edward Boustead Centre

### OCT 2013

#### Malaysia

Joint venture with AME, Tat Hong and CSC to jointly develop 120,000 square metres of industrial land in Iskandar Malaysia\*

\* Not included in order book

## REAL ESTATE SOLUTIONS

will be an integrated design and R&D centre consisting of a nine-floor tower connected to a six-floor tower with three basement levels.

In a quieter year for the pickup of design-and-build contracts, BP secured a few important contracts including one for a pharmaceutical manufacturing facility for a repeat client, a global pharmaceutical and healthcare corporation. BP also designed and built Boustead's new headquarters, Edward Boustead Centre, a joint venture between Boustead Projects and Tat Hong Investments. Completed recently in just under 10 months, Edward Boustead Centre will be a benchmark showcase of environmental sustainability in industrial facilities.

### Industrial Leasehold Portfolio

The strategy of expanding the Group's industrial leasehold portfolio remains a priority for BP, with the intention of providing increasing future recurring rental income for the Group. BP's industrial leasehold portfolio expanded by more than 49,000 square metres, with the addition of four projects. These include facilities for Continental Building Phase 2, MTU, Energy Alloys and Edward Boustead Centre. Completed under a design-build-and-lease arrangement in 2012, Continental Automotive's existing R&D centre, Continental Building located at the Kallang iPark, will receive an additional 5,000 square metres of space in an adjacent connecting wing before the end of FY2015.

BP also secured two design-build-and-lease contracts in October 2013. The first is for MTU's Asia Pacific headquarters, an integrated MRO service and training facility which will house a regional service centre, training centre and workspaces for engine servicing, maintenance and remanufacturing of engines. The second is for Energy Alloys' manufacturing facility to process steel products for distribution to the oil & gas industries in the Asia Pacific. Both facilities are expected to be completed before the end of FY2015.

Under a separate arrangement and adding another 11,470 square metres to the Group's industrial leasehold portfolio, Boustead Trustees Pte Ltd purchased a property from AusGroup, which will be leased back to AusGroup for 12 years. The property has a current utilised plot ratio of 0.38 although the maximum allowable plot ratio is 1.0, thereby making the property a good candidate for redevelopment in the future.

### Joint Ventures and Partnerships

In FY2014, BP stepped up its efforts in forming joint ventures and partnerships to strengthen its networks and review new opportunities in related real estate markets.

In Iskandar Malaysia, BP set up a new office and team to look specifically at the new market, aiming to replicate its Singapore success and offer prospective clients a complete suite of industrial real estate solutions in Malaysia. The enquiry pipeline

has been healthy, particularly from corporations who are exploring the feasibility of setting up new operations or relocating existing operations to Malaysia in order to enjoy significant cost advantages. In October 2013, BP entered into a joint venture with three reputable joint venture partners, AME, Tat Hong and CSC to jointly develop about 120,000 square metres of prime industrial land at the Southern Industrial and Logistics Clusters (SiLC) in Nusajaya – marking BP's maiden project in Iskandar Malaysia. BP owns 35% of the joint venture development, which will meet the needs of industrial clients who require standard factories and built-to-suit factories. A sales launch is expected towards the end of calendar year 2014.

In Singapore, BP joined a consortium led by Perennial to purchase TripleOne Somerset, a Grade A property strategically located within the Central Business District and prime Orchard precinct. BP invested S\$18 million for a 5.5% stake in TripleOne Somerset, which is due to undergo a S\$150 million asset enhancement. Subject to pricing and the consortium's approval, BP intends to be directly involved in the asset enhancement works and expand its presence in commercial developments. This is not the first time that BP has joined a consortium led by Perennial, having also invested S\$20 million for a 4.0% stake in the Beijing Tongzhou Integrated Development, a mixed-use Grade A iconic landmark currently under

#### OCT 2013

Singapore

Design-build-and-lease contract for integrated MRO and remanufacturing facility for MTU at Tukang Innovation Park\*

#### OCT 2013

Singapore

Design-build-and-lease contract for integrated manufacturing and distribution facility for Energy Alloys\*

development in Beijing Tongzhou's Central Business District.

In FY2015, the short-term outlook for BP remains challenging but it has put in place a number of strategies to address these challenges and improve its long-term prospects. Moving forward, BP will target higher specification and value-added projects in order to differentiate it from other competitors who are only experienced in constructing more basic industrial facilities. BP will also continue to explore new construction technology to increase productivity and quality, while at the same time aim to lower construction costs for its clients. As an endorsement of BP's quality, BP was awarded the Construction Excellence Award (Merit) for SDV Green Hub at the BCA Excellence Awards, which accord recognition to construction projects that have demonstrated the highest standards of construction excellence in Singapore. BP will also continue to pursue design-build-and-lease projects to expand its industrial leasehold portfolio, which will increase future recurring income although such projects are not part of the Group's outstanding order book backlog. Outside of Singapore, BP will be reviewing opportunities and partnerships in Iskandar Malaysia and regionally as it actively seeks to expand its international footprint.



1 The Shugart perspective, Singapore  
2 Satair Airbus Singapore Centre, Singapore

## JAN 2014

### Singapore

Consortium with Perennial and several partners to purchase and asset enhance TripleOne Somerset in Central Business District\*

\* Not included in order book.

## GEO-SPATIAL TECHNOLOGY

Division Revenue

# S\$106.9m

Division Profit Before Tax

# S\$25.2m

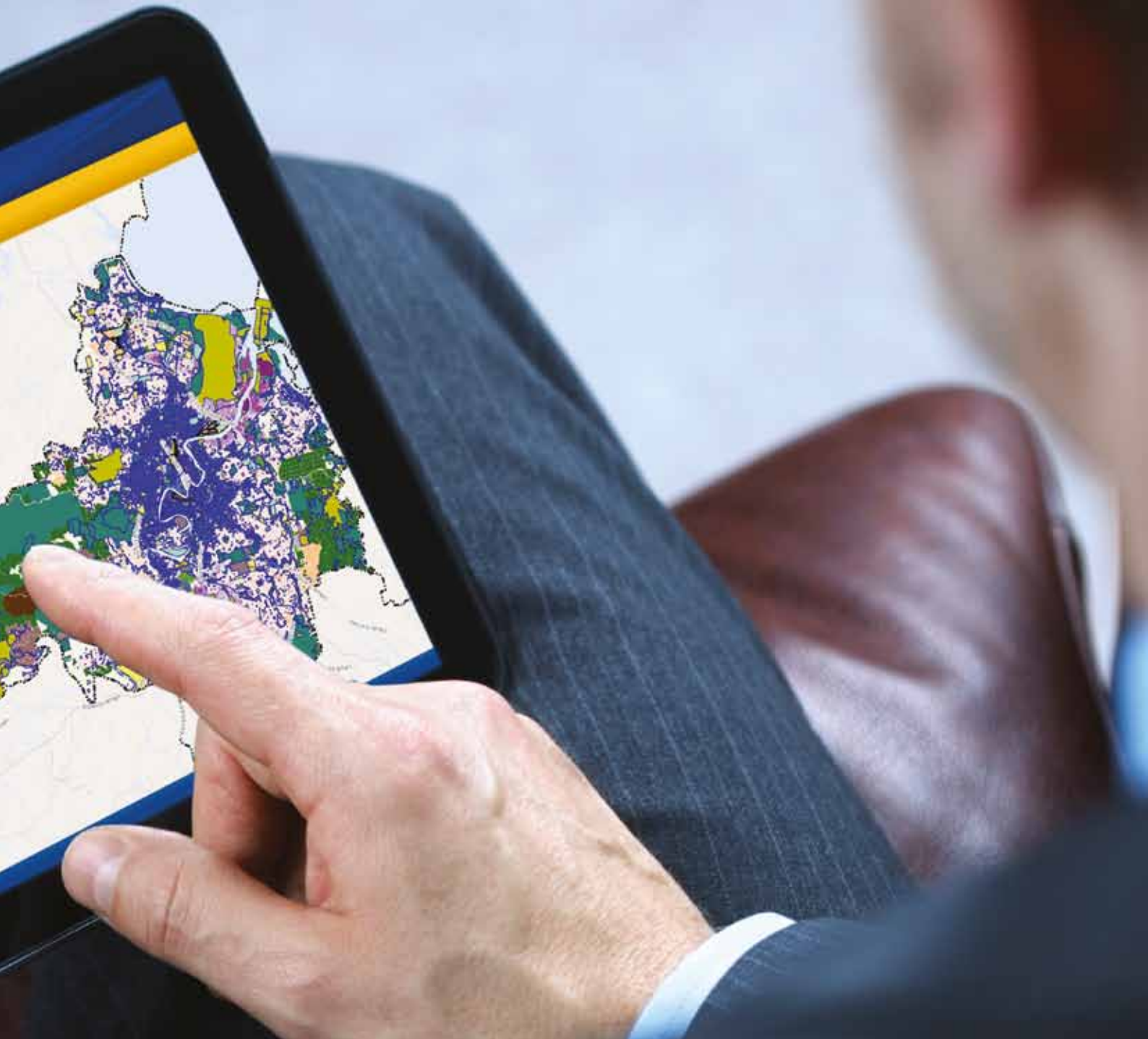


### Market Sectors

- Education
- Environmental management
- Finance
- Healthcare
- Homeland security
- Infrastructure
- Insurance
- Logistics
- Military defence
- Natural resources
- Public safety and emergency services
- Retail
- Utilities

### Geographic Markets

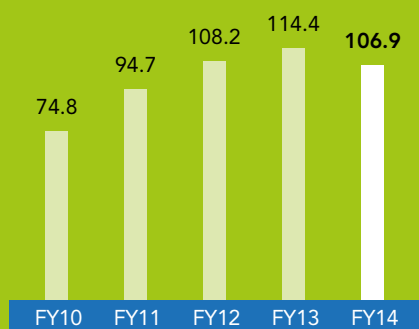
- Australia
- South East Asia



#### Division Revenue (S\$m)

Year-on-year

**-7%**



#### Division Profit Before Tax (S\$m)

Year-on-year

**-15%**



## GEO-SPATIAL TECHNOLOGY

The Geo-Spatial Technology Division registered a revenue decline of 7% to S\$106.9 million. PBT was down 15% to S\$25.2 million. Although South East Asia achieved revenue growth and Australia attained almost comparable revenue in AUD terms, after accounting for the weaker AUD against SGD exchange rate, the division's revenue decreased by 7% instead of 1% if the exchange rate had been stable year-on-year. This ended the division's record streak of 11 consecutive years of revenue growth.

The key companies in this division, Esri Australia and Esri South Asia (comprising Esri Singapore, Esri Malaysia and Esri Indonesia) provide professional services and are exclusive distributors of Esri geo-spatial technology – the world's leading geographic information systems ("GIS") – to major market sectors across the region. The division's GIS and professional services are used by over 13,000 organisations to effectively plan, deploy and manage key infrastructure and resources. The division is among the top five exclusive distributors in Esri Inc's global network.

### Australia

In FY2014, Esri Australia was the largest contributor to the division's revenue and PBT, registering strong growth in professional services of 22% year-on-year. This helped to cushion a temporary slowdown in software sales due to the Australian Federal Election and the softening market for mining and natural resources. Overall, FY2014 was a year of consolidation for Esri Australia after the fast-paced growth of the past decade.

A key milestone for Esri Australia during the year was the successful launch of its hosted services offering – a first for the region – which was developed in response to growing market demand. The Software as a Service ("SaaS") offering is a new revenue stream, which leverages on the Amazon Cloud. Among the service's early adopters were two of Australia's largest local governments, Brisbane City Council and City of Gold Coast ("CGC"). Both councils used the SaaS offering to deliver flagship projects, including their respective New City Plans. In addition, the CGC was the first organisation in Australia to start implementing a fully-integrated geo-enabled SAP solution, with Esri Australia supporting the rollout throughout FY2014.

Government agencies at all levels – federal, state and local – continued to lead the way in GIS deployment. GIS has been key in facilitating cross-organisation collaboration, something that has always been a challenge for government groups. Esri Australia embarked on a project with the National Heavy Vehicle Regulator, which involved the development of an online mapping solution designed to streamline the application process for heavy vehicle operators seeking road access nationwide. The new initiative eliminates the need for drivers to apply for permits from multiple road authorities and also benefits drivers by determining the most efficient routes across Australia's road networks. At another transport-related project, Esri Australia implemented a SAP-Esri solution for Queensland Rail to

geo-enable a core business system for assets in excess of A\$6.9 billion.

A major market trend has been the growing interest in mobile GIS deployments. Organisations operating in the government sectors have been fuelling this demand, deploying solutions that mobilise their workforce and connect them with their communities. The growth in demand for mobile solutions was also evident in the findings of the *2013 GIS in Local Government Benchmark Study* – which was publicly released in FY2014 – with respondents indicating that it would be one of their main GIS investment priorities over the next five years. The study also revealed that 24% of councils already have smartphone GIS capabilities, with a further 58% indicating that it was highly likely they would deploy such capabilities over the next two years.

Esri Australia continued to strengthen its presence in the utilities sector, securing a contract with Essential Energy. This represents Esri Australia's first major sale in the vegetation management space – a critical aspect of powerline maintenance safety. Esri Australia was also awarded a significant project by Queensland Gas Company ("QGC"), which uses Esri's new GeoEvent Processor technology to indicate the real-time location of up to 10,000 employees and contractors, and equip QGC with the ability to quickly find and evacuate workers in times of emergency or disasters. Essential Energy and QGC join a growing portfolio of large utility clients serviced by Esri Australia.

### MAJOR CONTRACT AWARDS & ACHIEVEMENTS IN FY2014



#### APR 2013

##### Australia Engineering

Esri Australia partnered Hatch to deliver Hatchmap platform

#### APR 2013

##### Australia Government

Esri Australia's SaaS offering supported launch of Brisbane City Council's New City Plan

including AcetewAGL, Energex, Hunter Water, Queensland Urban Utilities, SA Power Networks and Western Power ("WP").

In the private sector, Esri Australia established strategic partnerships with clients including the world's largest mining corporation, BHP Billiton, as well as EPC giant, Hatch and insurance heavyweight, Suncorp.

FY2014 saw Esri Australia awarded the Global Award – Total Sales from Esri Inc, placing it ahead of 80 other Esri distributors worldwide. Esri Australia's project for WP – a transmission and distribution utility which delivers electrical power to over a million customers across an area of 250,000 square kilometres – was also recognised by Esri Inc with a Special Achievement in GIS Award.

Going forward in FY2015, Esri Australia's key market priorities will include utilities, national security, retail and insurance. Esri Australia also plans to help clients to deploy enterprise-wide GIS solutions, extending the value delivered by GIS from a single department to users across an entire organisation. This move reflects the gradual trend towards enabling any user in an organisation to analyse, create, publish and share location information, at any time and on any device. Other technology advancements of focus will include cloud-based ArcGIS Online and SaaS offerings, which will continue to make GIS more accessible to new markets.



1 URA 3D mapping with CityEngine, Singapore  
2 Brisbane, Australia

### **JUL 2013**

**Australia, Indonesia, Singapore  
Government**

Western Power (Esri Australia client), Ministry of Energy & Mineral Resources (Esri Indonesia client) and URA (Esri Singapore client) awarded Special Achievement in GIS Awards by Esri Inc

### **JUL 2013**

**Australia  
Cross-industries**

Esri Australia awarded Global Award – Total Sales by Esri Inc

## GEO-SPATIAL TECHNOLOGY

### Singapore

In FY2014, Esri Singapore saw growth in revenue from software sales and software maintenance, indicating the market's increasing confidence in Esri Singapore's products, services and support offerings.

Like Australia, Singapore also witnessed an increasing interest in mobile GIS deployments. Government agencies continue to expand their geo-spatial capabilities beyond the desktop environment and into the mobile realm, in efforts to mobilise their workforce into operating more effectively, regardless of where they might be stationed.

The year also saw the adoption of Esri technology as part of the ongoing efforts of the Prime Minister's Office in the provision of efficient public service delivery. The solution combines business analytics and geo-spatial technology, helping decision makers to draw further insights through the visualisation of public service needs concentration areas, minimising the duplication of efforts and enabling better services to be delivered to the community.

Another major client, the Urban Redevelopment Authority ("URA") has been instrumental in the development path of 3D GIS technology, advising Esri Inc on the capabilities that it requires for its constantly evolving urban development initiatives to meet the needs of citizens in the future. In November 2013, Esri Singapore signed a two-year memorandum of understanding ("MOU") with the URA to deploy

Esri's 3D smart city technology, bringing its urban planning and design processes to new heights, especially in the Master Plan 2013. For example, the 3D Urban Simulation Prototype Lab can produce "real life" visualisations of how Singapore will look before and after urban development. The technology not only produces 3D digital renditions but also generates quantitative statistics and metrics of the potential impact a development may have on the community including parking space requirements, road congestion and available space for greenery and solar power generation.

Another highlight in FY2014 was the Esri Asia Pacific User Conference ("APUC"), which brought more than 500 of Esri's regional users together in Singapore to learn and share their knowledge and experiences with Esri technology. The APUC featured more than 30 presentations from some of the region's leading geo-enabled organisations including the Singapore Land Authority, Earth Observatory of Singapore and Land Transport Authority. The APUC also provided a fascinating glimpse into the latest technological advancements, with Esri Founder and President, Jack Dangermond honouring the event and providing his personal insights on the next release of the Esri ArcGIS platform.

In FY2015, Esri Singapore expects to see growth from assisting organisations in integrating GIS capabilities into data analytics and core business intelligence systems. The cloud-based ArcGIS Online will also continue to make GIS more accessible to new markets.

### Malaysia

During the past year, Esri Malaysia further strengthened its collaborative relationships with the various government agencies tasked with deploying the Malaysia Geospatial Data Infrastructure ("MyGDI"). Esri Malaysia partnered with national mapping agency, Jabatan Ukur Dan Pemetaan Malaysia to replace its legacy system with a cutting-edge solution powered by Esri technology that has significantly improved digital map production processes and operational efficiencies across the states of Sabah and Sarawak. Updated map datasets are now generated at a faster rate, building a good foundation for accelerating the growth and adoption of GIS in Malaysia.

Into its second year, Esri South Asia through its Malaysia setup, has been an integral member of the Esri 24-hour international support service network. As part of this new initiative by Esri Inc, Esri South Asia's support staff provide 24-hour technical assistance to Esri premium support clients around the world. Esri South Asia's involvement in Esri Inc's international support service network has reinforced its position as a local technical support provider and broadened business development engagements and recruitment of personnel in Malaysia.

In FY2015, Esri Malaysia expects to see growth in both software sales and professional services, particularly in the oil & gas and real estate industries. Efforts will also be put in to continue creating GIS awareness across both the government and private sectors.

#### SEP 2013

##### Australia Mining

Esri Australia awarded contract by BHP Billiton to deliver GIS solution for iron ore project

#### SEP 2013

##### Australia Transportation

Esri Australia delivered web-based GIS solution to National Heavy Vehicle Regulator

#### NOV 2013

##### Singapore Government

Esri Singapore signed MOU with URA to use Esri's 3D smart city technology to perform urban design simulations

## Indonesia

Esri Indonesia experienced a surge in growth in FY2014, riding on the continued deployment of Indonesia's National Spatial Data Infrastructure ("NSDI"). The NSDI is by far the largest national initiative of the government and will contribute significantly to the growth of the country's GIS sector and widespread awareness of the Esri brand. The NSDI is already making enhanced map datasets and geographic information more readily accessible to the broader Indonesia community, with flow down effects from the national government to provincial and municipal governments, as well as the private sector.

During FY2014, Esri Indonesia collaborated with the Bandung Institute of Technology and the Geospatial Information Agency to set up a Geo-Community Centre, which is tasked with facilitating growth in the geo-spatial industry through connecting the government, academia and private sectors. The project's key goal is to equip Indonesia's workforce with key geo-spatial and IT capabilities, and ensure that the local market can better meet the booming market demand for GIS knowledge and skills.

Esri Indonesia also carried out successful projects for natural resource corporations including Pertamina and mining giant, PT Freeport Indonesia, as well as for various plantation management corporations. Plantation management will continue to be an area of focus for Esri Indonesia in FY2015.



1 NSDI, Indonesia  
2 Cadastral parcels in Sibul, Malaysia

### JAN 2014

#### Singapore Government

Ministry of Education piloted adoption of Esri technology to teach geography and impart spatial concepts in secondary schools

### MAR 2014

#### Australia Transportation

Esri Australia delivered SAP-Esri system integration project to Queensland Rail

### MAR 2014

#### Singapore Government

Esri Singapore awarded contract by Gardens by the Bay to develop web-based GIS solution to map all vegetation, flora and fauna within park

# BOARD OF DIRECTORS

## 1. Wong Fong Fui

Chairman &  
Group Chief Executive Officer  
• **Member, Nominating Committee**  
Bachelor of Engineering  
(Chemical Engineering),  
University of New South Wales

Mr Wong was appointed as the Chairman & Group Chief Executive Officer in April 1996. He began his career as a chemical engineer in the oil & gas industries and subsequently co-founded various engineering and construction companies. Prior to joining the Boustead Group, he was the Group Managing Director of QAF Limited, a food manufacturing and retail company which he succeeded in turning around. He was also instrumental in the start-up and privatisation of Myanmar Airways International. An entrepreneur with proven success in diverse fields, his interests have expanded to include commercial aviation, education, food manufacturing and retail, information technology and telecommunications. In April 2009, Mr Wong received the Chief Executive Officer of the Year 2008 Award (market capitalisation of S\$300 million to less than S\$1 billion) at the Singapore Corporate Awards.

## 2. Loh Kai Keong

Executive Director &  
Group Chief Financial Officer  
Bachelor of Accounting,  
University of Singapore  
Chartered Accountant of Singapore  
Associate, Chartered Institute of Secretaries

Mr Loh joined the Boustead Group in 1999 and was appointed as an Executive Director in February 2005. He has over 30 years of experience in audit, financial and personnel management, and mergers and acquisitions. His appointments have spanned both the private and public sectors, covering air freight, the civil service, commercial aviation, communications and exhibitions, engineering, food, information technology, insurance, manufacturing, shipping, and retail and wholesale.

## 3. Wong Yu Loon

Executive Director  
Bachelor of Law, University of New South Wales  
Bachelor of Commerce (Accounting),  
University of New South Wales  
Chartered Financial Analyst

Mr Wong joined the Boustead Group in 2003 and was appointed as an Executive Director in April 2013. He began his role at the Boustead Group as the Corporate Planning

Manager and subsequently was promoted to Group Investment Director. In his present role, Mr Wong oversees mergers and acquisitions, fund raising activities and also heads the Boustead Group's investments in the renewable energy sector. Mr Wong has more than a decade of widespread experience in mergers and acquisitions, fund raising and corporate advisory in roles at top investment firms across Australia and Singapore including Carnegie, Wylie & Company, DBS Bank and Vickers Ballas & Company.

## 4. John Lim Kok Min

Independent Non-Executive Director  
• **Chairman, Audit Committee**  
• **Member, Nominating Committee**  
• **Member, Remuneration Committee**  
Bachelor of Arts (Hons), University of Malaya

Mr Lim was appointed as a Non-Executive Director in June 1997. With over 45 years of extensive senior management experience in the Asia Pacific region, he is currently the Chairman of Gas Supply Pte Ltd and the Immediate Past Chairman of the Singapore Institute of Directors. He formerly held positions including Chief Executive Officer of Cold Storage Holdings Limited, Chairman of Senoko Power Pte Ltd, Chairman of the Building & Construction Authority,



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Vice-Chairman of the Agri & Veterinary Authority, Deputy Chairman of NTUC FairPrice and Vice-Chairman of the Singapore Institute of Management. A current director of several private and public companies and a member of their audit, remuneration and nominating committees, Mr Lim has also held directorships in Australia, New Zealand and South East Asia.

### 5. Chong Ngien Cheong

Independent Non-Executive Director

- [Chairman, Nominating Committee](#)
- [Member, Audit Committee](#)
- [Member, Remuneration Committee](#)

Bachelor of Commerce, Nanyang University

Mr Chong was appointed as a Non-Executive Director in May 1996. Currently, he is a Director of Sang Chun Holdings Pte Ltd, an investment and holding company.

### 6. Godfrey Ernest Scotchbrook

Independent Non-Executive Director

- [Chairman, Remuneration Committee](#)
- [Member, Audit Committee](#)

Fellow, Hong Kong Management Association  
Fellow, British Chartered Institute of Public Relations

Mr Scotchbrook was appointed as a Non-Executive Director in September

2000. He has been a specialist in corporate communications and crisis management for over 40 years. He founded Scotchbrook Communications, a firm focused on investor relations and business development. A proponent of good corporate governance, he is a Non-Executive Director of Hong Kong-listed Convenience Retail Asia Limited and Singapore-listed Del Monte Pacific Limited. He is a Fellow of the Hong Kong Management Association and British Chartered Institute of Public Relations.

### 7. Goh Boon Seong

Independent Non-Executive Director

- [Member, Remuneration Committee](#)
- Bachelor of Business Administration,  
University of Singapore

Mr Goh was appointed as a Non-Executive Director in January 2012. He has over 30 years of private sector management experience and is currently the President and Chief Executive Officer of WhiteRock Medical Company Pte Ltd, a medical device group focusing on wearable, portable and wireless technology applications in chronic care. Prior to this, Mr Goh held various senior management positions within the Singapore Technologies Group in the areas of corporate

development, investment and finance. Before joining the Singapore Technologies Group, he held senior management positions in investment banking at Morgan Grenfell, PrimeEast Group and Merrill Lynch.

### 8. Sri Widati Ernawan Putri

Independent Non-Executive Director  
Bachelor of Arts, New York University  
Master of International Relations,  
Waseda University

Ms Sri Widati was appointed as a Non-Executive Director in April 2013. She previously served as a Non-Executive Director of Pacific Healthcare Holdings Limited, an integrated healthcare provider listed on the Singapore Exchange. Ms Sri Widati also holds a Master of International Relations from top Japanese university, Waseda University where she is currently pursuing her PhD. She has several years' experience as a volunteer researcher in several social enterprise projects in Indonesia.



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# KEY MANAGEMENT TEAM

## Group Headquarters

### Wong Fong Fui

**Chairman & Group Chief Executive Officer**  
Boustead Singapore Limited, 1996  
(Profiled under Board of Directors, page 46)

### Loh Kai Keong

**Executive Director & Group Chief Financial Officer**  
Boustead Singapore Limited, 1999  
(Profiled under Board of Directors, page 46)

### Wong Yu Loon

**Executive Director**  
Boustead Singapore Limited, 2003  
(Profiled under Board of Directors, page 46)

### Chan Shiok Faun

**Senior Vice President – Finance**  
Boustead Singapore Limited, 1991

### Yeo Wee Leong

**Senior Vice President – Internal Audit**  
Boustead Singapore Limited, 2008

### Karen Kor

**Vice President – Group Human Resources**  
Boustead Singapore Limited, 2013

### Adrian Chu

**Vice President – Business Development**  
Boustead Singapore Limited, 2003

### Keith Chu

**Vice President – Corporate Marketing & Investor Relations**  
Boustead Singapore Limited, 2003

## Energy-Related Engineering

### DOWNSTREAM OIL & GAS/ PETROCHEMICALS

#### David Miller

**Managing Director**  
Boustead International Heaters Ltd, 1997

#### Elizabeth Ager

**Sales Director**  
Boustead International Heaters Ltd, 1997

#### Stuart Cummings

**Operations Director**  
Boustead International Heaters Ltd, 2013

#### Peter Halstead

**Finance Director**  
Boustead International Heaters Ltd, 2004

#### David Champneys

**Process Engineering Director**  
Boustead International Heaters Ltd, 1999

#### Ian Kentsley

**Projects Director**  
Boustead International Heaters Ltd, 1997

#### Steve Ruscoe

**Manufacturing Director**  
Boustead International Heaters Ltd, 1997

#### Edward Watters

**Consultant & ISO-Nominated "UK Expert"**  
Boustead International Heaters Ltd, 1997

#### Paul Miller

**Managing Director**  
BIH Heaters Malaysia Sdn Bhd, 2001

#### Tommy Lim

**Business Development Director**  
Boustead International Heaters Pte Ltd, 2009

### UPSTREAM OIL & GAS

#### Dev Lodh

**Managing Director**  
Controls & Electrics Pte Ltd, 1987

#### Prasun Chakraborty

**Director**  
Controls & Electrics Pte Ltd, 1991

#### Raghavan Nair Gopa Kumar

**Projects Manager**  
Controls & Electrics Pte Ltd, 1995

#### Subrata Chatterjee

**Chief Engineer (ESD) & Country Manager – India**  
Controls & Electrics Pte Ltd, 2001

#### Paul Lim

**Sales Manager (Motors)**  
Controls & Electrics Pte Ltd, 2002

### SOLID WASTE ENERGY RECOVERY

#### Adi Tjandra

**Managing Director**  
PT Boustead Maxitherm Industries, 1994

#### Woo Chew Fay

**Project Director**  
PT Boustead Maxitherm Industries, 1993

## Water & Wastewater Engineering

### Michael Teo

#### Chief Executive Officer

Boustead Salcon Water Solutions Pte Ltd, 1989

### Chong Siew Ping

#### Senior Technical Manager

Boustead Salcon Water Solutions Pte Ltd, 1994

### Sun Ping

#### Senior Engineering Manager

Boustead Salcon Water Solutions Pte Ltd, 2004

### Wong Hon Yee

#### Senior Project Manager

Boustead Salcon Water Solutions Pte Ltd, 1997

## Real Estate Solutions

### Thomas Chu

#### Managing Director

Boustead Projects Pte Ltd, 1996

### Wong Yu Wei

#### Senior Deputy Managing Director

Boustead Projects Pte Ltd, 2002

### Steven Koh

#### Deputy Managing Director (Operations)

Boustead Projects Pte Ltd, 1999

### Lee Keen Meng

#### Senior Finance Director

Boustead Projects Pte Ltd, 2009

### Liew Kau Keen

#### Deputy Director (Business Development)

Boustead Projects Pte Ltd, 2001

### Howard How

#### Deputy Director (QA, Environment, Health & Safety)

Boustead Projects Pte Ltd, 2007

### Neo Eng Huat

#### Deputy Director (Operations)

Boustead Projects Pte Ltd, 2007

### Nicholas Heng

#### Deputy Director (Projects)

Boustead Projects Pte Ltd, 2007

## Geo-Spatial Technology

### ESRI AUSTRALIA

#### Brett Bundock

##### Managing Director

Esri Australia Pty Ltd, 1988

#### Kaylee Holdsworth

##### Chief Financial Officer

Esri Australia Pty Ltd, 2006

#### Kelvin Langdon

##### Executive Manager – Operations

Esri Australia Pty Ltd, 2005

#### Stephen O'Shanassy

##### Executive Manager – Business Development

Esri Australia Pty Ltd, 2007

#### Jeffery Robinson

##### Executive Manager – Professional Services

Esri Australia Pty Ltd, 2011

#### Raquel Jackson

##### Executive Manager – Marketing

Esri Australia Pty Ltd, 2011

### ESRI SOUTH ASIA

#### Leslie Wong

##### Managing Director

Esri South Asia Pte Ltd, 2006

### ESRI SINGAPORE

#### Thomas Pramotedham

##### Chief Executive Officer

Esri Singapore Pte Ltd, 2009

### ESRI MALAYSIA

#### Lai Chee Siew

##### Chief Executive Officer

Esri Malaysia Sdn Bhd, 2011

### ESRI INDONESIA

#### Bima Priadi

##### Chief Executive Officer

PT Esri Indonesia, 2007

# INVESTOR RELATIONS

## Investor Communications

For more than a decade, investor relations ("IR") has been a key facet of Boustead's communications with our stakeholders. Proactively communicating with analysts, investors, the media and the global financial community in an accurate, consistent, sincere, timely and transparent manner is a priority for the Group. During FY2014, our IR Team met 922 investors in meetings, investor conferences and investor presentations to share about the Group's business strategies and financial performance.

In FY2014, three research firms initiated coverage on Boustead: AmFraser Securities, CIMB Research and UOB Kay Hian Research. At the same time, Phillip Securities Research, S&P and Standard Chartered Bank continued to provide coverage on Boustead, taking the total number of research firms with coverage to six. These research firms issued 19 in-depth research reports on Boustead during the year.

Boustead continued to have active engagements with institutional

investors and presented at two of Singapore's leading investor conferences organised in FY2014, the PhillipCapital Corporate Day 2013 and DBS Vickers Pulse of Asia 2014. On the retail investor front, Boustead also participated in a number of retail investor events including the SGX Sector Connect Seminar Series, CIMB Retail Symposium 2014 and 8 Investment Networking Night.

As part of Boustead's expanding investor communications programme, we continued our highly successful Retail Investor Outreach Programme dedicated to our growing base of retail shareholders. In December 2013, we held our Retail Investor Days for the second consecutive year. The Retail Investor Days attracted more than 75 retail investors, who attended an informative presentation on Boustead over two days where they learned about competitive strengths, growth drivers and prospects for the various business divisions. Chairman & Group Chief Executive Officer, Mr Wong and the IR Team had the opportunity to give detailed insights and interact with retail investors through an in-depth Q&A session.

## Summary of FY2014 Investor Relations Activities

# 106

face-to-face/teleconference investor meetings hosted

# 922

investors met

# 7

investor conferences/ events attended

# 6

research firms providing coverage:

- AmFraser Securities
- CIMB Research
- Phillip Securities Research
- S&P
- Standard Chartered Bank
- UOB Kay Hian Research

## FY2014 Calendar

### MAY 2013

- FY2013 Financial Results Announcement
- FY2013 Financial Results Audiocast/Webcast Briefing

### JUN 2013

- 8 Investment Networking Night by 8 Investment

### JUL 2013

- FY2013 Annual Report
- Annual General Meeting
- Extraordinary General Meetings

### AUG 2013

- 1Q FY2014 Financial Results Announcement
- SGX Sector Connect Seminar Series by SGX and Phillip Securities

### SEP 2013

- Phillip Securities Conference, Singapore – PhillipCapital Corporate Day 2013
- FY2013 final dividend payment of 3 cents or scrip
- FY2013 special dividend payment of 2 cents or scrip

### NOV 2013

- 2Q FY2014 Financial Results Announcement

### DEC 2013

- Retail Investor Days
- FY2014 interim dividend payment of 2 cents

### JAN 2014

- DBS Vickers Conference, Singapore – Pulse of Asia Conference 2014

### FEB 2014

- 3Q FY2014 Financial Results Announcement

### MAR 2014

- CIMB Securities Conference, Singapore – CIMB Retail Symposium 2014

## DELIVERING VALUE TO SHAREHOLDERS

### Dividend for FY2014

**7¢\***

Growth from 0.75 cents dividend one decade ago

**+833%**

### Dividends over past decade

**48.2¢\***

CAGR in dividends over past decade

**+17%**

### Market capitalisation in FY2014

**S\$993.6m**

Growth from S\$127.6m market capitalisation one decade ago

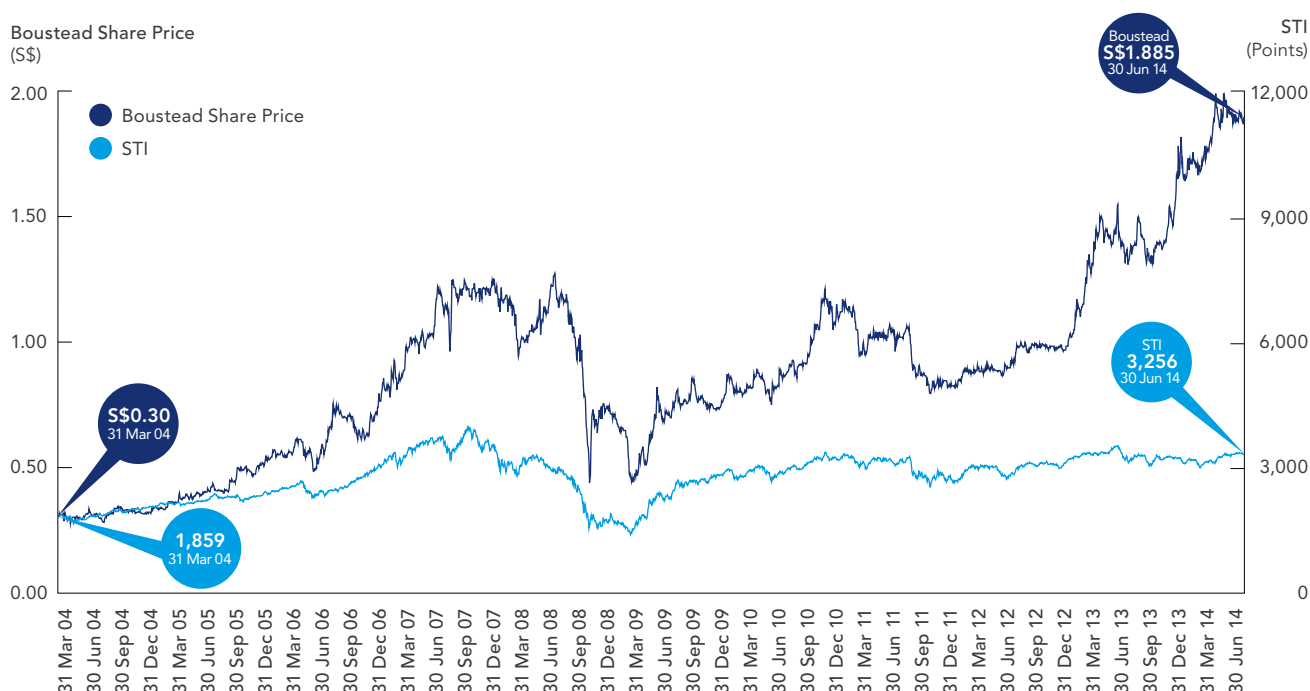
**+678%**

\* Includes proposed final dividend of 3 cents and special dividend of 2 cents for FY2014.

## SHARE PERFORMANCE AND STI COMMENTARY

Boustead Share Price  
(S\$)

STI  
(Points)



Opening FY2014 at S\$1.480, Boustead's share price appreciated by approximately 27% over the past 15 months, outperforming the Straits Times Index by 29%. Boustead's share price closed at S\$1.885 on 30 June 2014.

### FY2015 Calendar\*

#### MAY 2014

- FY2014 Financial Results Announcement
- FY2014 Financial Results Audiocast/Webcast Briefing

#### JUL 2014

- Phillip Securities Conference, Singapore – PhillipCapital Corporate Day 2014
- FY2014 Annual Report
- Annual General Meeting
- Extraordinary General Meeting

#### AUG 2014

- 1Q FY2015 Financial Results Announcement
- FY2014 final dividend payment of 3 cents (proposed)
- FY2014 special dividend payment of 2 cents (proposed)

#### NOV 2014

- 2Q FY2015 Financial Results Announcement

#### FEB 2015

- 3Q FY2015 Financial Results Announcement

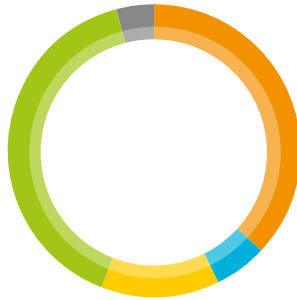
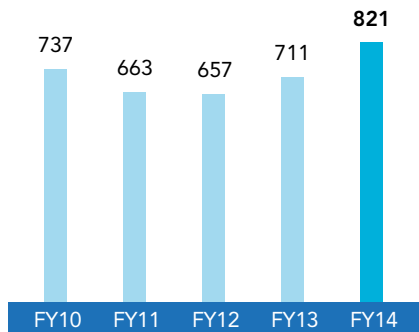
#### MAY 2015

- FY2015 Financial Results Announcement

\* Subject to change. Please check [www.boustead.sg/investor\\_centre](http://www.boustead.sg/investor_centre) for the latest updates.

# ENGINEERING THE WORLD OF THE FUTURE

## Number of Employees



## FY2014 Human Resource Deployment

	Energy-Related Engineering	37%
	Water & Wastewater Engineering	6%
	Real Estate Solutions	13%
	Geo-Spatial Technology	40%
	Group Headquarters	4%

## A Global Corporation Driven by a Transnational Workforce

Headquartered in Singapore, Boustead maintains a global presence through our regional and local offices, and representatives in 21 countries across six continents. Embracing a multi-cultural and multi-faceted workforce, we have expanded our international reach to the farthest corners of the world. To date, we have undertaken infrastructure-related projects in 84 countries and are recognised among Singapore's most global corporations. This is exemplified by our inclusion in the Singapore International 100 in 2014, our fifth consecutive year on the list.

## Sustainability in Quality, Health, Safety and Environment

At Boustead, our ongoing job is to maintain an accident-free workplace and safeguard the well-being of our employees. Our divisions are continuously training the workforce through the active execution of health, safety and environmental ("HSE") programmes and aiming to upkeep good safety records by developing relevant risk assessment capabilities. Good practices of reviewing safety policies and assessing safety statistics also extend

to work carried out by our appointed fabricators and subcontractors.

Boustead Projects ("BP") is one of only nine bizSAFE Mentors in Singapore and achieved an accident frequency rate (AFR) of 1.47 incidents per million man-hours worked, lower than the industry average of 1.70 for calendar year 2013. Since implementing the Workplace Safety and Health ("WSH") Advocate Programme by engaging and empowering subcontractors to be WSH Advocates in 2013, BP has embarked on a new initiative which enables subcontractors to look out for one another at the workplace.

BP regularly engages with subcontractors through providing onsite training seminars and educational workshops on a periodic basis, playing an active role in helping subcontractors to achieve bizSAFE accreditations. The Performance Reward Incentive Scheme rewards subcontractors with preferential margin credits that they can utilise during the tendering of a new project and has been received positively by subcontractors over the past few years.

To date, BP's efforts have paid off with 30 awards for its overall and project-specific quality and safety

performance in the industry. In May 2014, BP was awarded the BCA Construction Excellence Award (Merit) for SDV Green Hub. The award accords recognition to construction projects that have demonstrated the highest standards of construction excellence in Singapore. The construction excellence of the project is based on the builder's performance in specific areas, including workmanship, project management, duration of the construction, environmental health and safety management, productivity, innovation and quality of technical input. SDV Green Hub also achieved several other awards including Green Mark Platinum (the first in the logistics category), LEED Gold and a Construction Quality Assessment System (CONQUAS) score of 90.3.

During the year, Boustead Salcon Water Solutions ("BSWS") achieved yet another record of zero accidents to date, since attaining the bizSAFE Star in 2012. BSWS also went on to attain ISO14000, an environmental management system accreditation.

Under the Energy-Related Engineering Division, both Boustead International Heaters and Boustead Controls & Electricians also achieved zero accidents at their respective office premises or worksites.

## Quality & Sustainability Awards

Year	Award
2014	BCA Construction Excellence Award (Merit) • SDV Green Hub Green Mark Platinum • DB Schenker
2013	Green Mark Gold • Greenpac Greenhub • Jabil Circuit • Kerry Logistics Centre • Satair Airbus Singapore Centre LEED Gold • Kerry Logistics Centre • SDV Green Hub
2012	Green Mark Platinum • SDV Green Hub Green Mark Gold • XP Power Solar Pioneer Award • Greenpac Greenhub
2011	Green Mark Platinum • Rolls-Royce Wide Chord Fan Blade Manufacturing Facility • Rolls-Royce Seletar Assembly & Test Unit
2010	Green Mark Gold • IBM Singapore Technology Park • Sun Venture Investments @ 50 Scotts Road
2009	Green Mark Platinum • Applied Materials Building Green Mark Gold Plus • StarHub Green Solar Pioneer Award • Applied Materials Building

## Safety Awards

Year	Award
2012	BP awarded WSH Performance Silver Award BSWS achieved bizSAFE Star
2011	BP awarded WSH Performance Silver Award BP achieved bizSAFE Mentor
2010	BP awarded WSH Performance Silver Award BP awarded WSH Officer Award
2009	BP awarded WSH Performance Silver Award BP achieved bizSAFE Star
2008	BP achieved bizSAFE Partner

## Safety & Health Award Recognition for Projects (SHARP) Awards

Year	SHARP Award
2012	SDV Green Hub
2011	Rolls-Royce Wide Chord Fan Blade Manufacturing Facility
2010	Applied Materials Building IBM Singapore Technology Park Singapore Aero Engine Services The Singapore FreePort
2009	StarHub Green

## ENGINEERING THE WORLD OF THE FUTURE

## ENVIRONMENTAL SUSTAINABILITY

### ENERGY-RELATED ENGINEERING

#### Process Heater Systems

Key large-scale process systems utilised to produce LNG, gas-to-liquids (GTL) and hydrogen for creation of cleaner transportation fuels

#### Waste Heat Recovery Units

Key large-scale process systems utilised to recover and recycle waste heat, waste gas and flue gas back into oil & gas production and refining processes for energy efficiency and pollution reduction

#### Process Control Systems and

#### Emergency/Safety Shutdown Systems

Key process control and safety systems utilised to safely control and shutdown oil & gas production processes and protect people, infrastructure and environment under normal operations and emergencies

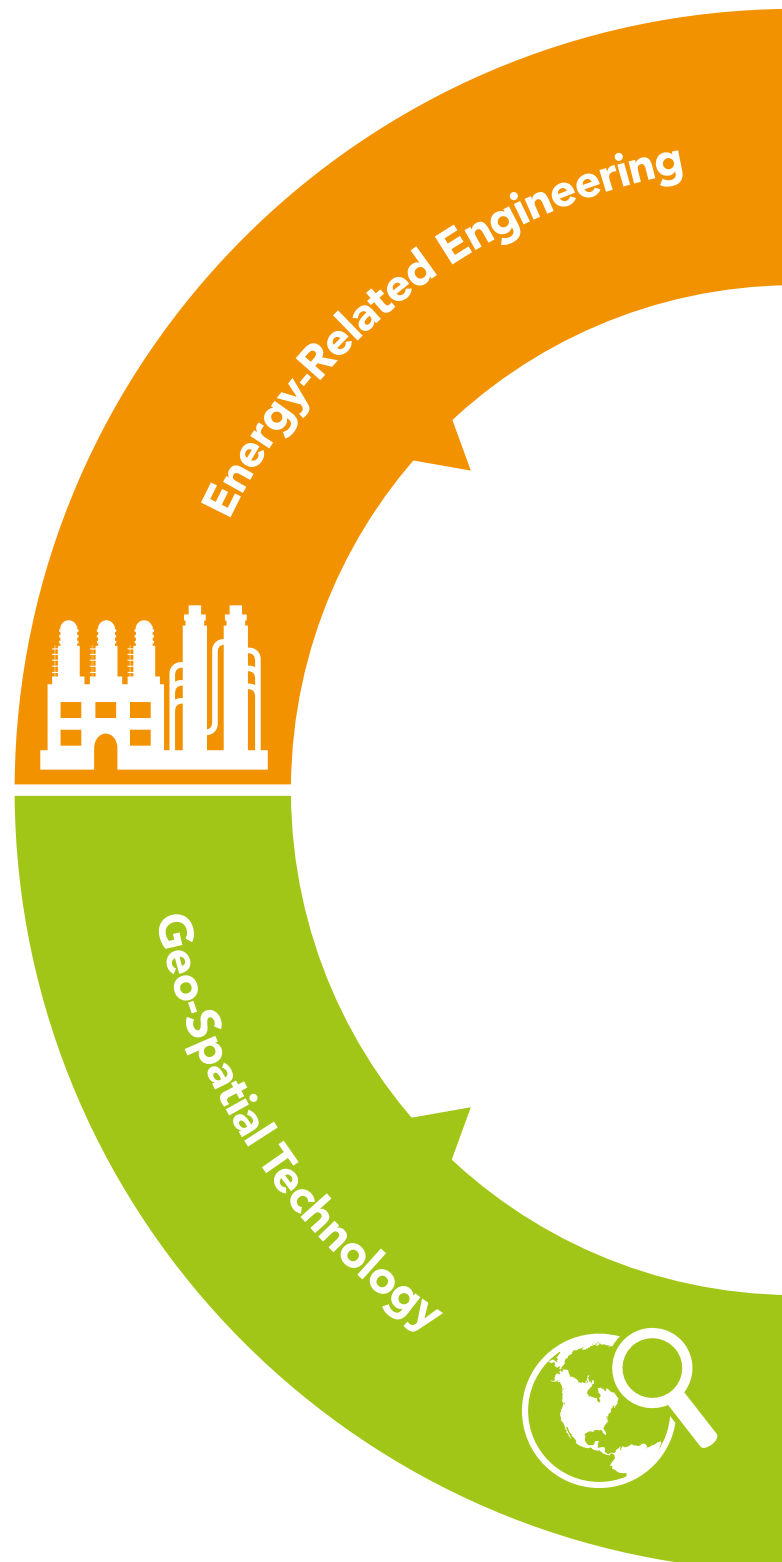
#### Solid Waste Energy Recovery Plants

Key waste-to-energy plants utilised to convert agro-industrial waste (e.g. oil palm kernels, sugar bagasse, wood waste chips) and municipal solid waste into steam production and electricity generation processes for energy efficiency and pollution reduction

### GEO-SPATIAL TECHNOLOGY

#### Geographic Information Systems And Geo-Spatial Solutions

Key specialised IT enterprise systems utilised to plan and manage limited resources including assets, geographical information, human resources, infrastructure and natural resources in most effective and efficient manner





## Water & Wastewater Engineering

### WATER & WASTEWATER ENGINEERING

#### Seawater Desalination, Ion Exchange and Wastewater Recycling Plants

Key treatment plants utilised to produce pure and ultra-pure water for industrial processes, potable water and recycled water to ensure water sustainability

### REAL ESTATE SOLUTIONS

#### Green Industrial Buildings

Green buildings with environmentally sustainable features and technologies under BCA Green Mark or US LEED Programmes

## CORPORATE INFORMATION

### DIRECTORS

**Wong Fong Fui**

Chairman & Group Chief Executive Officer

**Loh Kai Keong**

Executive Director & Group Chief Financial Officer

**Wong Yu Loon**

Executive Director

**John Lim Kok Min**

Independent Non-Executive Director

**Chong Ngien Cheong**

Independent Non-Executive Director

**Godfrey Ernest Scotchbrook**

Independent Non-Executive Director

**Goh Boon Seong**

Independent Non-Executive Director

**Sri Widati Ernawan Putri**

Independent Non-Executive Director

### AUDIT COMMITTEE

**John Lim Kok Min**

Chairman

**Chong Ngien Cheong**

**Godfrey Ernest Scotchbrook**

### NOMINATING COMMITTEE

**Chong Ngien Cheong**

Chairman

**John Lim Kok Min**

**Wong Fong Fui**

### REMUNERATION COMMITTEE

**Godfrey Ernest Scotchbrook**

Chairman

**Chong Ngien Cheong**

**John Lim Kok Min**

**Goh Boon Seong**

### SHARE REGISTRAR

**Boardroom Corporate & Advisory Services Pte Ltd**

50 Raffles Place, #32-01  
Singapore Land Tower  
Singapore 048623

### AUDITORS

**PricewaterhouseCoopers LLP**

8 Cross Street, #17-00  
PWC Building  
Singapore 048424

Audit Partner: **Yee Chen Fah**

(Date of appointment: 26 July 2013)

### PRINCIPAL BANKERS

**The Hongkong and Shanghai Banking Corporation Limited**

**United Overseas Bank Limited**

**Malayan Banking Berhad**

**DBS Bank Limited**

**Australia and New Zealand Banking Group Limited**

### PLACE OF INCORPORATION

Singapore

### DATE OF INCORPORATION

18 June 1975

### COMPANY SECRETARY

Alvin Kok

### COMPANY REGISTRATION

197501036K

### REGISTERED OFFICE

**Boustead Singapore Limited**

82 Ubi Avenue 4, #08-01  
Edward Boustead Centre  
Singapore 408832

### STOCK EXCHANGE LISTING

Singapore Exchange Securities Trading Limited

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2014 and the statement of financial position of the Company as at 31 March 2014.

## DIRECTORS

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

Wong Fong Fui	(Chairman, Group Chief Executive Officer)
Loh Kai Keong	
Wong Yu Loon	(Appointed on 2 April 2013)
John Lim Kok Min	
Chong Ngien Cheong	
Godfrey Ernest Scotchbrook	
Goh Boon Seong	
Sri Widati Ernawan Putri	(Appointed on 2 April 2013)

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed in the following and under "Share options" in this report.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.3.2014	At 1.4.2013 or date of appointment, if later	At 31.3.2014	At 1.4.2013 or date of appointment, if later
<b>The Company - Boustead Singapore Limited</b>				
	<b>(Number of ordinary shares)</b>			
Wong Fong Fui	-	-	173,439,018	166,819,208
Loh Kai Keong	603,001	600,976	-	-
John Lim Kok Min	557,268	536,000	-	-
Chong Ngien Cheong	400,000	400,000	23,084,000	23,084,000
Godfrey Ernest Scotchbrook	-	-	1,039,683	1,000,000
Sri Widati Ernawan Putri	-	-	46,193,919	-
<b>Subsidiary - Boustead Salcon Water Solutions Pte Ltd</b>				
	<b>(Number of ordinary shares)</b>			
Wong Fong Fui <sup>(1)</sup>	1	1	-	-
<b>Joint venture - EK Boustead, Inc.</b>				
	<b>(Number of ordinary shares at PHP52,000)</b>			
Wong Fong Fui <sup>(2)</sup>	1	1	-	-

<sup>(1)</sup> Interest is held in trust for the Company, Boustead Singapore Limited.

<sup>(2)</sup> Interest is held in trust for the Company's subsidiary.

By virtue of Section 7 of the Singapore Companies Act, Mr Wong Fong Fui is deemed to have an interest in all the related corporations of the Company.

The directors' interests in the shares of the Company as at 21 April 2014 were the same as at 31 March 2014.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, 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 is a member or with a Company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors receive remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

## SHARE OPTIONS

- (a) The Boustead Share Option Scheme 2001 (the "2001 Scheme") was approved by the members of the Company at its Extraordinary General Meeting on 30 August 2001. Under the 2001 Scheme, all deserving Key Persons and non-executive directors of the Company are eligible to participate in the 2001 Scheme at the discretion of a committee duly authorised by the Board of Directors. The committee administering the 2001 Scheme comprises four members, all of whom are non-executive directors. "Key Persons" mean full-time confirmed personnel within the Boustead Group (including Executive Directors, directors of the Company's subsidiaries and employees seconded to any associated companies or any other Company in which the Boustead Group holds shares) and, on a selective basis, employees of associated companies. Controlling shareholders and their associated companies are not eligible to participate in the 2001 Scheme.
- (b) The terms of the 2001 Scheme are disclosed in Note 33(a) to the financial statements.
- (c) Under the 2001 Scheme, share options exercised during the financial year and outstanding as at 31 March 2014 were as follows:

Date of grant	Balance at 1 April 2013	Granted	Exercised	Lapsed	Balance at 31 March 2014	Subscription price \$	Exercisable period
12 May 2009	260,000	-	(200,000)	-	60,000	0.600	12 May 2010 to 11 May 2019

- (d) During the financial year, no option was granted to take up unissued ordinary shares of the Company or the subsidiaries and no ordinary shares of the subsidiaries were issued by virtue of the exercise of an option to take up unissued ordinary shares.
- (e) As at 31 March 2014, there were no unissued shares of the subsidiaries under option.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## SHARE OPTIONS (cont'd)

(f) The members of the committee administering the 2001 Scheme are:

Godfrey Ernest Scotchbrook (Chairman)  
Chong Ngien Cheong  
John Lim Kok Min  
Goh Boon Seong

The members of the committee are eligible to participate in the 2001 Scheme. Any director participating in the 2001 Scheme who is a member of the committee will not be involved in the committee's deliberations in respect of any option granted or to be granted to him.

The details of share options granted pursuant to the 2001 Scheme are as follows:

Name of participant	Options granted during the year	Aggregate options granted since commencement to end of year	Aggregate options exercised since commencement to end of year	Aggregate options lapsed or cancelled since commencement to end of year	Aggregate options outstanding as at end of year
<b>Directors of the Company</b>					
Loh Kai Keong	-	425,976 <sup>(1)</sup>	425,976	-	-
	-	672,000 <sup>(2)</sup>	672,000	-	-
	-	160,000 <sup>(4)</sup>	160,000	-	-
	-	1,257,976	1,257,976	-	-
John Lim Kok Min	-	400,000 <sup>(3)</sup>	400,000	-	-
Chong Ngien Cheong	-	400,000 <sup>(3)</sup>	400,000	-	-
Godfrey Ernest Scotchbrook	-	400,000 <sup>(3)</sup>	400,000	-	-
	-	2,457,976	2,457,976	-	-
Former directors of the Company	-	6,135,872	6,135,872	-	-
Employees of the Company and its subsidiaries	-	24,550,600	18,736,872	5,753,728	60,000
	-	33,144,448	27,330,720	5,753,728	60,000

<sup>(1)</sup> Replacement options granted on 3 September 2001 substituting the same number of options granted under the Boustead Executives' Share Option Scheme 1997 (the "1997 Scheme"). The 1997 Scheme was replaced with the 2001 Scheme. Subscription price per share is \$0.205. These replacement options may be exercised between 10 June 2000 and 9 June 2009.

<sup>(2)</sup> Non-discounted options granted on 4 January 2002. Subscription price per share is \$0.165. These options may be exercised between 4 January 2003 and 3 January 2012.

<sup>(3)</sup> Non-discounted options granted on 4 January 2002. Subscription price per share is \$0.165. These options may be exercised between 4 January 2003 and 3 January 2007.

<sup>(4)</sup> Non-discounted options granted on 12 May 2009. Subscription price per share is \$0.600. These options may be exercised between 12 May 2010 and 11 May 2019.

There were no participants who received 5% or more of the total number of options available under the 2001 Scheme. During the financial year, no options have been granted to controlling shareholders of the Company and their associated companies. There were no options granted at a discount during the financial year. No person to whom the options have been granted has any right to participate by virtue of the option in any share issue of any other company. On 30 August 2011, the 2001 Scheme expired and is replaced by the Boustead Restricted Share Plan 2011 on 13 October 2011 as detailed in the "Share Awards" section on the next page.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## SHARE AWARDS

- (a) The Boustead Restricted Share Plan 2011 (the "2011 Share Plan") was approved by the members of the Company at its Extraordinary General Meeting on 13 October 2011. The 2011 Share Plan replaces the Boustead Share Option Scheme 2001 which expired on 30 August 2011. Under the 2011 Share Plan, all deserving executive employees and non-executive directors of the Company as well as associated companies of controlling shareholders separately approved by independent members of the Company are eligible to participate in the 2011 Share Plan at the discretion of a committee duly authorised by the Board of Directors.
- (b) The committee administering the 2011 Share Plan comprises four members, all of whom are non-executive directors. "Executive employees" mean confirmed employees of (i) a group company, fulfilling an executive role (including any executive director, but excluding Mr Wong Fong Fui, the Chairman & Group Chief Executive Officer of the Company) or (ii) an associated company, fulfilling an executive role, selected by the committee.
- (c) Details of the 2011 Share Plan are disclosed in Note 33(a) to the financial statements.
- (d) The members of the committee administering the 2011 Share Plan are:

Godfrey Ernest Scotchbrook (Chairman)  
Chong Ngien Cheong  
John Lim Kok Min  
Goh Boon Seong

The members of the committee are eligible to participate in the 2011 Share Plan. Any director participating in 2011 Share Plan who is a member of the committee will not be involved in the committee's deliberations in respect of any share award granted or to be granted to him.

- (e) The details of share awards granted and vested pursuant to the 2011 Share Plan are as follows:

Date of grant	Balance at 1 April 2013	Share awards granted	Share awards vested	Balance at 31 March 2014
10 September 2012	584,600	-	(87,692)	496,908
9 November 2012	45,851	-	(6,878)	38,973
23 January 2013	45,851	-	(6,878)	38,973
29 July 2013	-	76,418	(11,463)	64,955
	676,302	76,418	(112,911)	639,809

Name of participant	Number of shares comprised in awards granted during the year	Aggregate number of shares comprised in awards since commencement of the 2011 Share Plan to end of year	Aggregate number of shares comprised in awards vested since commencement of the 2011 Share Plan to end of year	Aggregate number of shares comprised in awards outstanding as at end of year
<b>Associate of Controlling Shareholder of the Company</b>				
Wong Yu Wei	76,418	76,418	(11,463)	64,955
Employees of the Company and its subsidiaries	-	676,302	(101,448)	574,854
	76,418	752,720	(112,911)	639,809

There were no participants who received 5% or more of the total number of shares available under the 2011 Share Plan. Save as disclosed above, no awards have been granted to directors of the Company or controlling shareholders and their associates since the commencement of the 2011 Share Plan to the end of the financial year.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises the following members, all of whom are independent non-executive directors:

John Lim Kok Min (Chairman)  
Chong Ngien Cheong  
Godfrey Ernest Scotchbrook

The Audit Committee met 4 times during the year under review. The Audit Committee has reviewed the following:

- (a) the audit plan of the external auditors and internal auditors and results of the internal auditors' examination and evaluation of the Group's system of internal accounting and operational controls;
- (b) the Group's financial and operating results and accounting policies;
- (c) the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the directors of the Company and the external auditors' report on those financial statements;
- (d) the quarterly and full-year announcements on the consolidated financial statements of the Group and financial position of the Company;
- (e) the co-operation and assistance given by the management to the external auditors of the Company; and
- (f) the independence and appointment/re-appointment of the external auditors of the Company.

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

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

The external auditors annually carry out their statutory audits in accordance with the scope as laid out in their audit plans. Control observations noted during their audits and the auditors' recommendations are reported to the Audit Committee. The internal auditors follow up on the recommendations as part of their role in the review of the Group's internal control systems.

## INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

**Wong Fong Fui**  
Director

**Loh Kai Keong**  
Director

Singapore  
30 June 2014

# CORPORATE GOVERNANCE

The Board of Directors of Boustead Singapore Limited (the “Board”) is committed to maintaining a high standard of corporate governance within the Group, in line with the principles set out in the Code of Corporate Governance 2012 (the “Code”). This establishes and maintains a legal and ethical environment in the Group to preserve the interests of all shareholders and stakeholders.

This report describes the Company’s corporate governance practices primarily with references to the principles of the Code. Where there are deviations from the Code, appropriate explanations are provided.

## BOARD MATTERS

### Principle 1: The Board’s Conduct of Affairs

The Board is responsible for the overall management of the Company. It approves the Group’s strategic plans, key business initiatives, major investments and funding decisions. Additionally, the Board has direct responsibility for decision-making in respect of the following corporate events and actions:

- approval for the release of quarterly and full-year results announcements;
- approval of the annual report and accounts;
- convening of shareholders’ meetings;
- recommendations of dividend payments and other distributions to shareholders;
- approval of corporate strategies;
- approval of the Group’s annual operating and capital budgets;
- approval of material acquisition and disposal of assets; and
- approval of the Group’s risk appetite and internal controls.

Additionally, independent directors of the Board deal with conflict of interest issues relating to directors and substantial shareholders and matters which require the Board’s approval pursuant to the provisions of the Listing Manual of the SGX-ST or applicable laws and regulations.

To facilitate effective management, certain functions of the Board have been delegated by the Board to various Board Committees. The Board is assisted by the Audit Committee, the Nominating Committee and the Remuneration Committee, each of which has its own terms of reference.

The majority of the current members of the Board has been directors of the Company for at least five years and is familiar with its business operations and governance practices. Newly appointed directors are given comprehensive briefings by management. All non-executive directors are welcome to request for additional explanations, briefings and informal discussions on any aspect of the Group’s operations or business issues at all times.

The Company provides members of the Board with updates on board processes, governance practices and changes to laws and regulations that have a bearing either on the Group or on an individual director. Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group or themselves and to attend appropriate training courses at the Company’s expense.

A formal letter is provided to each director, upon his appointment, setting out the director’s duties and obligations.

## CORPORATE GOVERNANCE

The Board conducts scheduled meetings on a regular basis. Where necessary, additional Board meetings are also held to address significant transactions or issues that arise. A total of four formal Board meetings, four formal Audit Committee meetings, one formal Nominating Committee meeting and one formal Remuneration Committee meeting were held in the course of the year under review. Further to these, Board and Audit Committee members also held several informal discussions on various issues relating to corporate strategy and risk management. The attendance of the directors at Board and Board committees meetings during the year under review were as follows:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Wong Fong Fui	4	4	-	-	1	1	-	-
Loh Kai Keong	4	4	-	-	-	-	-	-
Wong Yu Loon <sup>(1)</sup>	4	4	-	-	-	-	-	-
John Lim Kok Min	4	4	4	4	1	1	1	1
Chong Ngien Cheong	4	4	4	4	1	1	1	1
Godfrey Ernest Scotchbrook	4	4	4	4	-	-	1	1
Goh Boon Seong	4	3	-	-	-	-	1	1
Sri Widati Ernawan Putri <sup>(1)</sup>	4	1	-	-	-	-	-	-

<sup>(1)</sup> Mr Wong Yu Loon and Ms Sri Widati Ernawan Putri were appointed as directors on 2 April 2013.

### Principle 2: Board Composition and Guidance

Presently, the Board comprises eight directors, five of whom are independent directors. The Board is of the view that the current board size is appropriate, taking into account the nature and scope of the Company's operations. The Board is also able to exercise objective judgement on corporate affairs independently, in particular, from the management of the Company.

The Board members as at the date of this report are:

Wong Fong Fui (Chairman and Group Chief Executive Officer)  
 Loh Kai Keong (Executive Director and Group Chief Financial Officer)  
 Wong Yu Loon (Executive Director)  
 John Lim Kok Min (Independent Non-Executive Director)  
 Chong Ngien Cheong (Independent Non-Executive Director)  
 Godfrey Ernest Scotchbrook (Independent Non-Executive Director)  
 Goh Boon Seong (Independent Non-Executive Director)  
 Sri Widati Ernawan Putri (Independent Non-Executive Director)

Non-executive directors constructively challenge and help develop proposals on strategy. They also review the performance of management in meeting agreed goals and monitor the reporting of performance. To facilitate a more effective check on management, non-executive directors also meet at least once a year without the presence of management.

The Nominating Committee has reviewed the independence of each director in accordance with the Code's definition of independence and is satisfied that more than one-third of the Board continues to be independent directors. The Board comprises directors capable of exercising objective judgement on corporate affairs of the Company, independent of management.

Each of Mr John Lim Kok Min, Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook has been an independent director of the Board for more than nine years. The Board, with the concurrence of the Nominating Committee, has rigorously reviewed the independence of each of them and is satisfied that each of them is independent in character and judgment, and found no evidence to indicate that the length of their respective service has in any way affected their respective independence. Given their respective wealth of business, working experience and professionalism in carrying out their duties, the Nominating Committee has found each of Mr John Lim Kok Min, Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook suitable to act as independent directors. The Board has accepted the Nominating Committee's recommendation that each of Mr John Lim Kok Min, Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook be considered independent. Each of Mr John Lim Kok Min, Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook has abstained from deliberating on their respective independence and their nomination.

## CORPORATE GOVERNANCE

The Nominating Committee is of the view that the current Board comprises directors with a wide range of skills, experience and expertise in operations, management, strategic planning and accounting and finance, who collectively ensure that the Board is equipped to deal with a wide range of issues to meet the Company's objectives. Also, no individual or group of individuals dominate the Board's decision-making.

### Principle 3: Chairman and Chief Executive Officer

The Chairman of the Company, Mr Wong Fong Fui, is also the Group Chief Executive Officer ("CEO").

As Chairman, he is responsible for the workings of the Board, ensuring that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the other executive directors. He also reviews board papers before they are presented to the Board and ensures that information provided to Board members is adequate. During Board meetings, he ensures that Board members engage in constructive debate on strategic issues and business planning.

In his role as CEO, Mr Wong is the most senior executive in the Company and holds executive responsibility for the Company's business. He is assisted by Executive Director and Group Chief Financial Officer, Mr Loh Kai Keong, in the management of day-to-day operations. Mr Loh is not related to Mr Wong. In addition to that, more than half of the Board is made up of independent directors and the various Board committees are chaired by and comprise a majority of independent directors. The Board has consistently demonstrated it is able to exercise independent decision-making. Because of this, the Board has not appointed a lead independent director to date. Notwithstanding this, it may appoint one in the interest of embracing recommended best practices. The Board is of the opinion that the role of Mr Wong as both the Chairman and CEO of the Company does not affect the independence of the Board.

### Principle 4: Board Membership

#### Nominating Committee

The Nominating Committee comprises three directors, two of whom are independent. The members of the Nominating Committee as at the date of this report are:

Chong Ngien Cheong, Chairman (Independent Non-Executive Director)  
John Lim Kok Min (Independent Non-Executive Director)  
Wong Fong Fui

The Nominating Committee serves to provide a formal, transparent and objective procedure for appointing Board members and evaluating each Board member's performance. The principal functions of the Nominating Committee include:

- reviewing regularly the composition of the Board and Board committees;
- reviewing the Board's succession plans for directors, in particular, the Chairman and the CEO;
- reviewing the background, academic and professional qualifications and experience of nominees;
- ensuring that directors submit themselves for re-nomination and re-election at least once every three years;
- determining the independence of directors annually;
- where a director has multiple board representations, deciding whether the director is able to carry out and has been adequate in carrying out his duties as a director; and
- evaluating the performance and effectiveness of the Board as a whole.

New directors are appointed by the Board after the Nominating Committee recommends their appointment. When the need for a new director arises, the Nominating Committee will review the expertise, skills and attributes of the Board, identify its needs and shortlist candidates with the appropriate profiles for nomination. The search may be through search companies, contacts and recommendations.

## CORPORATE GOVERNANCE

The dates of initial appointment and last re-election of each of the directors, together with their directorships in other listed companies, are set out below:

Name	Position	Date of Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships in Listed Companies (in last three years)
Wong Fong Fui	Chairman and Group Chief Executive Officer	15 April 1996	Not applicable	-	-
Loh Kai Keong	Executive Director and Group Chief Financial Officer	1 February 2005	29 July 2011	-	-
Wong Yu Loon	Executive Director	2 April 2013	26 July 2013	-	OM Holdings Limited
John Lim Kok Min	Independent Non-Executive Director	6 June 1997	26 July 2013	Silverlake Axis Ltd Forterra Real Estate Pte Ltd, as Trustee Manager of Forterra Trust	-
Chong Ngien Cheong	Independent Non-Executive Director	23 May 1996	26 July 2013	-	-
Godfrey Ernest Scotchbrook	Independent Non-Executive Director	21 September 2000	30 July 2012	Del Monte Pacific Limited	-
Goh Boon Seong	Independent Non-Executive Director	11 January 2012	30 July 2012	GP Batteries International Limited	-
Sri Widati Ernawan Putri	Independent Non-Executive Director	2 April 2013	26 July 2013	-	Pacific Healthcare Holdings Limited

One-third of directors who are longest-serving (other than the Managing Director or a director holding an equivalent position) are required to retire from office every year at the Annual General Meeting. Based on such a rotation process, each director is required to submit himself or herself for re-election by shareholders at least once every three years.

Where an existing director is required to retire from office, the Nominating Committee reviews the composition of the Board and takes into account factors such as that existing director's attendance, participation, contribution and competing time commitments when deciding whether to recommend that director for re-election.

Mr Loh Kai Keong and Mr Godfrey Ernest Scotchbrook shall be retiring by rotation at the Annual General Meeting to be held on 25 July 2014 ("2014 AGM"). At the recommendation of the Nominating Committee, they will be seeking re-election at the 2014 AGM.

In addition, as Mr Wong Fong Fui and Mr John Lim Kok Min are over the age of 70 years, they are required under Section 153 of the Companies Act to step down at the 2014 AGM. At the recommendation of the Nominating Committee, Mr Wong Fong Fui and Mr John Lim Kok Min will be seeking shareholders' approval for re-appointment as directors at the 2014 AGM.

# CORPORATE GOVERNANCE

## Principle 5: Board Performance

The Nominating Committee reviews on an annual basis the composition and skills set of the Board to determine whether it is adequate and appropriate having regard to the nature and scope of the Company's operations and the costs involved.

The Nominating Committee assesses and makes recommendations to the Board as to whether retiring directors are suitable for re-election. It also carries out an annual evaluation of the Board with the aim of assessing how well the Board, its committees, the directors and the Chairman are performing.

## Principle 6: Access to Information

Management is required to provide adequate and timely information to the Board on Group affairs and issues that require the Board's decision as well as ongoing reports relating to the operational and financial performance of the Group. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through other means, e.g. electronic mail and teleconferencing. Alternatively, management will arrange to personally meet and brief each director before seeking the Board's approval on a particular issue. Any requests by directors for further explanation, briefings or informal discussions on any aspect of the Group's operations are always facilitated expeditiously.

The Board has separate and independent access to the management team and the company secretary, as well as to all Board and Board committee minutes, resolutions and information papers. The Board and its independent directors may take independent advice as and when necessary to enable it or the independent directors to discharge their responsibilities effectively.

The company secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed. The company secretary, together with other management staff, is responsible for ensuring that the Company complies with applicable requirements, rules and regulations.

## REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies

### Principle 8: Level and Mix of Remuneration

### Principle 9: Disclosure on Remuneration

The Remuneration Committee comprises entirely of non-executive directors, all of whom are also independent. The members of the Remuneration Committee as at the date of this report are:

Godfrey Ernest Scotchbrook, Chairman (Independent Non-Executive Director)  
 Chong Ngien Cheong (Independent Non-Executive Director)  
 John Lim Kok Min (Independent Non-Executive Director)  
 Goh Boon Seong (Independent Non-Executive Director)

The objectives of the Remuneration Committee are to provide a formal, transparent and objective procedure for fixing the remuneration packages of individual directors and senior management staff, and to implement and administer the Boustead Restricted Share Plan 2011 and the Boustead Share Option Scheme 2001.

The Remuneration Committee reviews and approves recommendations on remuneration policies and packages to attract, retain and motivate directors and senior management to exert their best efforts to work towards the growth of the Group, the protection and promotion of the interests of all shareholders and the interests of improved corporate performance. The review of remuneration packages takes into consideration the long term interests of the Group and ensures that the interests of the directors and senior management are aligned with those of shareholders. The review covers all aspects of remuneration, including but not limited to, salaries, fees, allowances, bonuses and benefits-in-kind. No member of the Remuneration Committee shall be involved in discussions concerning his own remuneration. The Committee's recommendations are submitted to the Board for endorsement.

The Remuneration Committee will determine the remuneration packages of the Chairman and the executive directors based on the performance of the Group and the individual director. Non-executive directors will be paid directors' fees determined by the full Board based on the contributions, effort, time spent and responsibilities of the individual director. The payment of fees to non-executive directors is subject to the approval of the Company at each Annual General Meeting.

## CORPORATE GOVERNANCE

The remuneration of the directors and the top five key executives (executives who are not directors) in bands of S\$250,000, are set out below:

### Remuneration of Directors for the year ended 31 March 2014

Name of Director	Salary	Bonus	Directors' Fee	Other Benefits	Total
<b>S\$1,000,000 to S\$1,249,999</b>					
Wong Fong Fui	16%	82%	-	2%	100%
<b>S\$250,000 to S\$499,999</b>					
Loh Kai Keong	63%	33%	-	4%	100%
Wong Yu Loon	63%	30%	-	7%	100%
<b>Below S\$250,000</b>					
John Lim Kok Min	-	-	100%	-	100%
Chong Ngien Cheong	-	-	100%	-	100%
Godfrey Ernest Scotchbrook	-	-	100%	-	100%
Goh Boon Seong	-	-	100%	-	100%
Saiman Ernawan <sup>(1)</sup>	-	-	100%	-	100%

<sup>(1)</sup> Mr Saiman Ernawan retired as a director on 2 April 2013.

### Remuneration of key executives for the year ended 31 March 2014

Name of Executive	Salary	Bonus	Fees	Other Benefits	Total
<b>S\$750,000 to S\$999,999</b>					
Brett John Bundock	51%	41%	-	8%	100%
Thomas Chu Kok Hong	43%	51%	-	6%	100%
<b>S\$500,000 to S\$749,999</b>					
David Miller	57%	41%	-	2%	100%
Wong Yu Wei	44%	49%	-	7%	100%
Steven Koh Boon Teik	43%	49%	-	8%	100%

Although the Code recommends the full disclosure of the remuneration of each individual director as well as the disclosure of the total remuneration paid to the top five key executives in aggregate, the Board believes that disclosure in such detail may be prejudicial to the business interest of the Group given the highly competitive environment it is operating in as well as competitive pressures in the talent market.

Two employees of the Group, Mr Wong Yu Loon and Mr Wong Yu Wei, who are sons of Mr Wong Fong Fui, Chairman and Group Chief Executive Officer, received remuneration exceeding S\$50,000 for the year ended 31 March 2014. As details of their remuneration have been provided under the disclosure of the remuneration of directors and key executives above, the Board has decided not to further disclose their remuneration in incremental bands of S\$50,000. Other than this, none of the directors had immediate family members who were employees of the Group and whose personal remuneration exceeded S\$50,000 during the year.

The remuneration policy for staff adopted by the Group comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable performance bonus that is linked to corporate performance and individual performance and a long-term restricted share award scheme based on the achievement of additional specific key performance indicators.

# CORPORATE GOVERNANCE

## ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

It is the aim of the Board to provide shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. The directors have access to senior management at all times. Management currently provides the Board with detailed management accounts of the Group's performance, financial position and prospects on a quarterly basis.

### Principle 11: Risk Management and Internal Controls

The Board is responsible for ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with relevant legislations, regulations and best practices, and the identification and containment of business risks. The effectiveness of the risk management and internal control systems and procedures is monitored and reviewed by the Audit Committee.

The Board, aided by the Audit Committee, regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and the Board. The financial risk management objectives and policies are outlined in the financial statements. Risk management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Board is in a position to make more informed decisions and benefit from a better balance between risk and reward. This will assist in safeguarding and creating shareholder value.

The Audit Committee and the Board have received assurance from the Group Chief Executive Officer and the Group Chief Financial Officer that as of 31 March 2014:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems to address the key financial, operational and compliance risks affecting the operations are adequate to meet the needs of the Group in its current business environment.

Based on the internal controls established and maintained by the Group, the work performed by the external auditors and the reviews conducted by management and the Internal Audit Department, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing financial, operational and compliance risks were adequate as at 31 March 2014.

## CORPORATE GOVERNANCE

### Principle 12: Audit Committee

The Audit Committee comprises entirely of non-executive directors, all of whom are also independent. The members of the Audit Committee as at the date of this report are:

John Lim Kok Min, Chairman (Independent Non-Executive Director)

Chong Ngien Cheong (Independent Non-Executive Director)

Godfrey Ernest Scotchbrook (Independent Non-Executive Director)

The principal functions of the Audit Committee include:

- reviewing the audit plan of the external auditors and internal auditors and the results of the internal auditors' examination and evaluation of the Group's system of internal accounting and operational controls;
- reviewing the Group's financial and operating results and accounting policies;
- reviewing the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the directors of the Company and the external auditors' report on those financial statements;
- reviewing the quarterly and full-year announcements on the results and financial position of the Company and the Group;
- assessing the co-operation and assistance given by management to the external auditors of the Group;
- assessing the independence, objectivity and effectiveness of the external auditors of the Group and making recommendations to the Board on their appointment/re-appointment; and
- assessing and recommending to the board the Group's risk appetite and reviewing the effectiveness of the Group's internal controls and risk management processes.

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

The Audit Committee meets at least once a year with the external auditors without the presence of management.

The Audit Committee has undertaken a review of the nature and value of non-audit services provided to the Group by the external auditors during the financial year and is satisfied that the independence of the external auditors has not been impaired by the provision of these services.

The Company has complied with Rule 712 and Rule 715 read together with Rule 716 of the Listing Manual of the SGX-ST in relation to its external auditors.

### Whistle-blowing Policy

The Company has in place a whistle-blowing policy and arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other relevant matters. To ensure independent investigation of such matters and for appropriate follow up action, all whistle-blowing reports are sent to a committee comprising of the Chairman of the Audit Committee, the Vice-President – Group Human Resources and the Senior Vice-President - Internal Audit.

### Principle 13: Internal Audit

The Internal Audit Department, headed by the Senior Vice-President - Internal Audit, identifies, analyses and manages the risks incurred by the Group in its activities and promotes continuous improvement to the Group's operations. As far as practicable, all major operating entities are closely examined at least once every year by the Internal Audit Department, which reports to the Chairman of the Audit Committee on any material non-compliance and internal control weaknesses.

The Audit Committee oversees and monitors the implementation of any improvements to the Group's internal controls and meets regularly with the Senior Vice-President - Internal Audit. To ensure the adequacy of the internal audit function, the Audit Committee reviews the internal audit scope of work on an annual basis. During the year, the Audit Committee appointed an independent firm to conduct a review of the work and capability and capacity of the Internal Audit Department.

# CORPORATE GOVERNANCE

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Principle 14: Shareholder Rights

### Principle 15: Communication with Shareholders

### Principle 16: Conduct of Shareholder Meetings

The Board is mindful of its obligations to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. The Board's policy is that all shareholders should be equally informed of all major developments that impact the Group in a timely manner. Annual reports, results and announcements of significant transactions are released on SGXNET and are also updated on a timely basis on the Company's website at [www.boustead.sg](http://www.boustead.sg).

A copy of the annual report, together with the Notice of Annual General Meeting ("AGM"), is sent to every shareholder. The Notice of AGM is also published in the press.

The Articles of Association of the Company allow each shareholder to appoint up to two proxies to attend and vote at general meetings on his/her behalf.

Separate resolutions are proposed on each substantially separate issue at the general meetings. All the resolutions at general meetings are in single item resolutions.

Shareholders are also given the opportunity to participate effectively and vote at general meetings, where relevant rules and procedures governing such meeting are clearly communicated.

Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. The Board and senior management are present at each general meeting to respond to any questions from shareholders. The Group's external auditors are also present to address queries regarding the conduct of the audit and the preparation and content of the auditors' report.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the directors may deem appropriate. Notwithstanding this, the Company has been declaring dividends on a half-yearly basis.

## DEALINGS IN SECURITIES

All directors and officers of the Company and the Group are not allowed to deal in the Company's shares whilst in possession of unpublished price sensitive information.

In the course of doing business for the Group and the Company or in discussions with one of customers, vendors, or partners, directors and officers of the Group and the Company may become aware of material non-public information about that organisation. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to trade in the public securities of the Company. The discussion of this information is on a limited, "need to know" basis internally, and is not shared with anyone outside the Group or the Company. Directors and officers are not allowed to buy or sell the public securities of the affected organisations, including the Company, on the basis of such information, nor can this information be shared with others.

Dealing in the Company's shares is also prohibited during the period commencing two weeks before the announcement of the Group's results for each of the first three quarters of the financial year and during the period commencing one month before the announcement of the Group's annual results, and ending on the date of the relevant announcement.

## MATERIAL CONTRACTS

Since the end of the previous financial year, no material contracts involving the interest of the chief executive officer, each director or controlling shareholder of the Company has been entered into by the Company or any of its subsidiaries, and no such contract subsisted as at 31 March 2014.

## INTERESTED PERSON TRANSACTIONS

All transactions with interested persons must be at arm's length and reviewed by the Audit Committee.

For the financial year ended 31 March 2014, the Group did not enter into any transaction that would be regarded as an interested person transaction pursuant to the Listing Manual of the SGX-ST.

## STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 74 to 148 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

**Wong Fong Fui**  
Director

**Loh Kai Keong**  
Director

Singapore  
30 June 2014

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOUSTEAD SINGAPORE LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of Boustead Singapore Limited (the "Company") and its subsidiaries (the "Group") set out on pages 74 to 148, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 March 2014, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

## Opinion

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

## Report on Other Legal and Regulatory Requirements

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

## PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore  
30 June 2014

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	2014 \$'000	2013 \$'000
Revenue	4	<b>513,705</b>	513,198
Cost of sales	7	<b>(338,303)</b>	(337,385)
Gross profit		<b>175,402</b>	175,813
Other income	5	<b>4,724</b>	4,762
Other gains - net	6	<b>7,701</b>	16,351
Expenses			
- Selling and distribution	7	<b>(35,902)</b>	(35,577)
- Administrative	7	<b>(43,445)</b>	(46,954)
- Other operating expenses	7	<b>(16,439)</b>	(15,802)
- Finance	9	<b>(832)</b>	(1,170)
Share of results of associated companies and a joint venture	25, 26	<b>(572)</b>	-
Profit before income tax		<b>90,637</b>	97,423
Income tax expense	10	<b>(16,591)</b>	(12,943)
<b>Total profit</b>		<b>74,046</b>	84,480
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>70,685</b>	81,357
Non-controlling interests		<b>3,361</b>	3,123
		<b>74,046</b>	84,480
<b>Earnings per share for profit attributable to equity holders of the Company (cents per share)</b>			
<b>Basic earnings per share</b>	11	<b>13.87</b>	16.16
<b>Diluted earnings per share</b>	11	<b>13.86</b>	16.13

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	2014 \$'000	2013 \$'000
<b>Total profit</b>		<b>74,046</b>	84,480
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		<b>(4,643)</b>	(2,228)
Investment revaluation reserve			
- Fair value changes during the year	34	<b>7,595</b>	1,189
- Reclassification to profit or loss on disposal of available-for-sale investments	34	<b>(3,400)</b>	(5,270)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Actuarial (loss)/gain	32	<b>(1,236)</b>	97
<b>Other comprehensive loss, net of tax</b>		<b>(1,684)</b>	(6,212)
<b>Total comprehensive income</b>		<b>72,362</b>	78,268
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>69,921</b>	75,188
Non-controlling interests		<b>2,441</b>	3,080
		<b>72,362</b>	78,268

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2014

		Group		Company	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	12	219,341	223,507	57,850	58,606
Trade receivables	13	116,813	124,673	-	-
Other receivables and prepayments	14	51,540	46,375	11,160	48,329
Held-for-trading investments	15	4,320	5,307	4,320	5,307
Foreign exchange contracts	30	38	-	38	-
Loans to subsidiaries	16	-	-	34,584	16,256
Inventories	17	5,315	5,260	-	-
Properties held for sale	18	30,368	30,449	-	-
Contracts work-in-progress	19	37,511	40,544	-	-
Available-for-sale investments	20	8,353	4,635	8,353	4,635
		473,599	480,750	116,305	133,133
Assets held for sale	21	-	15,550	-	-
		473,599	496,300	116,305	133,133
<b>Non-current assets</b>					
Property, plant and equipment	22	17,025	18,545	-	-
Investment properties	23	105,941	50,346	-	-
Goodwill	24	1,322	1,568	-	-
Other intangible assets	24	2,420	1,829	74	74
Investments in associated companies	25	3,959	2,787	2,787	2,787
Investment in joint venture	26	4,467	-	-	-
Investments in subsidiaries	27	-	-	124,880	131,666
Available-for-sale investments	20	69,392	32,340	51,435	32,255
Prepayments	14	1,221	-	-	-
Deferred income tax assets	28	2,734	3,191	-	-
		208,481	110,606	179,176	166,782
<b>Total assets</b>		<b>682,080</b>	<b>606,906</b>	<b>295,481</b>	<b>299,915</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Bank loans and overdrafts	29	6,727	9,290	809	-
Foreign exchange contracts	30	1,420	321	-	162
Trade and other payables	31	238,093	224,003	4,557	4,898
Loans from subsidiaries	16	-	-	170,054	203,773
Contracts work-in-progress	19	3,302	7,642	-	-
Income tax payable	10	14,723	18,896	-	-
		264,265	260,152	175,420	208,833
Liabilities directly associated with assets classified as held for sale	21	-	3,825	-	-
		264,265	263,977	175,420	208,833
<b>Non-current liabilities</b>					
Bank loans	29	46,740	25,155	-	-
Pension liability	32	3,094	1,959	-	-
Trade and other payables	31	4,095	1,253	-	-
Deferred income tax liabilities	28	2,186	2,236	-	-
		56,115	30,603	-	-
<b>Total liabilities</b>		<b>320,380</b>	<b>294,580</b>	<b>175,420</b>	<b>208,833</b>
<b>NET ASSETS</b>		<b>361,700</b>	<b>312,326</b>	<b>120,061</b>	<b>91,082</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	33	92,279	74,021	92,279	74,021
Treasury shares	33	(10,401)	(10,472)	(10,401)	(10,472)
Accumulated profits	35	284,728	253,206	31,915	26,539
Other reserves	34	(14,258)	(15,887)	6,268	994
		352,348	300,868	120,061	91,082
<b>Non-controlling interests</b>		<b>9,352</b>	<b>11,458</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>361,700</b>	<b>312,326</b>	<b>120,061</b>	<b>91,082</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

		Share capital	Treasury shares	Accumulated profits	Other reserves	Equity attributable to equity holders of the Company	Non- controlling interests	Total equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>								
<b>2014</b>								
<b>Beginning of financial year</b>		<b>74,021</b>	<b>(10,472)</b>	<b>253,206</b>	<b>(15,887)</b>	<b>300,868</b>	<b>11,458</b>	<b>312,326</b>
Total comprehensive income for the year		-	-	69,449	472	69,921	2,441	72,362
Acquisition of subsidiary		-	-	-	-	-	112	112
Dividends to non-controlling shareholders		-	-	-	-	-	(4,751)	(4,751)
Dividends paid to shareholders in cash	36	-	-	(18,776)	-	(18,776)	-	(18,776)
Shares issued in lieu of dividends	36	18,095	-	(19,151)	1,056	-	-	-
Disposal of subsidiaries	12	-	-	-	78	78	92	170
Issue of shares	33	163	-	-	(100)	63	-	63
Treasury shares re-issued	33	-	71	-	-	71	-	71
Share-based payment		-	-	-	123	123	-	123
<b>End of financial year</b>		<b>92,279</b>	<b>(10,401)</b>	<b>284,728</b>	<b>(14,258)</b>	<b>352,348</b>	<b>9,352</b>	<b>361,700</b>
<b>2013</b>								
<b>Beginning of financial year</b>		<b>73,961</b>	<b>(6,701)</b>	<b>196,945</b>	<b>(9,751)</b>	<b>254,454</b>	<b>9,878</b>	<b>264,332</b>
Total comprehensive income for the year		-	-	81,454	(6,266)	75,188	3,080	78,268
Dividends to non-controlling shareholders		-	-	-	-	-	(1,500)	(1,500)
Dividends paid to shareholders in cash	36	-	-	(25,193)	-	(25,193)	-	(25,193)
Repurchase of shares	33	-	(3,771)	-	-	(3,771)	-	(3,771)
Issue of shares	33	60	-	-	-	60	-	60
Share-based payment		-	-	-	130	130	-	130
<b>End of financial year</b>		<b>74,021</b>	<b>(10,472)</b>	<b>253,206</b>	<b>(15,887)</b>	<b>300,868</b>	<b>11,458</b>	<b>312,326</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>90,637</b>	97,423
Adjustments for:		
- Share of results of associated companies and a joint venture	<b>572</b>	-
- Depreciation expense	<b>8,383</b>	5,334
- Allowance for impairment of receivables from an associated company in liquidation	-	1,500
- Allowance for/(Write-back of) impairment of receivables, net	<b>211</b>	(65)
- Gain on disposal of property, plant and equipment	<b>(56)</b>	(114)
- Share-based payment expense	<b>138</b>	130
- Gain on disposal of assets held for sale	<b>(5,309)</b>	-
- Gain on disposal of available-for-sale investments	<b>(4,214)</b>	(10,785)
- Loss on disposal of held-for-trading investments	<b>336</b>	-
- Loss/(Gain) on disposal of subsidiaries	<b>1,495</b>	(10,117)
- Fair value loss/(gain) on foreign exchange contracts and held-for-trading investments	<b>1,215</b>	(137)
- Impairment loss on available-for-sale investments	-	4,517
- Finance expenses	<b>832</b>	1,170
- Interest income	<b>(3,431)</b>	(3,639)
- Unrealised currency translation losses/(gains)	<b>2,345</b>	(1,265)
	<b>93,154</b>	83,952
Change in working capital, net of effects from acquisition and disposal of subsidiaries:		
- Receivables	<b>10,061</b>	(32,648)
- Inventories and contracts work-in-progress	<b>(1,362)</b>	3,412
- Properties held for sale	-	15,692
- Payables	<b>17,361</b>	(7,625)
Cash generated from operations	<b>119,214</b>	62,783
Interest received	<b>3,431</b>	3,639
Interest paid	<b>(832)</b>	(1,170)
Income tax paid	<b>(20,428)</b>	(16,827)
<b>Net cash provided by operating activities</b>	<b>101,385</b>	48,425

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	2014 \$'000	2013 \$'000
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		533	545
Proceeds from disposal of available-for-sale investments		15,709	13,660
Proceeds from disposal of held-for-trading investments		3,210	-
Proceeds from repayment of loan by joint venturer		6,408	-
Purchase of property, plant and equipment		(2,844)	(6,053)
Purchase of other intangible assets		(867)	(92)
Purchase of available-for-sale investments		(48,050)	(21,130)
Purchase of held-for-trading investments		(2,809)	-
Additions to investment properties		(77,571)	(43,133)
Loan to an associated company		(11,889)	-
Net cash inflow from disposal of assets held for sale and liabilities directly associated with assets held for sale	21	17,380	-
Net cash inflow on disposal of subsidiaries	12	396	52,793
Net cash inflow from disposal of a subsidiary retained as a joint venture		7,485	-
Net cash inflow on acquisition of subsidiaries		112	-
Net cash outflow on acquisition of an associated company		(1,348)	-
<b>Net cash used in investing activities</b>		<b>(94,145)</b>	<b>(3,410)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of shares of the Company		163	60
Repurchase of shares		-	(3,771)
Proceeds from short-term bank loans		809	38,400
Proceeds from long-term bank loans		27,000	22,650
Repayment of short-term bank loans		-	(38,400)
Repayment of long-term bank loans		(9,290)	(6,588)
Payment of dividends to non-controlling shareholders		(5,586)	(512)
Dividends paid		(18,776)	(25,193)
<b>Net cash used in financing activities</b>		<b>(5,680)</b>	<b>(13,354)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,560</b>	<b>31,661</b>
<b>Cash and cash equivalents</b>			
Beginning of financial year	12	223,721	192,507
Effects of currency translation on cash and cash equivalents		(6,443)	(447)
<b>End of financial year</b>	12	<b>218,838</b>	<b>223,721</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL INFORMATION

Boustead Singapore Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 82 Ubi Avenue 4, #08-01 Edward Boustead Centre, Singapore 408832.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries, associated companies and joint venture are set out in Note 27 to the financial statements

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### ***Interpretations and amendments to published standards effective in the financial year ended 31 March 2014***

On 1 April 2013, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

#### **Amendment to FRS 1 Presentation of Items of Other Comprehensive Income**

The Group has also adopted the amendment to FRS 1 *Presentation of Items of Other Comprehensive Income* on 1 April 2013. The amendment is applicable for annual periods beginning on or after 1 July 2012 (with early adoption permitted). It requires items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

#### **FRS 19 (revised 2011) Employee Benefits**

FRS 19 (revised) amends the accounting for employment benefits. The impact on the Group has been in the following areas:

- The standard requires past service cost to be recognised immediately in profit or loss.
- The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.
- This has no effect on total comprehensive income as the increased charge in profit or loss is offset by a credit in other comprehensive income.
- There is a new term "remeasurements". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

The change in accounting policy does not have any material impact on the amounts reported for the current or prior financial years. The Group has incorporated the additional required disclosures into the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.1 Basis of preparation (cont'd)

#### **Amendment to FRS 107 Disclosure-Offsetting Financial Assets and Financial Liabilities**

This amendment includes new disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This amendment does not have any impact on the accounting policies of the Group.

#### **FRS 113 Fair Value Measurement**

FRS 113 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within FRSs.

The adoption of FRS 113 does not have any material impact on the accounting policies of the Group. The Group has incorporated the additional disclosures required by FRS 113 into the financial statements.

#### **Reclassification of comparative figures**

Certain comparative figures in the statement of comprehensive income have been reclassified to conform to current year presentation.

### 2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

#### **(a) Construction contracts**

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Revenue recognition (cont'd)

#### (b) *Sale of goods and industrial leasehold properties*

Revenue from the sale of goods and industrial leasehold properties 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 and industrial leasehold properties;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods and industrial leasehold properties 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.

#### (c) *Rendering of service*

Revenue from rendering of services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided to date as a proportion of the total services to be performed.

#### (d) *Maintenance*

Revenue from maintenance contracts is deferred and recognised on a straight-line basis over the term of the relevant contract.

#### (e) *Interest income*

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

#### (f) *Dividend income*

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

#### (g) *Rental income*

Please refer to Note 2.18 "Leases" for the accounting policy for rental income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Group accounting

#### (a) *Subsidiaries*

##### (i) *Consolidation*

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

##### (ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (b) the fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to Note 2.5(a) "Intangible assets – Goodwill on Acquisition" for the accounting policy on goodwill subsequent to initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Group accounting (cont'd)

#### (a) *Subsidiaries (cont'd)*

##### (iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.9 "Investments in subsidiaries and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

#### (b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity holders of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

#### (c) *Associated companies and joint venture*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint venture is an entity over which the Group has contractual arrangements to jointly share control over the economic activity of the entity with one or more parties.

Investments in associated companies and joint venture are accounted for in the consolidated financial statements using the equity method of accounting less any impairment losses.

##### (i) *Acquisitions*

Investments in associated companies and joint venture are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies or joint venture represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

##### (ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associated companies' and joint venture's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies and joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company or joint venture.

Unrealised gains on transactions between the Group and its associated companies or joint venture are eliminated to the extent of the Group's interest in the associated companies or joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies and joint venture are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Group accounting (cont'd)

#### (c) Associated companies and joint venture (cont'd)

##### (iii) Disposals

Investments in associated companies and joint venture are derecognised when the Group loses significant influence or joint control. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint venture in which significant influence or joint control is retained are recognised in profit or loss.

Please refer to Note 2.9 "Investments in subsidiaries and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

### 2.4 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Freehold land is not depreciated. Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Building	50 years
Leasehold properties	30 to 50 years
Machinery and equipment	3 to 10 years
Furniture, office equipment and motor vehicles	2 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.5 Intangible assets

#### (a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (b) the fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

#### (b) *Intellectual property rights and independent power producer rights*

Intellectual property rights and independent power producer rights acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Intellectual property rights are amortised to profit or loss using the straight-line method over 10 years, which is the shorter of their estimated useful lives and periods of contractual rights. As the construction of the power plant has yet to commence as at 31 March 2014, amortisation of the independent power producer rights has yet to begin.

#### (c) *Acquired trademarks*

Trademarks acquired as part of a business combination are fair valued based on their intended use in accordance with FRS 38 Intangible Assets and the expected future economic benefit to be derived by the Company from continuing to generate future operating cash inflows from products and services associated with the acquired trademark. Where it is determined that the trademark will be continuously renewed for the foreseeable future, the trademark has been deemed to have an indefinite useful life and will be subject to impairment testing annually, or more frequently if events or circumstances indicate that it might be impaired.

#### (d) *Customer list*

Customers list acquired as part of a business combination are fair valued in accordance with FRS 103 Business Combinations based on the intended use of the customer list and the expected future economic benefit to be derived by the Group from acquiring the customer list. Customer lists have been estimated to have useful lives of no more than two years by the Group and will be amortised on a straight-line basis over this period.

### 2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.7 Construction contracts

At the end of each reporting period, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "contracts work-in-progress". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "contracts work-in-progress".

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received are included within "trade payables".

### 2.8 Investment properties

Investment properties are properties that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes land cost, related acquisition expenses, construction costs and finance costs incurred during the period of construction. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their useful life of 30 years. No depreciation is provided for investment properties under construction. The estimated useful life 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.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

### 2.9 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.10 Impairment of non-financial assets

#### (a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

#### (b) *Other intangible assets*

##### *Property, plant and equipment*

##### *Investment properties*

##### *Investments in subsidiaries, joint ventures and associated companies*

Intangible assets, property, plant and equipment, investment properties and investments in subsidiaries, joint ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.11 Financial assets

#### (a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held-for-trading if it is acquired principally for the purpose of selling in the short-term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held-for-trading or are expected to be realised within 12 months after the end of the reporting period.

#### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade receivables" (Note 13), "other receivables and prepayments" (Note 14) and "cash and cash equivalents" (Note 12) on the statement of financial position.

#### (iii) *Available-for-sale investments*

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

#### (b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

#### (c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.11 Financial assets (cont'd)

#### (d) *Subsequent measurement*

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income from available-for-sale investments are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the investment revaluation reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the investment revaluation reserve, together with the related currency translation differences.

#### (e) *Impairment*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

##### (i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

##### (ii) *Available-for-sale investments*

In addition to the objective evidence of impairment described in Note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale investment is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.12 Properties held for sale

Properties held for sale are stated at the lower of cost (specific identification method) and net realisable value. Cost includes costs of construction and interests incurred during the period of construction. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

### 2.13 Assets held for sale and liabilities directly associated with assets held for sale

Non-current assets and liabilities directly associated with the assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and liabilities directly associated with the assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

### 2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### 2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.16 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates. The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

### 2.17 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at the end of each reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.18 Leases

#### (a) *When the Group is the lessee:*

The Group leases land and office premises under operating leases.

#### ***Lessee - Operating leases***

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

#### (b) *When the Group is the lessor:*

The Group leases investment properties under operating leases.

#### ***Lessor - Operating leases***

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

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

### 2.19 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.20 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

### 2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the 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 the reporting period, 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 those 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.22 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

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

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

#### (b) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

#### (c) *Retirement benefit costs*

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit schemes, the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the other comprehensive income in the period when they arise.

The liability recognised in the statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past-service costs.

Defined benefit schemes are funded in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at the end of each reporting period. The resulting defined benefit asset or liability is presented separately as other non-current liability.

#### (d) *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 period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.23 Currency translation

#### (a) *Functional and presentation currency*

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

#### (b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "other gains – net".

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

#### (c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

### 2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.25 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and short-term deposits with financial institutions which are subject to an insignificant risk of change in value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.26 Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the carrying amounts are netted off against the share capital account if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

### 2.27 Share-based payments

The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant.

The grant date is the date at which the Group and another party (including an employee) agree to a share-based payment arrangement, being when the Group and the counterparty have a shared understanding of the terms and conditions of the arrangement.

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 period, 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 share-based payment reserve.

### 2.28 Dividends to Company's shareholders

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (a) *Revenue recognition from long-term contracts*

The Group recognises revenue and costs from long-term contracts using the percentage of completion method determined by reference to the stage of completion of the contract activity at the end of each reporting period. A significant degree of judgement is required in assessing the relationship of the value of work performed to date relative to the estimated total contract costs.

The key assumption that has a significant risk of causing a material adjustment to the amount of revenue and costs recognised on long-term contracts pertains to the percentage of completion of long-term contracts.

If the percentage of completion had been higher/lower by 1% from management's estimates, the Group's revenue and gross profit would have been higher/lower by \$6,142,000 and \$1,094,000 respectively.

### (b) *Allowance for foreseeable losses*

Judgement is exercised in determining foreseeable losses on construction contracts. In making such judgement, the Group evaluates by relying on past experience and cost estimates. A significant degree of estimation is required in assessing the cost estimates based on suppliers' quotation or engineers' estimates and taking into consideration the escalation of costs in the country in which the project takes place. As at 31 March 2014, the contracts work-in-progress is a net asset comprising contract costs plus recognised profits in excess of progress billings and allowance for foreseeable losses amounting to \$34,209,000 (2013: \$32,902,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (cont'd)

### (c) *Provision for guarantees arising from political risks in Libya*

During the financial year ended 31 March 2008, the Group through its joint venture<sup>(1)</sup>, entered into a contract with a third party to construct a township in Libya. The Company's bank ("Bank") provided an advance payment counter-guarantee and a performance counter-guarantee to a Libyan bank which then issued an advance payment and a performance guarantee to a third party. These advance payment guarantee and performance guarantee (and the respective counter-guarantees) were due to expire on 30 June 2011 and 28 July 2011 respectively.

<sup>(1)</sup> In 2011, the interest in the joint venture was diluted and management had assessed it to be an available-for-sale investment. As at 31 March 2014, the available-for-sale investment is measured at \$Nil.

As a result of the civil unrest and armed conflict in Libya in early 2011, the Group had to pull out of the country as the township construction could not be continued.

In June 2011, the Libyan bank that issued the guarantees requested for an extension or liquidation of the guarantees. The Company has served notice to the third party invoking the force majeure clause of the contract and has obtained an interim injunction in the High Court of Singapore against the Bank from making payment of monies and renewing the counter-guarantees.

On 30 August 2012, the High Court ordered, inter alia, that the interim injunction granted in June 2011 be set aside. Pending the commencement of a fresh action against the Bank by the Company, the High Court then granted an interim injunction against the Bank to refrain it from making payment of monies under the Bank's counter-guarantees issued through it in favour of the Libyan bank and from renewing or extending the period of validity of the counter-guarantees until after the hearing of the fresh action or until further order.

On 3 September 2012, the Company commenced fresh action against the Bank for a declaration that the Company be discharged from all liabilities and obligations towards the Bank in relation to the Bank's counter-guarantees. At the same time, the Company had received a claim for payment of the sums under the counter-guarantees from the Bank. As the interim injunction is in place, no payment has been made to the Bank.

On 10 September 2012, the Company was notified that an event of default had occurred as the Company did not make payment pursuant to the claim received on 3 September 2012. Accordingly, the Bank filed a Writ of Summons and Statement of Claim against the Company for a combined sum of US\$18.8 million and interest thereon, as well as costs on an indemnity or standard basis on 19 September 2012.

The Company has deliberated the issue of these counter-guarantees and, supported by appropriate professional advice, concluded that the Group has a good defence to the claim for reimbursement under the facilities agreement between the Company and the Bank, and the Group will continue to vigorously defend its position. Accordingly, no provision was made for these counter-guarantees and any related claims, including interest.

As at 31 March 2014, the Group's legal advisors have reconfirmed the strength of the Group's case.

### (d) *Depreciation and useful life*

As at 31 March 2014, the Group's carrying amount of investment properties was \$105,941,000 (2013: \$50,346,000). The Group depreciates investment properties, on a straight-line basis over the estimated useful life of 30 years (2013: 30 years). Depreciation commences from the date the investment properties are ready for their intended use. The estimated useful life and dates that the Group places the investment properties into productive use reflects the management's estimate of the periods the Group intends to derive future economic benefits from the use of these assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (cont'd)

### (e) Allowances for impairment of receivables

The policy for allowance for impairment of receivables of the Group and the Company is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement and estimate is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history of each customer and subsidiary. If the financial conditions of customers and subsidiaries of the Group and the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As at 31 March 2014, the carrying amounts of the Group's trade and other receivables excluding prepayments and the Company's loans to subsidiaries are \$154,235,000 (2013: \$158,606,000) and \$34,584,000 (2013: \$16,256,000) respectively.

### (f) Provision for income tax and recoverability of deferred income tax assets

Significant judgement is involved in determining the provision for income taxes. The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management has estimated the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts are as follows:

	Group	
	2014 \$'000	2013 \$'000
Income tax payable	(14,723)	(18,896)
Deferred income tax assets	2,734	3,191
Deferred income tax liabilities	(2,186)	(2,236)
	(14,175)	(17,941)

Further details are disclosed in Notes 10 and 28.

## 4. REVENUE

	Group	
	2014 \$'000	2013 \$'000
Contract revenue	376,079	365,068
Sale of goods	39,962	47,875
Rendering of services and maintenance	75,767	73,636
Rental income	21,859	17,238
Sale of industrial leasehold properties	-	9,381
Dividend income	38	-
	513,705	513,198

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 5. OTHER INCOME

	Group	
	2014 \$'000	2013 \$'000
Interest income	3,431	3,639
Other rental income	1,293	1,123
	<b>4,724</b>	<b>4,762</b>

## 6. OTHER GAINS – NET

	Group	
	2014 \$'000	2013 \$'000
Gain on disposal of assets held for sale	5,309	-
Gain on disposal of available-for-sale investments	4,214	10,785
Currency translation gains/(losses) - net	1,224	(171)
Loss on disposal of held-for-trading investments	(336)	-
(Loss)/Gain on disposal of subsidiaries	(1,495)	10,117
Fair value (losses)/gains on foreign exchange contracts and held-for-trading investments	(1,215)	137
Impairment loss on available-for-sale investments	-	(4,517)
	<b>7,701</b>	<b>16,351</b>

## 7. EXPENSES BY NATURE

	Group	
	2014 \$'000	2013 \$'000
Employee compensation (Note 8)	77,648	77,000
Engineering and project management expenses	269,930	261,815
Purchases of inventories	23,111	34,373
Changes in inventories	(55)	(783)
Software costs	3,014	1,963
Training costs	1,329	1,490
Software maintenance costs	12,773	11,744
Software consultancy costs	3,631	5,329
Depreciation expense (Notes 22 and 23)	8,383	5,334
Directors' fees	318	319
Allowance for/(Write-back of) impairment of receivables, net	211	(65)
Allowance for impairment of receivables from an associated company	-	1,500
Fees on audit services paid/payable to:		
- Auditors of the Company	349	345
- Other auditors	224	195
Fees on non-audit services paid/payable to:		
- Auditors of the Company	19	110
- Other auditors	7	13
Professional fees	3,569	4,329
Rental expense	7,685	7,448
Property tax	2,183	1,794
Utility charges	621	639
Maintenance expenses	1,236	1,178
Selling expenses	3,000	3,558
Gain on disposal of property, plant and equipment	(56)	(114)
Others	14,959	16,204
<b>Total cost of sales, selling and distribution, administrative and other operating expenses</b>	<b>434,089</b>	<b>435,718</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 8. EMPLOYEE COMPENSATION

	Group	
	2014 \$'000	2013 \$'000
Wages and salaries	72,253	71,357
Employer's contribution to defined contribution plans including Central Provident Fund	5,048	5,079
Share-based payment expense	123	130
Other benefits	224	434
	<b>77,648</b>	<b>77,000</b>

## 9. FINANCE EXPENSES

	Group	
	2014 \$'000	2013 \$'000
Interest expense	832	1,170

## 10. INCOME TAXES

### (a) Income tax expense

	Group	
	2014 \$'000	2013 \$'000
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax		
- Singapore	9,782	12,897
- Foreign	10,872	8,249
	<b>20,654</b>	<b>21,146</b>
Deferred income tax (Note 28)	73	42
	<b>20,727</b>	<b>21,188</b>
- (Over)/Under provision in prior financial years:		
Current income tax	(4,136)	(8,315)
Deferred income tax (Note 28)	-	70
	<b>16,591</b>	<b>12,943</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 10. INCOME TAXES (cont'd)

### (a) Income tax expense (cont'd)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2014 \$'000	2013 \$'000
Profit before tax	<b>90,637</b>	97,423
Tax calculated at tax rate of 17% (2013: 17%)	<b>15,408</b>	16,562
Effects of:		
- Singapore statutory tax exemption	<b>(334)</b>	(330)
- expenses not deductible for tax purposes	<b>866</b>	252
- different tax rates in other countries	<b>4,362</b>	4,082
- deferred tax benefits not recognised	<b>706</b>	876
- income not subject to tax	<b>(425)</b>	(297)
- tax incentives	<b>(64)</b>	(60)
- other	<b>208</b>	103
Tax charge	<b>20,727</b>	21,188

### (b) Movement in current income tax liabilities

	Group	
	2014 \$'000	2013 \$'000
Beginning of financial year	<b>18,896</b>	23,042
Currency translation differences	<b>(263)</b>	(150)
Income tax paid	<b>(20,428)</b>	(16,827)
Tax expense	<b>20,654</b>	21,146
Under provision in prior financial years	<b>(4,136)</b>	(8,315)
End of financial year	<b>14,723</b>	18,896

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

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

	2014	2013
Net profit attributable to equity holders of the Company (\$'000)	70,685	81,357
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	509,443	503,436
Basic earnings per share (cents per share)	13.87	16.16

### (b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Dilutive potential ordinary shares arise from share options. The weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	2014	2013
Net profit attributable to equity holders of the Company (\$'000)	70,685	81,357
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	510,042	504,334
Diluted earnings per share (cents per share)	13.86	16.13

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash at bank	<b>119,105</b>	123,106	<b>10,427</b>	3,322
Short-term bank deposits	<b>100,236</b>	100,401	<b>47,423</b>	55,284
	<b>219,341</b>	223,507	<b>57,850</b>	58,606

Included in the cash and cash equivalents is allowance for cash held in Libya amounting to \$1,146,000 (2013: \$2,444,000). As a result of the civil unrest and armed conflict in Libya in 2011, management was of the view that the cash held in Libya might not be recoverable. Hence, full allowance had been made. During the year, an amount of \$1,298,000 was written back as the amount was recovered.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2014 \$'000	2013 \$'000
Cash and bank balances (as above)	<b>219,341</b>	223,507
Less: Bank overdrafts (Note 29)	<b>(503)</b>	-
Add: Cash at bank included in assets held for sale (Note 21)	-	214
Cash and cash equivalent per consolidated statement of cash flows	<b>218,838</b>	223,721

### Disposal of subsidiaries

The effects of the disposal of subsidiaries on the cash flows of the Group were:

	2014 \$'000	2013 \$'000
Cash and cash equivalents	<b>281</b>	549
Total other assets	<b>1,824</b>	43,556
Total liabilities	<b>(25)</b>	(880)
Non-controlling interest	<b>92</b>	-
Net assets disposed of	<b>2,172</b>	43,225
(Loss)/gain on disposal (Note 6)	<b>(1,495)</b>	10,117
Cash proceeds from disposal	<b>677</b>	53,342
Net cash and cash equivalents disposed of	<b>(281)</b>	(549)
Net cash inflow on disposal of subsidiaries	<b>396</b>	52,793

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 13. TRADE RECEIVABLES

	Group	
	2014 \$'000	2013 \$'000
Trade receivables - non-related parties	147,573	153,498
Less: Allowance for impairment of receivables - non-related parties	(30,760)	(28,825)
	<b>116,813</b>	124,673

Included in the Group's trade receivables is retention sum receivable of \$18,400,000 (2013 : \$17,720,000).

## 14. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Sundry debtors	14,032	30,283	5,102	24,958
Tax recoverable	1,654	1,339	-	-
Prepayments	15,339	12,442	-	-
Less: Non-current portion	(1,221)	-	-	-
	14,118	12,442	-	-
Deposits	5,233	1,700	-	-
Due from associated companies	13,757	1,500	-	-
Due from joint venture	4,178	-	-	-
Staff loans and advances	68	611	-	-
Due from subsidiaries	-	-	6,058	23,371
Due from a non-related party	3,166	3,055	-	-
	56,206	50,930	11,160	48,329
Less: Allowance for impairment of receivables	(4,666)	(4,555)	-	-
	<b>51,540</b>	46,375	<b>11,160</b>	48,329

Amount due from sundry debtors, associated companies, subsidiaries and a non-related party and staff loans and advances are unsecured, interest-free and repayable on demand.

Included in 2013 sundry debtors is a receivable amounting to \$23,967,000 which relates to amount due from a non-related party for an available-for-sale investment disposed in 2013. The amount has since been received in 2014.

The Group has recognised allowance for impairment of receivables from a non-related party and an associated company amounting to \$3,166,000 (2013: \$3,055,000) and \$1,500,000 (2013: \$1,500,000) respectively as management does not expect to recover the receivables from the non-related party and associated company. No allowance is recognised on the remaining other receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Movement in the allowance for impairment for other receivables:

	Group	
	2014 \$'000	2013 \$'000
Beginning of financial year	4,555	3,142
Allowance for the year	-	1,500
Currency translation differences	111	(87)
End of financial year	<b>4,666</b>	4,555

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 15. HELD-FOR-TRADING INVESTMENTS

	Group and Company	
	2014	2013
	\$'000	\$'000
Credit-linked notes	1,515	5,307
Equity-linked notes	2,805	-
	<b>4,320</b>	<b>5,307</b>

Held-for-trading investments relate to credit-linked and equity-linked notes that present the Group and Company with opportunities for return through interest income and fair value gains.

## 16. LOANS TO/FROM SUBSIDIARIES

	Company	
	2014	2013
	\$'000	\$'000
Loans to subsidiaries		
- Non-interest bearing	57,055	39,812
- Interest bearing	971	-
	<b>58,026</b>	<b>39,812</b>
Less: Allowance for impairment of receivables	<b>(23,442)</b>	<b>(23,556)</b>
	<b>34,584</b>	<b>16,256</b>
Loans from subsidiaries		
- Non-interest bearing	4,304	18,766
- Interest bearing	165,750	185,007
	<b>170,054</b>	<b>203,773</b>

Loans to/from subsidiaries are unsecured and repayable on demand.

Interest bearing loans from subsidiaries bear effective interest at 0.71% (2013: 0.91%) per annum.

Movement in the allowance for impairment of receivables:

	Company	
	2014	2013
	\$'000	\$'000
Beginning of financial year	23,556	25,622
Allowance for the year	4,738	289
Write-back for the year	(4,852)	(2,355)
End of financial year	<b>23,442</b>	<b>23,556</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 17. INVENTORIES

	Group	
	2014 \$'000	2013 \$'000
Raw materials	3,615	4,419
Finished goods	1,700	841
	<b>5,315</b>	<b>5,260</b>

The cost of inventories recognised as an expense and included in "cost of sales" amounts to \$23,056,000 (2013: \$33,590,000).

## 18. PROPERTIES HELD FOR SALE

The Group has the following properties held for sale at lower of cost or net realisable value:

Location	Description/Area	Tenure
(1) People's Republic of China No. 3 Xin Mei Road Plot 117, Wuxi New District Wuxi JiangSu	Industrial/ Gross floor: 4,663 sq metres	50 years from 26 June 2002
(2) People's Republic of China No. 7 Xin Mei Road Plot 117, Wuxi New District Wuxi JiangSu	Industrial/ Gross floor: 6,038 sq metres	50 years from 26 June 2002
(3) People's Republic of China No. 18 Xin Mei Road Plot 117, Wuxi New District Wuxi JiangSu	Industrial/ Gross floor: 3,238 sq metres	50 years from 26 June 2002
(4) Singapore No. 12 Changi North Way	Industrial/ Gross floor: 23,881 sq metres	30 years from 16 January 2005 with an option to extend a further 30 years
(5) Singapore No. 16 Changi North Way	Industrial/ Gross floor: 11,320 sq metres	27 years 4 months from 1 September 2007 with an option to extend a further 30 years
(6) Singapore No. 25 Changi North Rise	Industrial/ Gross floor: 7,014 sq metres	30 years from 1 February 2007
(7) Singapore No. 85 Tuas South Avenue 1	Industrial/ Gross floor: 10,433 sq metres	30 years from 16 April 2007 with an option to extend a further 23 years

As at 31 March 2014, properties held for sale amounting to \$28,935,000 (2013: \$28,935,000) are pledged to the banks for banking facilities (Note 29).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 19. CONTRACTS WORK-IN-PROGRESS

	Group	
	2014 \$'000	2013 \$'000
<i>Contracts work-in-progress:</i>		
Amounts due from contract customers	<b>37,511</b>	40,544
Contract costs incurred plus recognised profits	<b>380,534</b>	331,652
Less: Progress billings	<b>(338,962)</b>	(287,047)
Less: Allowance for foreseeable losses	<b>(4,061)</b>	(4,061)
	<b>37,511</b>	40,544
Contracts work-in-progress at end of the year:		
Amounts due to contract customers	<b>3,302</b>	7,642
Progress billings	<b>147,785</b>	179,983
Less: Contract costs incurred plus recognised profits	<b>(144,483)</b>	(172,341)
	<b>3,302</b>	7,642

## 20. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments are analysed as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Quoted securities				
- Equity shares, at fair value	<b>8,810</b>	4,500	<b>8,810</b>	4,500
- Debt securities, at fair value	<b>23,921</b>	12,260	<b>23,921</b>	12,260
Unquoted securities				
- Equity shares, at fair value	<b>38,350</b>	20,130	<b>20,478</b>	20,130
- Equity shares, at net recoverable value (a)	<b>85</b>	85	-	-
- Debt securities, at fair value (b)	<b>6,579</b>	-	<b>6,579</b>	-
	<b>77,745</b>	36,975	<b>59,788</b>	36,890
Less: Current portion	<b>(8,353)</b>	(4,635)	<b>(8,353)</b>	(4,635)
Non-current portion	<b>69,392</b>	32,340	<b>51,435</b>	32,255

- (a) The unquoted equity shares are stated at cost less any impairment in net recoverable value as management is of the view that there is no reliable measure of the fair values of these unquoted equity shares. During the year, management has performed an impairment review and determined that the estimated net recoverable amount is at least \$85,000 (2013: \$85,000).
- (b) The investments in unquoted debt securities have effective interest rates ranging from 3.55% to 4.64% per annum and have maturity dates ranging from June 2016 to June 2018.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 21. ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

On 25 March 2013, a wholly-owned subsidiary, Boustead Projects Pte Ltd ("BPPL") entered into a sale and purchase agreement for the sale of 100% of the ordinary issued and paid-up shares of Boustead Projects (North China) Pte Ltd ("BPNC"), a wholly-owned subsidiary of BPPL, to a non-related party. The carrying amounts of assets and liabilities attributable to BPNC and its subsidiary, which were expected to be sold within the next twelve months, had been classified as "assets held for sale" and "liabilities directly associated with assets held for sale" and were presented separately on the face of the statement of financial position.

The major classes of assets and liabilities directly associated with assets classified as held for sale were as follows:

	Group
	2013
	\$'000
<b>Assets</b>	
Cash and cash equivalents	214
Trade and other receivables	109
Properties held for sale	15,222
Property, plant and equipment	5
	15,550
<b>Liabilities</b>	
Bank loan <sup>(a)</sup>	3,624
Trade and other payables	90
Income tax payable	111
Total liabilities associated with assets held for sale	3,825
<b>Net assets</b>	11,725

<sup>(a)</sup> The bank loan was secured by way of legal mortgage on the investment property held and the future rental income and all rights, titles, benefits and interest arising out of the tenancy agreement between the subsidiary and the lessee. The term loan bore effective interest rate of about 7.04% per annum in 2013.

In 2014, the sale was completed and sale proceeds of \$17,594,000 have been received.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 22. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building	Leasehold properties	Machinery and equipment	Furniture, office equipment and motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>						
<b>2014</b>						
<i>Cost</i>						
Beginning of financial year	471	5,310	5,947	9,894	14,028	35,650
Additions	-	27	122	342	2,353	2,844
Disposals	-	-	(236)	(245)	(756)	(1,237)
Reclassification	-	-	-	(24)	24	-
Currency translation differences	53	601	(627)	(457)	(665)	(1,095)
End of financial year	524	5,938	5,206	9,510	14,984	36,162
<i>Accumulated depreciation</i>						
Beginning of financial year	-	416	2,816	3,749	10,124	17,105
Depreciation charge	-	114	425	1,431	1,859	3,829
Disposals	-	-	(57)	(245)	(458)	(760)
Currency translation differences	-	54	(301)	(286)	(504)	(1,037)
End of financial year	-	584	2,883	4,649	11,021	19,137
<b>Net book value</b>						
<b>End of financial year</b>	<b>524</b>	<b>5,354</b>	<b>2,323</b>	<b>4,861</b>	<b>3,963</b>	<b>17,025</b>
<b>2013</b>						
<i>Cost</i>						
Beginning of financial year	503	5,663	6,058	7,004	13,295	32,523
Additions	-	-	299	3,811	1,943	6,053
Disposals	-	-	(344)	(850)	(845)	(2,039)
Reclassified as assets held for sale (Note 21)	-	-	-	-	(14)	(14)
Disposal of subsidiaries	-	-	-	-	(144)	(144)
Currency translation differences	(32)	(353)	(66)	(71)	(207)	(729)
End of financial year	471	5,310	5,947	9,894	14,028	35,650
<i>Accumulated depreciation</i>						
Beginning of financial year	-	340	2,410	3,323	9,291	15,364
Depreciation charge	-	102	528	1,276	1,839	3,745
Disposals	-	-	(104)	(794)	(710)	(1,608)
Reclassification as assets held for sale (Note 21)	-	-	-	-	(9)	(9)
Disposal of subsidiaries	-	-	-	-	(144)	(144)
Currency translation differences	-	(26)	(18)	(56)	(143)	(243)
End of financial year	-	416	2,816	3,749	10,124	17,105
<b>Net book value</b>						
<b>End of financial year</b>	<b>471</b>	<b>4,894</b>	<b>3,131</b>	<b>6,145</b>	<b>3,904</b>	<b>18,545</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 23. INVESTMENT PROPERTIES

	Group	
	2014 \$'000	2013 \$'000
<i>Cost</i>		
Beginning of financial year	<b>52,598</b>	52,805
Additions	<b>77,571</b>	43,133
Disposal of a subsidiary	-	(43,340)
Disposal of a subsidiary retained as a joint venture	<b>(17,422)</b>	-
End of financial year	<b>112,747</b>	52,598
<i>Accumulated depreciation</i>		
Beginning of financial year	<b>2,252</b>	663
Depreciation charge	<b>4,554</b>	1,589
End of financial year	<b>6,806</b>	2,252
<b>Net book value</b>		
<b>End of financial year</b>	<b>105,941</b>	50,346

Investment properties are leased to non-related parties under operating leases [Note 37(b)].

The following amounts are recognised in profit and loss:

	Group	
	2014 \$'000	2013 \$'000
Rental income	<b>13,716</b>	6,340
Direct operating expenses arising from:		
- Investment properties that generate rental income	<b>5,880</b>	2,791

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 23. INVESTMENT PROPERTIES (cont'd)

At the end of the reporting period, the details of the Group's investment properties are as follows:

Location	Description	Existing use	Unexpired terms of lease
10 Seletar Aerospace Heights	Industrial/ Leasehold	Rental	28 years
80 Boon Keng Road	Industrial/ Leasehold	Rental	27 years
16 Tampines Industrial Crescent	Industrial/ Leasehold	Rental	28 years
26 Changi North Rise	Industrial/ Leasehold	Rental	26 years
10 Changi North Way	Industrial/ Leasehold	Rental	20 years
36 Tuas Road	Industrial/ Leasehold	Rental	11 years
Pte Lot A3002315 at Boon Keng Road	Industrial/ Leasehold	Under construction	30 years
Pte Lot A3002492 Tuas South Avenue 10	Industrial/ Leasehold	Under construction	30 years
Pte Lot A3002586 Tukang Innovation Drive	Industrial/ Leasehold	Under construction	30 years

Independent professional valuations have been carried out for the Group's investment properties that are completed as at the end of the reporting period by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The valuation of \$179.0 million (2013: \$73.3 million) was arrived at by reference to market evidence of transaction prices for similar properties.

As at 31 March 2014, investment properties amounting to \$65,629,000 (2013: \$22,591,000) are pledged to banks for banking facilities (Note 29).

### Fair value hierarchy

The table below analyses investment properties not carried at fair value, but for which fair values are disclosed.

Description	Fair value measurements at 31 March 2014 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Investment properties:			
- Industrial buildings - Singapore	-	-	179,000

### Determination of fair value

The Group engages external, independent and qualified valuers, to determine the fair value of the investment properties at the end of every financial year based on the properties' highest and best use. The valuation is based on the income method which takes into consideration the estimated net rent (using the current and projected average rental rates and occupancy) and a capitalisation rate applicable to the nature and type of asset in question.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 24. INTANGIBLE ASSETS

	Group	
	2014 \$'000	2013 \$'000
<b>Composition:</b>		
Goodwill arising on consolidation [Note (a)]	1,322	1,568
Other intangible assets [Note (b)]	2,420	1,829
	<b>3,742</b>	<b>3,397</b>

### (a) Goodwill arising on consolidation

	Group	
	2014 \$'000	2013 \$'000
<b>Cost</b>		
Beginning of financial year	1,647	1,659
Currency translation differences	(255)	(12)
End of financial year	1,392	1,647
<b>Accumulated impairment</b>		
Beginning of financial year	79	76
Currency translation differences	(9)	3
End of financial year	70	79
Net book value	<b>1,322</b>	<b>1,568</b>

Goodwill acquired in a business combination is allocated, at acquisition to the cash-generating units ("CGU") that are expected to benefit from that business combination.

The above goodwill has been allocated to Esri (Australia) Pty Ltd's CGU within the geo-spatial technology segment.

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five year period and a terminal value. The cash flow projections are based on assumptions in relation to cash inflows and outflows that represent management's best estimate of future cash flows, based on past experience and expectations for the future.

Key assumptions used for value-in-use calculations:

	2014 and 2013
- Discount rate	10.5%
- Terminal growth rate	3.0%

Management expects that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of goodwill to exceed its recoverable amount.

The value-in-use was assessed by management to exceed its carrying amount and no impairment charge was recognised for year ended 31 March 2014.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 24. INTANGIBLE ASSETS (cont'd)

### (b) Other intangible assets

	Intellectual property rights \$'000	Independent power producer rights \$'000	Trademarks \$'000	Customer lists \$'000	Others \$'000	Total \$'000
<b>Group</b>						
<b>2014</b>						
<i>Cost</i>						
Beginning of financial year	423	-	1,643	474	399	2,939
Additions	-	867	-	-	-	867
Currency translation differences	-	-	(184)	(53)	-	(237)
End of financial year	423	867	1,459	421	399	3,569
<i>Accumulated amortisation</i>						
Beginning of financial year	94	-	-	474	143	711
Currency translation differences	-	-	-	(53)	-	(53)
End of financial year	94	-	-	421	143	658
<i>Accumulated impairment</i>						
Beginning of financial year	329	-	-	-	70	399
Impairment during the year	-	-	-	-	92	92
End of financial year	329	-	-	-	162	491
<b>Net book value</b>						
End of financial year	-	867	1,459	-	94	2,420

	Intellectual property rights \$'000	Trademarks \$'000	Customer lists \$'000	Others \$'000	Total \$'000
<b>Group</b>					
<b>2013</b>					
<i>Cost</i>					
Beginning of financial year	423	1,660	478	307	2,868
Additions	-	-	-	92	92
Currency translation differences	-	(17)	(4)	-	(21)
End of financial year	423	1,643	474	399	2,939
<i>Accumulated amortisation</i>					
Beginning of financial year	94	-	478	143	715
Currency translation differences	-	-	(4)	-	(4)
End of financial year	94	-	474	143	711
<i>Accumulated impairment</i>					
Beginning and end of financial year	329	-	-	70	399
<b>Net book value</b>					
End of financial year	-	1,643	-	186	1,829

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 24. INTANGIBLE ASSETS (cont'd)

Intellectual property rights and copyrights acquired by a subsidiary relate to the manufacture, assembly, sale and commercial operation of certain boilers on a worldwide basis. This had been fully impaired due to uncertainty in the future revenue stream to be derived.

In 2014, the Group acquired independent power producer rights, which relate to rights to sell electricity generated by solar power to public utilities in Japan under the feed-in-tariff scheme.

Trademarks were acquired in 2010 as part of the acquisition of a subsidiary. The fair value is based on its intended use and the expected future economic benefit to be derived from the future operating cash inflows from products and services associated with the acquired trademarks. Management is of the view that the trademarks will continuously be renewed for the foreseeable future, and hence are deemed to have an indefinite useful life and will be subject to impairment testing annually, or more frequently if events or circumstances indicate that it might be impaired. No impairment has been recognised in 2014 and 2013.

Customer list which was acquired as part of the acquisition of a subsidiary in 2010 has been amortised over its useful life of 2 years.

## 25. INVESTMENTS IN ASSOCIATED COMPANIES

	Company	
	2014 \$'000	2013 \$'000
Equity investment at cost	3,940	3,940
Less: Allowance for impairment loss	(1,153)	(1,153)
	<b>2,787</b>	2,787

	Group	
	2014 \$'000	2013 \$'000
Beginning of financial year	2,787	2,787
Additions	1,348	-
Share of losses	(176)	-
End of financial year	<b>3,959</b>	2,787

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

	Group	
	2014 \$'000	2013 \$'000
- Assets	48,035	9,347
- Liabilities	(40,352)	(5,930)
- Revenue	-	-
- Net loss	(502)	-

Details of significant associated company are included in Note 27.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 26. INVESTMENT IN JOINT VENTURE

The Group has a 51% equity interest at a cost of \$51 (2013: \$Nil) and loan receivable of \$4,863,000 (2013: \$Nil) to BP-Ubi Development Pte Ltd ("Ubi Development"). The loan receivable is unsecured and interest-free. The loan receivable is treated as part of investment in joint venture as the Group is not expected to demand repayment of the loan.

Ubi Development is deemed to be a joint venture of the Group as the appointment of its directors and the allocation of voting rights for key business decisions require the unanimous approval of its venturers.

The following amounts represent the Group's 51% share of the assets and liabilities and income and expenses of the joint venture which are included in the statement of financial position and statement of comprehensive income using the equity method of accounting.

	Group 2014 \$'000
Assets	
- Current assets	6,979
- Non-current assets	14,570
	<b>21,549</b>
Liabilities	
- Current liabilities	(13,223)
- Non-current liabilities	(8,335)
	<b>(21,558)</b>
Net liabilities	<b>(9)</b>
Sales	-
Expenses	(9)
Loss before tax	(9)
Income tax	-
Loss after tax	<b>(9)</b>

As at 31 March 2014, Ubi Development has a 100% interest in BP-Ubi Industrial Pte Ltd ("Ubi Industrial"). Ubi Industrial is currently constructing an industrial building as an investment property which is intended to generate future rental income.

Details of the joint venture are included in Note 27.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 27. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 \$'000	2013 \$'000
Unquoted equity shares, at cost	<b>140,562</b>	169,290
Less: Impairment loss	<b>(30,190)</b>	(48,537)
	<b>110,372</b>	120,753
Loan receivables	<b>19,181</b>	16,679
Less: Allowance for impairment of loan receivables	<b>(4,673)</b>	(5,766)
	<b>14,508</b>	10,913
	<b>124,880</b>	131,666

The loan receivables are unsecured and interest-free. The loan receivables are treated as part of investment in subsidiaries as the Company does not expect to demand repayment of the loans.

Movement in the impairment loss:

	Company	
	2014 \$'000	2013 \$'000
At beginning of the year	<b>48,537</b>	46,577
Impairment during the year	<b>100</b>	2,000
Write-off during the year	<b>(18,447)</b>	(40)
At end of the year	<b>30,190</b>	48,537

In 2014, management assessed the recoverability of its investments and was of the view that certain subsidiaries' recoverable amounts may be lower than its cost of investments and accordingly, an impairment loss of \$100,000 (2013: \$2,000,000) was made.

Movement in the allowance for impairment of loan receivables:

	Company	
	2014 \$'000	2013 \$'000
At beginning of the year	<b>5,766</b>	5,928
Write-back during the year	<b>(1,093)</b>	(162)
At end of the year	<b>4,673</b>	5,766

In 2014, and 2013, there was a write-back of allowance for loan receivables as a portion of the loan receivables from its subsidiaries had been repaid.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 27. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of significant subsidiaries, joint venture and associated companies are set out below:

Name of companies	Principal activities	Country of business incorporation	Equity holding	
			2014 %	2013 %
Significant subsidiaries held by the Company				
Boustead Projects Pte Ltd <sup>(1)</sup>	Design-and-build and development of industrial facilities and industrial parks	Singapore	100.0	100.0
Boustead Services Pte Ltd <sup>(1)</sup>	Provision of management services	Singapore	100.0	100.0
Esri Australia Pty Ltd <sup>(2)</sup>	Exclusive distributor for Esri geo-spatial technology and provider of professional services and training	Australia	88.2	88.2
Esri South Asia Pte Ltd <sup>(1)</sup>	Exclusive distributor for Esri geo-spatial technology and provider of professional services and training	Singapore	88.2	88.2
Boustead Salcon Water Solutions Pte Ltd <sup>(1)</sup>	Design, engineering and construction of water and wastewater treatment plants	Singapore	100.0	100.0
BIH Holdings Pte Ltd <sup>(3)</sup>	Investment holding	Singapore	100.0	100.0
Boustead Knowledge Pte Ltd <sup>(1)</sup>	Investment holding	Singapore	100.0	100.0
Boustead Trustees Pte. Ltd. <sup>(1) (6)</sup>	Trustee for real estate trust	Singapore	100.0	-
Wuxi Boustead Industrial Development Co Ltd <sup>(7)</sup>	Development of industrial space for lease/sale	China	100.0	100.0
Significant subsidiaries held by the Company's subsidiaries				
CN Logistics Pte Ltd <sup>(1)</sup>	Holding of property for rental income	Singapore	100.0	100.0
Boustead Projects (Vietnam) Co., Ltd <sup>(5)</sup>	Provide project management design, construction works and property-related activities	Vietnam	100.0	100.0
BP-UMS Pte Ltd <sup>(1)</sup>	Holding of property for rental income	Singapore	100.0	100.0
BP-Tuas 1 Pte Ltd <sup>(1)</sup>	Holding of property for rental income	Singapore	100.0	100.0
BP-CA Pte Ltd <sup>(1)</sup>	Holding of property for rental income	Singapore	100.0	100.0
BP-SFN Pte Ltd <sup>(1)</sup>	Holding of property for rental income	Singapore	100.0	100.0
BP-Conti Alloy Pte Ltd <sup>(1)</sup>	Holding of property for rental income	Singapore	100.0	100.0
BP-BBD Pte Ltd <sup>(1)</sup>	Holding of property for rental income	Singapore	100.0	100.0
PIP Pte. Ltd. <sup>(1)</sup>	Holding of property for rental income	Singapore	100.0	100.0
BP-EA Pte. Ltd. <sup>(1)</sup>	Holding of property for rental income	Singapore	100.0	-
BP-JCS Pte. Ltd. <sup>(1)</sup>	Holding of property for rental income	Singapore	100.0	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 27. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of companies	Principal activities	Country of business incorporation	Equity holding	
			2014 %	2013 %
<b><u>Significant subsidiaries held by the Company's subsidiaries (cont'd)</u></b>				
BP-Lands Sdn Bhd <sup>(6)</sup>	Investment holding	Malaysia	<b>100.0</b>	-
BP-TN Pte. Ltd. <sup>(1)</sup>	Holding of property for rental income	Singapore	<b>100.0</b>	-
Controls & Electrics Pte Ltd <sup>(1)</sup>	Design, engineering and supply of process control systems	Singapore	<b>78.8</b>	78.8
MapData Services Pty Ltd <sup>(2)</sup>	Provider of geo-spatial technology and data sets	Australia	<b>88.2</b>	88.2
Esri Malaysia Sdn Bhd <sup>(4)</sup>	Exclusive distributor for Esri geo-spatial technology and provider of professional services and training	Malaysia	<b>88.2</b>	88.2
Esri Singapore Pte Ltd <sup>(1)</sup>	Exclusive distributor for Esri geo-spatial technology and provider of professional services and training	Singapore	<b>88.2</b>	88.2
PT Esri Indonesia <sup>(7)</sup>	Exclusive distributor for Esri geo-spatial technology and provider of professional services and training	Indonesia	<b>88.2</b>	88.2
Boustead International Heaters Limited <sup>(3)</sup>	Design, engineering and supply of process heater systems and waste heat recovery units	United Kingdom	<b>100.0</b>	100.0
Boustead International Heaters Pte Ltd <sup>(3)</sup>	Design, engineering and supply of process heater systems and waste heat recovery units	Singapore	<b>100.0</b>	100.0
BIH Heaters Malaysia Sdn Bhd <sup>(3)</sup>	Design, engineering and supply of process heater systems and waste heat recovery units	Malaysia	<b>100.0</b>	100.0
<b><u>Significant joint venture held by the Company's subsidiary</u></b>				
BP-Ubi Development Pte. Ltd. <sup>(1) (6)</sup>	Holding of property for rental income	Singapore	<b>51.0</b>	-
<b><u>Significant associated company held by the Company's subsidiary</u></b>				
THAB Development Sdn Bhd <sup>(6)</sup> (formerly Tat Hong Industrial Properties Sdn Bhd)	Property development	Malaysia	<b>35.0</b>	-

<sup>(1)</sup> Audited by PricewaterhouseCoopers LLP, Singapore

<sup>(2)</sup> Audited by PricewaterhouseCoopers, Brisbane

<sup>(3)</sup> Audited by PricewaterhouseCoopers LLP, United Kingdom

<sup>(4)</sup> Audited by PricewaterhouseCoopers, Malaysia

<sup>(5)</sup> Audited by PricewaterhouseCoopers, Vietnam

<sup>(6)</sup> Newly incorporated during the year

<sup>(7)</sup> Audited by other auditors

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 28. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2014 \$'000	2013 \$'000
<b>Deferred income tax assets</b>		
- To be recovered within one year	-	-
- To be recovered after one year	2,734	3,191
	<b>2,734</b>	<b>3,191</b>
<b>Deferred income tax liabilities</b>		
- To be settled within one year	-	-
- To be settled after one year	2,186	2,236
	<b>2,186</b>	<b>2,236</b>

Movement in deferred income tax account is as follows:

	Group	
	2014 \$'000	2013 \$'000
Beginning of financial year	955	1,106
Currency translation differences	(334)	(39)
Tax charged to profit or loss [Note 10(a)]	(73)	(112)
End of financial year	<b>548</b>	<b>955</b>

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of \$49,232,000 (2013: \$47,176,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

Deferred income tax liabilities of \$891,000 (2013: \$516,000) have not been recognised for the withholding taxes that will be payable on the earnings of overseas subsidiaries when remitted to the holding company. These unremitted profits are permanently reinvested and amount to \$5,293,000 (2013: \$3,254,000) at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 28. DEFERRED INCOME TAXES (cont'd)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

### Group

#### Deferred income tax liabilities

	Accelerated tax depreciation	Others	Total
	\$'000	\$'000	\$'000
<b>2014</b>			
Beginning of financial year	(2,102)	(134)	(2,236)
Currency translation differences	(4)	15	11
Credited/(charged) to profit or loss	131	(92)	39
End of financial year	(1,975)	(211)	(2,186)
<b>2013</b>			
Beginning of financial year	(1,898)	(480)	(2,378)
Currency translation differences	(25)	(5)	(30)
(Charged)/credited to profit or loss	(179)	351	172
End of financial year	(2,102)	(134)	(2,236)

#### Deferred income tax assets

	Provisions \$'000
<b>2014</b>	
Beginning of financial year	3,191
Currency translation differences	(345)
Charged to profit or loss	(112)
End of financial year	2,734
<b>2013</b>	
Beginning of financial year	3,484
Currency translation differences	(9)
Charged to profit or loss	(284)
End of financial year	3,191

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 29. BANK LOANS AND OVERDRAFTS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>Current</i>				
Bank overdrafts	503	-	-	-
Bank loans	6,224	9,290	809	-
	6,727	9,290	809	-
<i>Non-current</i>				
Bank loans	46,740	25,155	-	-
Total borrowings	53,467	34,445	809	-

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
6 months or less	52,155	34,445	-	-

### (a) Security granted

Total borrowings of \$52,155,000 (2013: \$34,445,000) for the Group are secured over properties held for sale (Note 18) and investment properties (Note 23).

### (b) Fair value of non-current borrowings

At the end of the reporting period, the carrying amounts of the borrowings approximated their fair values as all the amounts are at floating interest rates and are revised every 1 to 6 months.

## 30. FOREIGN EXCHANGE CONTRACTS

	Group			Company		
	Contract notional amount \$'000	Fair value		Contract notional amount \$'000	Fair value	
		Asset \$'000	Liabilities \$'000		Asset \$'000	Liabilities \$'000
<b>2014</b>						
Forward foreign exchange contracts	9,479	38	(1,420)	(9,664)	38	-
<b>2013</b>						
Forward foreign exchange contracts	7,433	-	(321)	(9,592)	-	(162)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 31. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade payables	51,413	56,111	-	-
Advances received	2,034	2,161	-	-
Retention sum payable	20,151	19,834	-	-
Sundry creditors	7,600	6,846	2,899	2,882
Dividends payable to non-controlling shareholders	361	1,196	-	-
Deposits received	19,396	1,976	-	28
Deferred income from maintenance contracts	28,240	27,408	-	-
Accruals	112,993	109,724	1,658	1,988
	<b>242,188</b>	<b>225,256</b>	<b>4,557</b>	<b>4,898</b>

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current	238,093	224,003	4,557	4,898
Non-current	4,095	1,253	-	-
	<b>242,188</b>	<b>225,256</b>	<b>4,557</b>	<b>4,898</b>

## 32. PENSION LIABILITY

A subsidiary in the United Kingdom ("UK") operates a defined benefit pension scheme in the UK – Boustead International Heaters Limited Pension Fund, although new employees after 1 April 2002 are only invited to join a money purchase scheme. The defined benefit scheme is funded by the payment of contributions to a separately administered trust fund.

The pension costs for the defined benefit scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the attained age method and are updated at the end of each year. The most recent full valuation was performed in the year 2013. An update on valuation was obtained for 2014.

The results of which were:

### Main assumptions:

	% per annum
Rate of return on investments:	
- Pre-retirement	5.60
- Post-retirement	3.70
Rate of salary increases	3.00
Rate of pension increases	3.35
Price inflation	3.40

The level of funding at 31 March 2013, being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases was 81%.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 32. PENSION LIABILITY (cont'd)

### Financial assumptions used by the actuaries

	2014 % per annum	2013 % per annum
Rate of increase in salaries	3.00	3.00
Rate of increase for pensions in payment	3.60	3.60
Discount rate	4.55	4.65
Inflation assumption	3.60	3.60

### Sensitivity analysis

The sensitivity of the pension obligation to changes in the key assumptions is:

- a 0.10% decrease in discount rate would increase pension liability by \$400,000
- a 0.10% increase in inflation rate would increase pension liability by \$413,000
- a 0.10% increase in salary growth rate would increase pension liability by \$82,000
- a 0.25% increase in long-term rate of life expectancy would increase pension liability by \$335,000.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of the financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

### Reconciliation to statement of financial position

The amount recognised in the statement of financial position is determined as follows:

	Group	
	2014 \$'000	2013 \$'000
Present value of funded obligations	23,312	19,993
Fair value of plan assets	(20,218)	(18,034)
Liability recognised in the statement of financial position	3,094	1,959

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 32. PENSION LIABILITY (cont'd)

The movement in the pension liability is as follows:

	Present value of obligation	Fair value of plan assets	Total
	\$'000	\$'000	\$'000
<b>At 1 April 2013</b>	19,993	(18,034)	1,959
Current service cost	224	-	224
Interest expense	1,008	-	1,008
	21,225	(18,034)	3,191
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	(934)	(934)
- Gain from change in demographic assumptions	(196)	-	(196)
- Loss from change in financial assumptions	374	-	374
- Experience losses	326	732	1,058
	504	(202)	302
Exchange differences	2,223	(1,798)	425
Contributions:			
- Employers	-	(824)	(824)
- Plan participants	96	(96)	-
Payments from plans:			
- Benefits payments	(736)	736	-
<b>At 31 March 2014</b>	<b>23,312</b>	<b>(20,218)</b>	<b>3,094</b>

	Present value of obligation	Fair value of plan assets	Total
	\$'000	\$'000	\$'000
<b>At 1 April 2012</b>	19,647	(17,476)	2,171
Current service cost	297	-	297
Past service cost	137	-	137
Interest expense	984	-	984
	21,065	(17,476)	3,589
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	(847)	(847)
- Loss from change in financial assumptions	1,243	-	1,243
- Experience gains	-	(1,340)	(1,340)
	1,243	(2,187)	(944)
Exchange differences	(1,187)	1,257	70
Contributions:			
- Employers	-	(756)	(756)
- Plan participants	86	(86)	-
Payments from plans:			
- Benefits payments	(1,214)	1,214	-
<b>At 31 March 2013</b>	<b>19,993</b>	<b>(18,034)</b>	<b>1,959</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 32. PENSION LIABILITY (cont'd)

Plan assets are comprised as follows:

	2014 \$'000	2013 \$'000
Diversified growth funds	8,424	-
Equities	-	3,772
Index linked bonds	4,085	3,970
Other bonds	7,437	9,233
Cash	272	1,059
<b>Total</b>	<b>20,218</b>	<b>18,034</b>

Majority of the plan assets are quoted in an active market.

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to two primary risks which are detailed below:

Inflation risk	The majority of the plan's defined benefit obligations are linked to inflation and an increase in inflation will lead to higher liabilities. Risk is mitigated through investment in index linked gilts and caps on annual increases in pensions and pensionable salaries.
Life expectancy	The defined benefit obligations have been valued based on assumptions regarding mortality. A relatively small number of plan members, combined with a wide distribution of pensionable salary and pension levels, increases the risk of volatility in the valuation of those obligations over time. However, the plan has fairly matured demographically and has been closed to new members since 2002.

The Group ensures that the plan's investment portfolio is managed in accordance with an agreed investment policy. The principal objectives of the investment policy are to ensure that the plan can meet its obligations as they fall due and to manage the expected volatility of returns over time in order to control the level of volatility in the plan's required contribution levels. The investment policy also sets benchmark allocations between growth-driven and protection-driven asset classes. The allocation between these classes is periodically reviewed and adjusted if necessary to match the plan's obligations accordingly.

The Group has agreed that it will aim to eliminate the pension plan deficit over the next six years, by contributing \$596,000, inflated at 3.5% per year. The Group considers that the contribution rates set are sufficient to eliminate the deficit over the agreed period.

Expected contributions to post-employment benefit plans for the year ending 31 March 2015 are \$891,000.

The weighted average duration of the defined benefit obligation is 17.5 years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 33. SHARE CAPITAL AND TREASURY SHARES

	← No. of ordinary shares →		← Amount →	
	Share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	\$'000	\$'000
<b>Group and Company</b>				
<b>2014</b>				
Beginning of financial year	501,480	16,456	74,021	(10,472)
Issue of shares	200	-	163	-
Shares issued in lieu of dividends	13,208	-	18,095	-
Treasury shares re-issued	113	(113)	-	71
End of financial year	515,001	16,343	92,279	(10,401)
<b>2013</b>				
Beginning of financial year	505,344	12,492	73,961	(6,701)
Issue of shares	100	-	60	-
Repurchase of shares	(3,964)	3,964	-	(3,771)
End of financial year	501,480	16,456	74,021	(10,472)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

In 2014, the Company issued 200,000 ordinary shares for a total consideration of \$120,000 upon exercise of employees' share options.

The newly issued shares rank pari passu in all respects with the previously issued shares.

### (a) Share options

The Company has a share option scheme (equity-settled) for all Key Persons and non-executive directors of the Company (the "2001 Scheme"). "Key Persons" mean full-time confirmed personnel within the Boustead Group (including executive directors, directors of the Company's subsidiaries and employees seconded to any associated companies or any other Company in which the Boustead Group holds shares) and, on a selective basis, employees of associated companies. Controlling shareholders and their associated companies are not eligible to participate in the 2001 Scheme.

The committee administering the option scheme comprises four members, all of whom are non-executive directors. The subscription price payable to exercise options granted under the 2001 Scheme shall be determined by the Committee in its absolute discretion as follows:

#### (i) Non-discounted options

The average of the last transacted prices of the Company's shares on 3 consecutive market days immediately preceding the date on which options were offered.

#### (ii) Discounted options

A subscription price at up to the maximum discount of 20% to the market price of the Company's share. However, no discounted options will be granted at any time where the Group's earnings per share ("EPS") based on the latest full year audited accounts is less than the Group's EPS of the full year audited accounts immediately preceding.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 33. SHARE CAPITAL AND TREASURY SHARES (cont'd)

### (a) Share options (cont'd)

Under the 2001 Scheme, the option period during which the options can be exercised is as follows:

#### (i) For discounted options

The period commencing on the second anniversary of the offering date of such options and ending on the day immediately preceding the tenth anniversary of such offering date;

#### (ii) For non-discounted options granted to Key Persons other than non-executive directors

The period commencing on the first anniversary of the offering date of such options and ending on the day immediately preceding the tenth anniversary of such offering date; and

#### (iii) For non-discounted options granted to non-executive directors

The period commencing on the first anniversary of the offering date of such options and ending on the day immediately preceding the fifth anniversary of such offering date.

The options are granted for a consideration of \$1 for all the shares in respect of which the options are granted. Options are forfeited when the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	2014		2013	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
	'000	\$	'000	\$
Outstanding at beginning of the year	260	0.6	360	0.6
Exercised during the year	(200)	0.6	(100)	0.6
Outstanding at end of the year	60		260	
Exercisable at end of the year	60		260	

The weighted average share price at the date of exercise for share options exercised during the year was \$1.40 (2013: \$0.98). The options outstanding at the end of the year have a weighted average remaining contractual life of 5.1 years (2013: 6.1 years).

There were no share options granted in 2014 and 2013.

The Boustead Share Option Scheme 2001 expired on 30 August 2011 and was replaced by the Boustead Restricted Share Plan 2011 (the "2011 Share Plan"). The 2011 Share Plan was approved by the members of the Company at its Extraordinary General Meeting on 13 October 2011. Under the 2011 Share Plan, all deserving executive employees and non-executive directors of the Company as well as associated companies of controlling shareholders separately approved by independent members of the Company are eligible to participate in the 2011 Share Plan at the discretion of a committee duly authorised by the Board of Directors.

Awards granted under the 2011 Share Plan may be subject to time-based and/or performance-based restrictions. Time-based restricted awards granted under the 2011 Share Plan will vest only after satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years. Performance-based restricted awards will vest after a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the 2011 Share Plan, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

Participants are not required to pay for the grant of the awards. Awards are forfeited when the participant leaves the Group before the awards vest.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 33. SHARE CAPITAL AND TREASURY SHARES (cont'd)

### (a) Share options (cont'd)

Details of the shares under 2011 Share Plan outstanding during the year are as follows:

	Group	
	2014 Number of shares	2013 Number of shares
Outstanding at beginning of the year	676,302	-
Granted during the year	76,418	676,302
Vested during the year	(112,911)	-
Outstanding at end of the year	639,809	676,302

The estimated weighted average fair value of the shares granted under 2011 Share Plan during the year is \$0.97. The fair value is determined based on the market share price on grant date.

The Group recognised total expenses of \$123,000 (2013: \$130,000) relating to equity settled share-based payment transactions during the year.

## 34. OTHER RESERVES

	Investment revaluation reserve	Capital reserve	Share- based payment reserve	Foreign currency translation reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
At 1 April 2012	4,916	(10,710)	29	(3,986)	(9,751)
Other comprehensive income for the year	(4,081)	-	-	(2,185)	(6,266)
Share-based payment	-	-	130	-	130
At 31 March 2013	835	(10,710)	159	(6,171)	(15,887)
Other comprehensive income for the year	4,195	-	-	(3,723)	472
Dividends	-	1,056	-	-	1,056
Disposal of subsidiaries	-	-	-	78	78
Issue of shares	-	-	(100)	-	(100)
Share-based payment	-	-	123	-	123
At 31 March 2014	5,030	(9,654)	182	(9,816)	(14,258)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 34. OTHER RESERVES (cont'd)

Capital reserve represents the surplus of consideration over net assets acquired for existing subsidiaries.

	Investment revaluation reserve	Capital reserve	Share- based payment reserve	Total
	\$'000	\$'000	\$'000	\$'000
<b>Company</b>				
At 1 April 2012	4,916	-	29	4,945
Other comprehensive income for the year	(4,081)	-	-	(4,081)
Share-based payment	-	-	130	130
At 31 March 2013	835	-	159	994
Other comprehensive income for the year	4,195	-	-	4,195
Dividends	-	1,056	-	1,056
Issue of shares	-	-	(100)	(100)
Share-based payment	-	-	123	123
At 31 March 2014	5,030	1,056	182	6,268

## 35. ACCUMULATED PROFITS

Accumulated profits of the Group are distributable except for accumulated profits of associated companies and joint venture amounting to \$681,000 (2013: \$1,253,000).

## 36. DIVIDENDS

In 2014, the Company declared and paid a final tax-exempt cash/scrip dividend of 3.0 cents per ordinary share and a special tax-exempt cash/scrip dividend of 2.0 cents per ordinary share, totalling \$27,627,000 in respect of the financial year ended 31 March 2013.

In 2014, the Company declared and paid an interim tax-exempt cash dividend of 2.0 cents per ordinary share, totalling \$10,300,000 in respect of the financial year ended 31 March 2014.

In 2013, the Company declared and paid a final tax-exempt dividend of 3.0 cents per ordinary share totalling \$15,163,000 in respect of the financial year ended 31 March 2012.

In 2013, the Company declared and paid an interim tax-exempt dividend of 2.0 cents per ordinary share, totalling \$10,030,000 in respect of the financial year ended 31 March 2013.

The directors recommend a final tax-exempt dividend of 3.0 cents per ordinary share and a special tax-exempt dividend of 2.0 cents per ordinary share to shareholders totalling approximately \$25,785,000 on 19 August 2014. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 37. COMMITMENTS

### (a) Operating lease commitments - where the Group is a lessee

The Group leases land and offices from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	Group	
	2014 \$'000	2013 \$'000
Not later than one year	7,848	6,831
Between two and five years	25,896	15,985
Later than five years	140,831	76,037
	<b>174,575</b>	<b>98,853</b>

### (b) Operating lease commitments - where the Group is a lessor

The Group leases out industrial space to non-related parties under non-cancellable operating leases. The future minimum lease receivables below are subject to annual revision of rent, which will be carried out based on the market rate prevailing on the respective revision dates. The operating lease commitments estimated were determined assuming the same rental income fixed during the year continues for the remaining lease term.

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

	Group	
	2014 \$'000	2013 \$'000
Not later than one year	28,210	14,167
Between two and five years	121,299	47,950
Later than five years	177,234	56,103
	<b>326,743</b>	<b>118,220</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 38. CONTINGENCIES

- (a) The Company has issued guarantees for trading line facilities and counter indemnities of \$75,629,000 (2013: \$68,874,000) to banks and third parties in respect of certain contracts entered into by its subsidiaries.
- (b) The Group and Company have executed performance guarantees amounting to \$98,131,000 (2013: \$50,864,000) and \$49,275,000 (2013: \$3,648,000) issued to third parties respectively.
- (c) The earliest period that the above guarantees could be called is within one year (2013: one year) from the end of the reporting period. Management considers that it is more likely than not that no amount will be payable under these arrangements.
- (d) The Company has undertaken to provide financial support to various subsidiaries.

## 39. FINANCIAL RISK MANAGEMENT

### *Financial risk factors*

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods.

The Group does not hold or issue derivative financial instruments for speculative purposes.

### (a) **Market risk**

#### (i) **Currency risk**

Foreign currency risk occurs as a result of the Group's transactions that are not denominated in the respective Group entities' functional currencies. These transactions arise from the Group's ordinary course of business.

The Group transacts businesses in various currencies. The exposure to foreign currency risk arises largely from the movements in exchange rates of the United States Dollar ("USD"), Euro Dollar ("EUR"), Japanese Yen ("YEN"), Singapore Dollar ("SGD"), Australia Dollar ("AUD") and United Arab Emirates Dirham ("AED"). The Company's exposure to foreign currency risk arises largely from movements in exchange rates of USD and AUD. Exposure to exchange fluctuation risks is managed as far as possible by natural hedges of matching revenue and costs and using derivatives such as forward foreign currency exchange contracts.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in United Kingdom, Australia, Indonesia, China and Malaysia are managed primarily through natural hedges of matching assets and liabilities and management reviews periodically so that the net exposure is kept at an acceptable level.

The Group utilised currency derivatives to hedge significant transactions and cash flows. The Group is party to a variety of forward foreign exchange contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 39. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) Market risk (cont'd)

#### (i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	USD	EUR	YEN	SGD	AED	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

#### At 31 March 2014

##### Financial assets

Cash and cash equivalents and financial assets at fair value through profit or loss and available-for-sale investments

	47,476	106	-	-	660	48,242
Trade and other receivables	35,499	14,842	620	-	152	51,113
Held-for-trading investments	1,515	-	-	-	-	1,515
Intercompany receivables	5,305	-	-	-	-	5,305
	89,795	14,948	620	-	812	106,175

##### Financial liabilities

Trade and other payables  
Intercompany payables

	(17,161)	(6,277)	-	-	(46)	(23,484)
	(5,305)	-	-	(11,343)	-	(16,648)
	(22,466)	(6,277)	-	(11,343)	(46)	(40,132)

Add: Currency forwards	9,479	-	-	-	-	9,479
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##### Currency exposure of financial assets/(liabilities)

	76,808	8,671	620	(11,343)	766	75,522
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	USD	EUR	YEN	SGD	AED	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

#### At 31 March 2013

##### Financial assets

Cash and cash equivalents and financial assets at fair value through profit or loss and available-for-sale investments

	15,602	383	3	-	236	16,224
Trade and other receivables	36,932	8,678	-	-	302	45,912
Held-for-trading investments	1,515	-	-	-	-	1,515
Intercompany receivables	2,893	-	5,740	196	-	8,829
	56,942	9,061	5,743	196	538	72,480

##### Financial liabilities

Trade and other payables  
Intercompany payables

	(21,964)	(5,819)	-	-	(45)	(27,828)
	(2,893)	-	(18,946)	(18,561)	-	(40,400)
	(24,857)	(5,819)	(18,946)	(18,561)	(45)	(68,228)

Add: Currency forwards	7,433	-	-	-	-	7,433
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##### Currency exposure of financial assets/(liabilities)

	39,518	3,242	(13,203)	(18,365)	493	11,685
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 39. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) Market risk (cont'd)

#### (i) Currency risk (cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

	At 31 March 2014			At 31 March 2013		
	USD	AUD	Total	USD	AUD	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>						
Cash and cash equivalents, and available-for-sale investments	2,643	-	2,643	674	-	674
Trade and other receivables	4,485	-	4,485	-	-	-
Held-for-trading investments	1,515	-	1,515	1,515	-	1,515
Intercompany receivables	-	-	-	476	5,565	6,041
	<b>8,643</b>	<b>-</b>	<b>8,643</b>	<b>2,665</b>	<b>5,565</b>	<b>8,230</b>
<b>Financial Liabilities</b>						
Intercompany payables	-	-	-	-	(18,946)	(18,946)
Less: Currency forwards	(9,664)	-	(9,664)	(9,592)	-	(9,592)
<b>Currency exposure of financial liabilities</b>	<b>(1,021)</b>	<b>-</b>	<b>(1,021)</b>	<b>(6,927)</b>	<b>(13,381)</b>	<b>(20,308)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 39. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) Market risk (cont'd)

#### (i) Currency risk (cont'd)

The following table details the sensitivity to a 10% (2013: 10%) increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% (2013: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2013: 10%) change in foreign currency rates.

If the relevant foreign currency change against the SGD by 10% (2013: 10%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease)			
	2014		2013	
	Profit after tax	Other comprehensive income	Profit after tax	Other comprehensive income
	\$'000	\$'000	\$'000	\$'000

#### Group

USD against SGD				
- Strengthened	7,437	244	3,952	-
- Weakened	(7,437)	(244)	(3,952)	-
EUR against SGD				
- Strengthened	867	-	324	-
- Weakened	(867)	-	(324)	-
YEN against SGD				
- Strengthened	62	-	-	-
- Weakened	(62)	-	-	-
AUD against SGD				
- Strengthened	-	-	(1,320)	-
- Weakened	-	-	1,320	-
AED against SGD				
- Strengthened	77	-	49	-
- Weakened	(77)	-	(49)	-

#### Company

USD against SGD				
- Strengthened	(346)	244	(693)	-
- Weakened	346	(244)	693	-
AUD against SGD				
- Strengthened	-	-	(1,338)	-
- Weakened	-	-	1,338	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 39. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) Market risk (cont'd)

#### (ii) Price risk

The Group is exposed to price risk arising from available-for-sale investments and held-for-trading investments held by the Group. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting period.

If prices for available-for-sale investments and held-for-trading investments had changed by 10% (2013: 10%) with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

← Increase/(Decrease) →				
2014			2013	
Profit after tax	Other comprehensive income		Profit after tax	Other comprehensive income
\$'000	\$'000		\$'000	\$'000

#### Group

#### **Available-for-sale investments**

##### Quoted equity securities

- increased by	-	881	-	450
- decreased by	-	(881)	-	(450)

##### Unquoted equity securities

- increased by	-	3,844	-	2,022
- decreased by	-	(3,844)	-	(2,022)

##### Quoted debt securities

- increased by	-	2,392	-	1,226
- decreased by	-	(2,392)	-	(1,226)

##### Unquoted debt securities

- increased by	-	658	-	-
- decreased by	-	(658)	-	-

#### **Held-for-trading investments**

- increased by	359	-	440	-
- decreased by	(359)	-	(440)	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 39. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) Market risk (cont'd)

#### (ii) Price risk (cont'd)

← Increase/(Decrease) →				
2014			2013	
	Profit after tax	Other comprehensive income	Profit after tax	Other comprehensive income
	\$'000	\$'000	\$'000	\$'000
<b>Company</b>				
<b>Available-for-sale investments</b>				
Quoted equity securities				
- increased by	-	881	-	450
- decreased by	-	(881)	-	(450)
Unquoted equity securities				
- increased by	-	2,048	-	2,013
- decreased by	-	(2,048)	-	(2,013)
Quoted debt securities				
- increased by	-	2,392	-	1,226
- decreased by	-	(2,392)	-	(1,226)
Unquoted debt securities				
- increased by	-	658	-	-
- decreased by	-	(658)	-	-
<b>Held-for-trading investments</b>				
- increased by	359	-	440	-
- decreased by	(359)	-	(440)	-

The quoted equity and debt securities are listed in Singapore.

#### (iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from non-current variable-rate borrowings. The Company's exposure to cash flow interest rate risks arises mainly from borrowings and loans to/from subsidiaries at variable rates.

The Group's and the Company's borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 1% (2013: 1%) with all other variables including tax rate being held constant, the Group's and Company's profit after tax would have been lower/higher by \$433,000 (2013: \$316,000) and \$1,368,000 (2013: \$1,536,000) respectively as a result of higher/lower interest expense on borrowings and loans from subsidiaries and higher/lower interest income on loans to subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 39. FINANCIAL RISK MANAGEMENT (cont'd)

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade receivables and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group and Company adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Head of Credit Control based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management.

Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience.

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit limits for each of the customer. Limits attributed to customers are reviewed periodically. There are 4 (2013: 4) external customers which individually represents more than 5% of the total trade receivables.

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. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the allowance for impairment of receivables.

There is no significant credit risk for the Company.

### (i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

### (ii) Financial assets that are past due and/or impaired

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2014 \$'000	2013 \$'000
Past due > 3 months	26,104	18,166

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2014 \$'000	2013 \$'000
Past due > 3 months	30,760	28,825
Less: Allowance for impairment	(30,760)	(28,825)
	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 39. FINANCIAL RISK MANAGEMENT (cont'd)

### (b) Credit risk (cont'd)

The movement in the allowance for impairment is as follows:

	Group	
	2014 \$'000	2013 \$'000
Beginning of financial year	28,825	32,870
Amount written-off during the year – non-related parties	(231)	(280)
Amount written-off during the year – related parties	-	(2,841)
Allowance for the year – non-related parties	306	77
Disposal of subsidiary	(12)	(24)
Write-back for the year	(95)	(142)
Currency translation differences	1,967	(835)
End of financial year	30,760	28,825

The impaired trade receivables arise mainly from sales to customers which have suffered significant losses in its operations.

### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities (Note 29) and the ability to close out market positions at a short notice. At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility (Note 29) and cash and cash equivalents (Note 12) of the Group and the Company) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

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

	Less than 1 year \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
<b>Group</b>			
<b>At 31 March 2014</b>			
Trade and other payables	211,914	-	-
Borrowings	7,599	44,980	2,633
<b>At 31 March 2013</b>			
Trade and other payables	195,687	-	-
Borrowings	9,759	20,394	5,645
<b>Company</b>			
<b>At 31 March 2014</b>			
Trade and other payables	4,557	-	-
Borrowings and loans from subsidiaries	170,986	-	-
<b>At 31 March 2013</b>			
Trade and other payables	23,664	-	-
Borrowings and loans from subsidiaries	185,147	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 39. FINANCIAL RISK MANAGEMENT (cont'd)

### (c) Liquidity risk (cont'd)

The table below analyses the derivative financial instruments of the Group and the Company for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 2 and 5 years \$'000
<b>Group</b>		
<b>At 31 March 2014</b>		
Gross-settled currency forwards		
- Receipts	19,143	-
- Payments	(6,943)	(2,721)
<b>At 31 March 2013</b>		
Gross-settled currency forwards hedges		
- Receipts	17,025	-
- Payments	(9,592)	-
<b>Company</b>		
<b>At 31 March 2014</b>		
Gross-settled currency forwards		
- Payments	(6,943)	(2,721)
<b>At 31 March 2013</b>		
Gross-settled currency forwards hedges		
- Payments	(9,592)	-

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks to maintain a gearing ratio of not exceeding 100% (2013: 100%). The Group's and the Company's strategies, which were unchanged from 2013, are to maintain gearing ratios within 100%.

The gearing ratio is calculated as bank borrowings divided by total capital. Total capital is calculated as total equity less other reserves, intangibles and net deferred tax assets.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2014 and 2013.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 39. FINANCIAL RISK MANAGEMENT (cont'd)

### (e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) 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
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000

#### Group

##### 2014

##### Assets

Foreign exchange contract	-	38	-	38
Available-for-sale investments	32,731	6,579	38,350	77,660
Held-for-trading investments	-	4,320	-	4,320
<b>Total assets</b>	<b>32,731</b>	<b>10,937</b>	<b>38,350</b>	<b>82,018</b>

##### Liabilities

Foreign exchange contract	-	(1,420)	-	(1,420)
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##### 2013

##### Assets

Available-for-sale investments	16,760	20,130	-	36,890
Held-for-trading investments	-	5,307	-	5,307
<b>Total assets</b>	<b>16,760</b>	<b>25,437</b>	<b>-</b>	<b>42,197</b>

##### Liabilities

Foreign exchange contract	-	(321)	-	(321)
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#### Company

##### 2014

##### Assets

Foreign exchange contract	-	38	-	38
Available-for-sale investments	32,731	6,579	20,478	59,788
Held-for-trading investments	-	4,320	-	4,320
<b>Total assets</b>	<b>32,731</b>	<b>10,937</b>	<b>20,478</b>	<b>64,146</b>

##### 2013

##### Assets

Available-for-sale investments	16,760	20,130	-	36,890
Held-for-trading investments	-	5,307	-	5,307
<b>Total assets</b>	<b>16,760</b>	<b>25,437</b>	<b>-</b>	<b>42,197</b>

##### Liabilities

Foreign exchange contract	-	(162)	-	(162)
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 39. FINANCIAL RISK MANAGEMENT (cont'd)

### (e) Fair value measurements (cont'd)

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for equity and debt investments. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the end of the reporting period. These investments are classified as Level 2.

In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3. The following table presents the changes in Level 3 instruments:

	Available- for-sale investments
	\$'000
<b>2014</b>	
Beginning of financial year	-
Purchases	18,220
Transfer from Level 2	20,130
End of financial year	38,350
<b>2013</b>	
Beginning and end of financial year	-

At the end of 2014, the Group transferred an available-for-sale investment from Level 2 to Level 3. In 2013, the acquisition of the investment was completed close 31 March 2013, and the fair value of investment determined based on the consideration paid for the acquisition. As at 31 March 2014, the equity investment is remeasured at fair value using non-observable inputs.

Level 3 instruments comprise of two unquoted equity investments as at 31 March 2014.

The fair value of the first instrument amounting to \$20,478,000 is determined based on the share of fair value of the underlying net assets of the equity investment, which mainly comprise properties under development. The fair values of the properties are valued based on sales comparison technique, using sales prices of comparable properties (\$2,348 - \$2,665 per square metre). The higher the comparable sales price, the higher the fair value of the investments.

The fair value of the second instrument amounting to \$17,872,000 is determined based on consideration paid for the acquisition of the interest in the equity of the investee. The transaction was completed on 25 March 2014. As a result, the Group considered the consideration paid to approximate the fair value of the investment due to the completion being close to the Group's financial year end.

The management of the Group performs the valuations of the Level 3 instruments. Discussions of the valuation process and results are held between the management and Audit Committee at each year end.

The carrying amount less impairment provision of trade receivables and payables approximate their fair values. The carrying amount of current borrowings approximates their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 39. FINANCIAL RISK MANAGEMENT (cont'd)

### (f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 15, Note 20 and Note 30 to the financial statements, except for the following:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Loans and receivables	<b>371,922</b>	380,774	<b>103,594</b>	123,191
Financial liabilities at amortised cost	<b>265,381</b>	230,132	<b>175,420</b>	208,671

## 40. RELATED PARTY TRANSACTIONS

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

### (a) Sales and purchases of goods and services

There is no sales and purchase of goods and services to other related parties. Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

### (b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2014 \$'000	2013 \$'000
Short-term benefits	<b>16,526</b>	13,273
Post-retirement benefits	<b>462</b>	392
Share-based payments	<b>123</b>	130
	<b>17,111</b>	13,795

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 41. SEGMENT INFORMATION

Segment information is presented in respect of the Group's reportable segment provided to the Group's chief operating decision maker of the purpose of resource allocation and assessment of segment performance.

The chief operating decision maker considers the business from both a business and geographical segment perspective.

The Group's businesses comprise the following:

- (i) Engineering : Energy-related engineering relates to the design, engineering and supply of systems to the oil and gas, petrochemical and solid waste energy recovery sectors.  
  
Water and wastewater engineering relates to the design, engineering and construction of industrial and municipal water and wastewater treatment plants.  
  
Real estate solutions relates to the provision of design-and-build expertise for industrial facilities, along with design-and-building-and-lease arrangements for industrial facilities.
- (ii) Geo-spatial technology : This specialises in Esri geographic information systems and location intelligence solutions.
- (iii) HQ activities : This manages the Group's investment portfolio to maximise shareholders' returns.

### (a) Segment revenue and results:

The segment information for the reportable segments is as follows:

	Engineering		Geo-spatial technology		HQ activities		Elimination		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>										
External sales	406,744	398,797	106,923	114,401	38	-	-	-	513,705	513,198
Dividend income	-	-	-	-	44,763	39,789	(44,763)	(39,789)	-	-
Total revenue	406,744	398,797	106,923	114,401	44,801	39,789	(44,763)	(39,789)	513,705	513,198
<b>Results</b>										
Segment result	64,964	78,722	22,757	26,784	45,080	29,237	(44,763)	(39,789)	88,038	94,954
Interest income	1,179	1,096	2,438	2,941	1,224	1,650	(1,410)	(2,048)	3,431	3,639
Finance expense									(832)	(1,170)
Profit before income tax									90,637	97,423
Income tax expense									(16,591)	(12,943)
Total Profit									74,046	84,480

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents profit earned by each segment without allocation of finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 41. SEGMENT INFORMATION (cont'd)

### (a) Segment revenue and results: (cont'd)

	Engineering		Geo-spatial technology		HQ activities		Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Capital expenditure	<b>78,388</b>	47,174	<b>1,352</b>	1,396	<b>675</b>	616	<b>80,415</b>	49,186
Depreciation expense	<b>6,439</b>	3,413	<b>1,518</b>	1,524	<b>426</b>	397	<b>8,383</b>	5,334
(Write-back of)/Allowance for impairment of receivables and impairment loss on available-for-sale investments	<b>211</b>	(65)	-	-	-	6,017	<b>211</b>	5,952
Gain on disposal of property, plant and equipment	-	16	<b>(136)</b>	(76)	<b>80</b>	(54)	<b>(56)</b>	(114)
Loss on disposal of held-for-trading investments	-	-	-	-	<b>336</b>	-	<b>336</b>	-
Gain on disposal of assets held for sale	<b>(5,309)</b>	-	-	-	-	-	<b>(5,309)</b>	-
Loss/(Gain) on disposal of subsidiaries	<b>1,481</b>	(10,176)	<b>14</b>	-	-	59	<b>1,495</b>	(10,117)
Gain on disposal of available-for-sale investments	-	(5,800)	-	-	<b>(4,214)</b>	(4,985)	<b>(4,214)</b>	(10,785)
Fair value losses/(gains) on foreign exchange contracts and held-for-trading investments	-	-	<b>1,413</b>	(169)	<b>(198)</b>	32	<b>1,215</b>	(137)

### (b) Segment assets and liabilities

	Engineering		Geo-spatial technology		HQ activities		Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Segment assets</b>								
Segment assets	<b>461,400</b>	378,219	<b>79,955</b>	95,165	<b>129,565</b>	127,544	<b>670,920</b>	600,928
Investments in associated companies	<b>3,959</b>	2,787	-	-	-	-	<b>3,959</b>	2,787
Investment in joint venture	<b>4,467</b>	-	-	-	-	-	<b>4,467</b>	-
Deferred income tax assets							<b>2,734</b>	3,191
Consolidated total assets							<b>682,080</b>	606,906
Additions to:								
- investment properties	<b>77,571</b>	43,133	-	-	-	-	<b>77,571</b>	43,133
- intangible assets	<b>867</b>	92	-	-	-	-	<b>867</b>	92
<b>Segment liabilities</b>								
Segment liabilities	<b>246,564</b>	214,116	<b>48,808</b>	50,593	<b>8,099</b>	8,739	<b>303,471</b>	273,448
Income tax payable/Deferred income tax liabilities							<b>16,909</b>	21,132
Consolidated total liabilities							<b>320,380</b>	294,580

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 41. SEGMENT INFORMATION (cont'd)

### (b) Segment assets and liabilities (cont'd)

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

Other than deferred income tax assets, all assets are allocated to reportable segments. Goodwill has been allocated to reportable segments as described in Note 24.

All liabilities are allocated to reportable segments other than income tax payable and deferred income tax liabilities.

### (c) Revenue from core businesses:

	Group	
	2014 \$'000	2013 \$'000
Engineering	406,744	398,797
Geo-spatial technology	106,923	114,401
HQ activities	38	-
	<b>513,705</b>	513,198

### (d) Geographical information

The Group operates in 5 primary geographical areas – Asia Pacific, Australia, North and South America, Europe, Middle East and Africa and Others.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding deferred income tax assets) by geographical locations are detailed below:

	Asia Pacific		Australia		North and South America		Europe		Middle East and Africa		Others		Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Revenue</b>														
External sales	283,937	330,607	104,968	122,883	78,046	35,018	33,186	9,310	13,568	14,939	-	441	513,705	513,198
<b>Other information</b>														
Investments in associated companies	3,959	2,787	-	-	-	-	-	-	-	-	-	-	3,959	2,787
Investment in joint venture	4,467	-	-	-	-	-	-	-	-	-	-	-	4,467	-
Other non-current assets	184,630	91,548	6,559	7,436	6	1	6,087	5,560	39	83	-	-	197,321	104,628
<b>Additions to:</b>														
- investment properties	77,571	43,133	-	-	-	-	-	-	-	-	-	-	77,571	43,133
- intangible assets	867	92	-	-	-	-	-	-	-	-	-	-	867	92

In 2014 and 2013, there is no customer which contributed more than 10% of the Group's revenue.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

## 42. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2014 or later periods and which the Group has not early adopted:

- **FRS 110 Consolidated Financial Statements**  
***(effective for annual periods beginning on or after 1 January 2014)***

FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group will apply FRS 110 from 1 April 2014, but this is not expected to have any significant impact on the financial statements of the Group.

- **FRS 111 Joint Arrangements**  
***(effective for annual periods beginning on or after 1 January 2014)***

FRS 111 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

The Group will apply FRS 111 from 1 April 2014. The Group has assessed that Ubi Development is classified as a joint venture that should be accounted for using the equity-accounting method. Currently the Group equity accounts Ubi Development. The adoption of FRS 111 did not result in a change to the Group's financial statements.

- **FRS 112 Disclosure of Interests in Other Entities**  
***(effective for annual periods beginning on or after 1 January 2014)***

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associated companies, (3) joint arrangements and (4) unconsolidated structured entities.

The Group will apply FRS 112 prospectively from 1 April 2014. FRS 112 will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- **Revised FRS 27 Separate Financial Statements**  
***(effective for annual periods beginning on or after 1 January 2014)***

FRS 27 was amended in May 2011 when FRS 110 was published. The adoption of FRS 27 (revised) will not result in substantial changes to accounting policies of the Group and disclosures in the financial statements.

- **Revised FRS 28 Investments in Associated companies and Joint Ventures**  
***(effective for annual periods beginning on or after 1 January 2014)***

FRS 28 was amended in May 2011 when FRS 111 was published. The adoption of FRS 28 (revised) will not result in substantial changes to accounting policies of the Group and disclosures in the financial statements.

- **Revised FRS 36 Impairment of Assets**  
***(effective for annual periods beginning on or after 1 January 2014)***

The adoption of FRS 36 (revised) will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

## 43. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Boustead Singapore Limited on 30 June 2014.

# MANAGEMENT & PRINCIPAL ACTIVITIES

## GROUP HEADQUARTERS

### **Boustead Singapore Limited**

82 Ubi Avenue 4, #08-01  
Edward Boustead Centre  
Singapore 408832

Main: +65 6747 0016  
Fax: +65 6741 8689  
Web: [www.boustead.sg](http://www.boustead.sg)

Chairman & Group Chief Executive Officer: Wong Fong Fui  
Executive Directors: Loh Kai Keong, Wong Yu Loon

## ENGINEERING SERVICES

### ENERGY-RELATED ENGINEERING

#### **Boustead International Heaters Ltd**

Europa House  
Woodlands Court  
Albert Drive  
Burgess Hill  
West Sussex RH15 9TN  
United Kingdom

Main: +44 1444 237500  
Fax: +44 1444 237501  
Web: [www.bihl.com](http://www.bihl.com)

Managing Director: David Miller

Boustead International Heaters ("BIH") is a leading global specialist in designing, engineering and supplying direct-fired process heater systems, waste heat recovery units ("WHRUs") and once through steam generators to the downstream oil & gas and petrochemical industries. In recent years, BIH has established a strong reputation in delivering WHRUs to the upstream oil & gas and power industries as well.

#### **Controls & Electrics Pte Ltd**

30 Gul Drive  
Singapore 629478

Main: +65 6861 3377  
Fax: +65 6861 8408  
Web: [www.bousteadcontrols.com](http://www.bousteadcontrols.com)

Managing Director: Dev Lodh

Controls & Electrics ("C&E") is a well-recognised leader in designing, engineering and supplying wellhead control systems, hydraulic power units, integrated control & safety shutdown systems, chemical injection skids, fire & gas detection systems and other process control systems to the upstream oil & gas industries. C&E also supplies fuel skids, instrumentation equipment and burner management systems to sister companies such as BIH.

## MANAGEMENT & PRINCIPAL ACTIVITIES

### PT Boustead Maxitherm Industries

Graha Pratama Building, 15th Floor  
Jalan Letjend MT Haryono Kav 15  
Tebet, Jakarta 12810  
Indonesia

Main: +62 21 8379 3678  
Fax: +62 21 8379 3648  
Web: [www.bousteadmaxitherm.com](http://www.bousteadmaxitherm.com)

Managing Director: Adi Tjandra

Boustead Maxitherm Industries is an established regional specialist in designing, engineering and supplying mini-power plants, solid waste energy recovery plants and associated combustion technology.

### WATER & WASTEWATER ENGINEERING

#### Boustead Salcon Water Solutions Pte Ltd

82 Ubi Avenue 4, #08-03  
Edward Boustead Centre  
Singapore 408832

Main: +65 6846 9988  
Fax: +65 6747 8878  
Web: [www.bousteadsalcon.com](http://www.bousteadsalcon.com)

Chief Executive Officer: Michael Teo

Boustead Salcon Water Solutions ("BSWS") is a leading global water & wastewater engineering specialist for the energy sector and Singapore's largest ion exchange specialist in the energy sector. BSWS' in-depth domain expertise and vast experience focuses on seawater desalination, ion exchange and wastewater recycling. With more than 800 installations in 60 countries worldwide, BSWS has delivered projects across the oil & gas, petrochemical, pharmaceutical, power, semiconductor and special defence industries, as well as for municipal authorities. BSWS is approved by the Building & Construction Authority of Singapore ("BCA") for Grade ME11-L6 to execute mechanical and electrical contracts of unlimited value. In addition, BSWS has the outstanding distinction of being one of an exclusive group of Asian specialists outside of Japan to be a pre-qualified vendor to several of the world's largest engineering, procurement & construction corporations.

### REAL ESTATE SOLUTIONS

#### Boustead Projects Pte Ltd

82 Ubi Avenue 4, #07-01  
Edward Boustead Centre  
Singapore 408832

Main: +65 6748 3945  
Fax: +65 6748 9250  
Web: [www.bousteadprojects.com](http://www.bousteadprojects.com)

Managing Director: Thomas Chu

Boustead Projects ("BP") is a leading industrial real estate solutions provider in Singapore, with core engineering expertise in the design-and-build, and development of industrial facilities for multinational corporations and local enterprises. To date, BP has constructed and developed more than four million square metres of industrial real estate in Singapore, China, Malaysia and Vietnam. BP is approved by the BCA for Grade CW01-A1 to execute building construction contracts of unlimited value. BP is a leader in pioneering advanced environmentally-sustainable industrial facilities under the BCA Green Mark and US LEED Programmes, as evidenced by BP's delivery of the first Green Mark Platinum facilities for the heavy industry category, logistics category and at the Seletar Aerospace Park. In Singapore, BP is one of only nine bizSAFE Mentors and also a bizSAFE Star.

# MANAGEMENT & PRINCIPAL ACTIVITIES

## GEO-SPATIAL TECHNOLOGY

### Esri Australia Pty Ltd

Level 3, 111 Elizabeth Street  
Brisbane QLD 4000  
PO Box 15459  
Brisbane City East QLD 4002  
Australia

Main: +61 7 3218 4100  
Fax: +61 7 3211 1310  
Web: [www.esriaustralia.com.au](http://www.esriaustralia.com.au)

Managing Director: Brett Bundock

Esri Australia is the exclusive distributor for Esri geographic information systems ("GIS") in Australia and has branch offices in Brisbane, Adelaide, Canberra, Darwin, Melbourne, Perth and Sydney. Esri Australia also provides professional services, training, software maintenance services and hosted solutions for the Esri ArcGIS platform.

### Esri South Asia Pte Ltd

82 Ubi Avenue 4, #07-03  
Edward Boustead Centre  
Singapore 408832

Main: +65 6742 8622  
Fax: +65 6742 1922  
Web: [www.esrisa.com](http://www.esrisa.com)

Managing Director: Leslie Wong

Esri South Asia is the holding company for Esri Singapore, Esri Malaysia and Esri Indonesia, the exclusive distributors for Esri GIS in Singapore, Malaysia and Indonesia respectively. Additionally, Esri South Asia is the exclusive distributor for Esri GIS in Bangladesh, Brunei and Timor-Leste. Esri South Asia also provides professional services, training, software maintenance services and hosted solutions for the Esri ArcGIS platform.

### Esri Singapore Pte Ltd

82 Ubi Avenue 4, #07-03  
Edward Boustead Centre  
Singapore 408832

Main: +65 6742 8622  
Fax: +65 6742 1922  
Web: [www.esrisingapore.com.sg](http://www.esrisingapore.com.sg)

Chief Executive Officer: Thomas Pramotedham

Esri Singapore is the exclusive distributor for Esri GIS in Singapore. Esri Singapore also provides professional services, training, software maintenance services and hosted solutions for the Esri ArcGIS platform.

## MANAGEMENT & PRINCIPAL ACTIVITIES

### **Esri Malaysia Sdn Bhd**

Suite 10-01-02, Level 10  
PJX-HM Shah Tower  
16A Persiaran Barat  
Petaling Jaya  
46050 Selangor  
Malaysia

Main: +60 3 7629 5518  
Fax: +60 3 7629 5520  
Web: [www.esrimalaysia.com.my](http://www.esrimalaysia.com.my)

Chief Executive Officer: Lai Chee Siew

Esri Malaysia is the exclusive distributor for Esri GIS in Malaysia. Esri Malaysia also provides professional services, training, software maintenance services and hosted solutions for the Esri ArcGIS platform.

### **PT Esri Indonesia**

Menara 165, 6th Floor Unit B  
Jalan TB Simatupang Kav 1  
Jakarta Selatan 12560  
Indonesia

Main: +62 21 2940 6355  
Fax: +62 21 2940 6356  
Web: [www.esriindonesia.co.id](http://www.esriindonesia.co.id)

Chief Executive Officer: Bima Priadi

Esri Indonesia is the exclusive distributor for Esri GIS in Indonesia. Esri Indonesia also provides professional services, training, software maintenance services and hosted solutions for the Esri ArcGIS platform.

# STATISTICS OF SHAREHOLDINGS

AS AT 18 JUNE 2014

## SHARE CAPITAL

Number of ordinary shares	:	515,151,066 *
Number/Percentage of treasury shares	:	16,192,547 (3.14%)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share. The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.

\* Excludes treasury shares

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%**
1 - 999	192	5.45	70,616	0.02
1,000 - 10,000	2,057	58.40	10,733,987	2.08
10,001 - 1,000,000	1,245	35.35	70,733,140	13.73
1,000,001 AND ABOVE	28	0.80	433,613,323	84.17
<b>TOTAL</b>	<b>3,522</b>	<b>100.00</b>	<b>515,151,066</b>	<b>100.00</b>

## LOCATION OF SHAREHOLDERS

Country	No. of Shareholders	%	No. of Shares	%**
SINGAPORE	3,222	91.48	504,164,876	97.87
MALAYSIA	236	6.70	8,779,176	1.70
OTHERS	64	1.82	2,207,014	0.43
<b>TOTAL</b>	<b>3,522</b>	<b>100.00</b>	<b>515,151,066</b>	<b>100.00</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 18 JUNE 2014

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%**
1	HSBC (Singapore) Nominees Pte Ltd	264,632,420	51.37
2	DBS Nominees (Private) Ltd	47,067,025	9.14
3	Citibank Nominees Singapore Pte Ltd	24,485,306	4.75
4	Sang Chun Holdings Pte Ltd	23,084,000	4.48
5	Raffles Nominees (Pte) Limited	11,977,144	2.32
6	United Overseas Bank Nominees (Private) Limited	9,851,563	1.91
7	DBSN Services Pte Ltd	6,277,220	1.22
8	Maybank Kim Eng Securities Pte Ltd	5,275,500	1.02
9	Helen Tan Cheng Hoong	5,166,000	1.00
10	Yeo Ker Kuang	4,085,840	0.79
11	Wong Heng Chong	3,500,800	0.68
12	Phua Keng Kounq	2,800,205	0.54
13	Chang Ching Chau @ Tew King Chang	2,578,860	0.50
14	Phillip Securities Pte Ltd	2,298,254	0.45
15	DBS Vickers Securities (Singapore) Pte Ltd	2,051,801	0.40
16	Law Yet Lan	1,832,828	0.36
17	Wong Shaw Seng Regi	1,630,000	0.32
18	Wee Wei Na	1,621,800	0.31
19	Chan Chee Weng	1,581,000	0.31
20	UOB Kay Hian Private Limited	1,558,809	0.30
<b>Total</b>		<b>423,356,375</b>	<b>82.17</b>

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%**
Wong Fong Fui	-	-	173,439,018 <sup>(1)</sup>	33.67
Sri Widati Ernawan Putri	-	-	46,193,919 <sup>(2)</sup>	8.97
Marrickville Group Limited	-	-	46,193,919 <sup>(1)</sup>	8.97
Chartered Asset Management Pte Ltd	-	-	40,159,818 <sup>(1)</sup>	7.80
Capital Growth Investments Pte Ltd	-	-	40,159,818 <sup>(3)</sup>	7.80
Colin Lee Yung-Shih	-	-	40,159,818 <sup>(4)</sup>	7.80
Low Siew Kheng	-	-	40,159,818 <sup>(5)</sup>	7.80
CAM-GTF Limited	-	-	29,330,484 <sup>(1)</sup>	5.69

### Notes:

<sup>(1)</sup> The deemed interests of these Substantial Shareholders are held through nominees.

<sup>(2)</sup> Sri Widati Ernawan Putri is deemed interested in the shares held by Marrickville Group Limited.

<sup>(3)</sup> Capital Growth Investments Pte Ltd ("CGIPL") is deemed to be interested in the shares held indirectly by its subsidiary, Chartered Asset Management Pte Ltd ("CAMPL").

<sup>(4)</sup> Colin Lee Yung-Shih, through his 100% shareholding in CGIPL, is deemed to have an interest in the shares held indirectly by CGIPL.

<sup>(5)</sup> Low Siew Kheng, through her not less than 20% shareholding in CAMPL, is deemed to have an interest in the shares held indirectly by CAMPL.

## SHAREHOLDINGS IN THE HANDS OF THE PUBLIC

The percentage of shareholdings in the hands of the public as at 18 June 2014 was approximately 38.03%.\*\* This is in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, which requires at least 10% of the issued ordinary shares of the Company to be held by the public.

\*\* The percentage of issued ordinary shares is calculated based on the total number of issued shares, excluding treasury shares of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## BOUSTEAD SINGAPORE LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 197501036K)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Boustead Singapore Limited (the "Company") will be held at Frankel Room, Level 3, Grand Mercure Roxy Singapore, 50 East Coast Road, Roxy Square, Singapore 428769 on Friday, 25 July 2014 at 2.30 p.m. to transact the following businesses:

### AS ORDINARY BUSINESS

1. To receive the audited financial statements for the year ended 31 March 2014 and the Report of the Directors and the Independent Auditors' Report. **Resolution 1**
2. To approve a final tax-exempt (one-tier) dividend of 3.0 cents per ordinary share for the year ended 31 March 2014. **Resolution 2**
3. To approve a special tax-exempt (one-tier) dividend of 2.0 cents per ordinary share for the year ended 31 March 2014. **Resolution 3**
4. To re-elect the following directors retiring under Article 94 of the Company's Articles of Association.
  - a. Mr Loh Kai Keong **Resolution 4**
  - b. Mr Godfrey Ernest Scotchbrook **Resolution 5**

**Note:**

Mr Godfrey Ernest Scotchbrook will, upon re-election as a director of the Company, remain as the Chairman of the Remuneration Committee and member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To re-elect the following directors retiring pursuant to Section 153(6) of the Singapore Companies Act.
  - a. Mr Wong Fong Fui **Resolution 6**
  - b. Mr John Lim Kok Min **Resolution 7**

**Note:**

Mr John Lim Kok Min will, upon re-election as a director of the Company, remain as the Chairman of the Audit Committee and member of the Nominating Committee and Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

6. To approve the payment of directors' fees of \$318,000 (2013: \$319,000) for the financial year ended 31 March 2014. **Resolution 8**
7. To approve directors' fees of up to \$321,000 for the financial year ending 31 March 2015, payable quarterly in arrears.  
[See Explanatory Note 1] **Resolution 9**
8. To re-appoint Messrs PricewaterhouseCoopers LLP as auditors of the Company to hold office until the next Annual General Meeting and to authorise the directors to fix their remuneration. **Resolution 10**

### AS SPECIAL BUSINESS

To consider and, if thought fit to pass with or without modifications, the following ordinary resolutions:

9. **Authority to allot and issue shares pursuant to Section 161 of the Singapore Companies Act**

That authority be and is hereby given to the directors of the Company to:

- (i) (a) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (b) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

# NOTICE OF ANNUAL GENERAL MEETING

## BOUSTEAD SINGAPORE LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 197501036K)

- (ii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the directors of the Company while this resolution was in force,

provided that:

- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this resolution is passed, after adjusting for:
- (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and
- (b) any subsequent bonus issue or consolidation or subdivision of shares;
- (iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note 2]

### Resolution 11

#### 10. Authority to grant awards under the Boustead Restricted Share Plan 2011

That authority be and is hereby given to the directors of the Company to grant awards in accordance with the provisions of the Boustead Restricted Share Plan 2011 and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the grant of awards under the Boustead Restricted Share Plan 2011, provided that the aggregate number of new shares to be issued pursuant to the Boustead Restricted Share Plan 2011 shall not exceed ten per cent (10%) of the issued ordinary share capital of the Company (excluding treasury shares) from time to time.

[See Explanatory Note 3]

### Resolution 12

#### 11. Authority to allot and issue shares under the Boustead Scrip Dividend Scheme

That authority be and is hereby given to the directors of the Company to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the application of the Boustead Scrip Dividend Scheme.

[See Explanatory Note 4]

### Resolution 13

#### 12. To transact any other business of the Company which may arise.

# NOTICE OF ANNUAL GENERAL MEETING

## BOUSTEAD SINGAPORE LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 197501036K)

### NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

**NOTICE IS HEREBY GIVEN** that the Transfer Books and Register of Members of the Company will be closed on 5 August 2014 for the purpose of determining shareholders' entitlements to the final and special dividends to be paid on 19 August 2014, subject to and contingent upon shareholders' approval for the proposed dividends being obtained at the forthcoming Annual General Meeting of the Company.

Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 4 August 2014 will be registered before entitlements to the dividends are determined.

By Order of the Board

Alvin Kok  
Company Secretary  
10 July 2014

### Explanatory Notes on Special Business to be transacted

1. The Ordinary Resolution 9 is to allow the Company to pay directors' fees to all independent non-executive directors in arrears on a quarterly basis.
2. The Ordinary Resolution 11 is to enable the directors to issue shares in the Company up to 50% of the total number of issued shares excluding treasury shares in the capital of the Company (in the case of issuance other than on a pro-rata basis to existing shareholders, such aggregate number of shares not to exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company) for such purposes as they consider to be in the interests of the Company.
3. The Ordinary Resolution 12 is to allow the directors to grant awards and issue shares pursuant to the Boustead Restricted Share Plan 2011.
4. The Ordinary Resolution 13 is to allow the directors to issue shares pursuant to the Boustead Scrip Dividend Scheme.

### Notes:

- (1) A shareholder of the Company entitled to attend and vote at the Annual General Meeting of the Company ("AGM") may appoint not more than two (2) proxies to attend and vote in his/her stead. A shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a shareholder of the Company.
- (2) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 82 Ubi Avenue 4, #08-01 Edward Boustead Centre, Singapore 408832 not later than 48 hours before the time appointed for the holding of the AGM.
- (3) The instrument appointing a proxy must be signed by the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (4) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 48 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

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# PROXY FORM

## BOUSTEAD SINGAPORE LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 197501036K)

**Annual General Meeting to be held on  
25 July 2014 at 2.30 p.m.  
(Before completing this form, please see notes below)**

### IMPORTANT:

1. For investors who have used their CPF monies to buy shares in the capital of Boustead Singapore Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We

of

being a member/members of the above-named Company, hereby appoint Mr/Mrs/Ms

Name	Address	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us on my/our behalf and if necessary to demand a poll at the Annual General Meeting of the Company to be held on Friday, 25 July 2014 at 2.30 p.m. and at any adjournment thereof in the manner indicated below:

	Ordinary Resolutions:	For	Against
<b>Resolution 1</b>	To receive the audited financial statements for the year ended 31 March 2014 and the Report of the Directors and the Independent Auditors' Report.		
<b>Resolution 2</b>	To approve a final tax-exempt (one-tier) dividend of 3.0 cents per ordinary share for the year ended 31 March 2014.		
<b>Resolution 3</b>	To approve a special tax-exempt (one-tier) dividend of 2.0 cents per ordinary share for the year ended 31 March 2014.		
<b>Resolution 4</b>	To re-elect Mr Loh Kai Keong as a director of the Company.		
<b>Resolution 5</b>	To re-elect Mr Godfrey Ernest Scotchbrook as a director of the Company.		
<b>Resolution 6</b>	To re-elect Mr Wong Fong Fui as a director of the Company.		
<b>Resolution 7</b>	To re-elect Mr John Lim Kok Min as a director of the Company.		
<b>Resolution 8</b>	To approve the payment of directors' fees of \$318,000 for the year ended 31 March 2014.		
<b>Resolution 9</b>	To approve directors' fees of up to \$321,000 for the year ending 31 March 2015, payable quarterly in arrears.		
<b>Resolution 10</b>	To re-appoint Messrs PricewaterhouseCoopers LLP as auditors of the Company and to authorise the directors to fix their remuneration.		
<b>Resolution 11</b>	To authorise the directors to allot and issue shares pursuant to Section 161 of the Singapore Companies Act.		
<b>Resolution 12</b>	To authorise the directors to grant awards and issue shares pursuant to the Boustead Restricted Share Plan 2011.		
<b>Resolution 13</b>	To authorise the directors to allot and issue shares pursuant to the Boustead Scrip Dividend Scheme.		

(Please indicate with a cross "X" in the spaces provided whether you wish your vote/votes to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, your proxy/proxies may vote or abstain as he/she thinks fit.)

Signed this      day of      2014

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

Total number  
of shares held



# PROXY FORM

## BOUSTEAD SINGAPORE LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 197501036K)

### Notes:

1. A member of the Company entitled to attend and vote at the above meeting may appoint one or two proxies to attend and vote in his/her stead. Such proxies need not be a member of the Company.
2. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. This instrument of proxy must be signed by the appointer or his/her duly authorised attorney or, if the appointer is a body corporate, signed by a duly authorised officer or its attorney or affixed with its common seal thereto.
4. A body corporate which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Singapore Companies Act to attend and vote for and on behalf of such body corporate.
5. This instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company at 82 Ubi Avenue 4, #08-01 Edward Boustead Centre, Singapore 408832 not less than 48 hours before the time fixed for holding the Annual General Meeting ("AGM").
6. Please insert in the space provided the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Singapore Companies Act), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument of proxy shall be deemed to relate to all the shares held by you.
7. The Company shall be entitled to reject an instrument of proxy if it is incomplete, not properly completed, or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of a member whose shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have shares entered against his/her name in the Depository Register as at 48 hours before the time fixed for holding the above AGM, as certified by CDP to the Company.
8. Agent Banks acting on the request of CPF Investors who wish to attend the AGM as Observers are required to submit in writing, a list with details of the investor's name, NRIC/Passport number, addresses and number of shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the Secretary's Office at 82 Ubi Avenue 4, #08-01 Edward Boustead Centre, Singapore 408832, not less than 48 hours before the time fixed for holding the AGM.



**BOUSTEAD SINGAPORE LIMITED**

Company Registration No.: 197501036K

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