

BUILDING ON OUR
STRENGTHS



BBR HOLDINGS (S) LTD
ANNUAL REPORT 2011

OUR MISSION

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

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

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





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CORPORATE PROFILE

Our Company

BBR Holdings (S) Ltd (“BBR”) was listed on the Singapore Stock Exchange in 1997 and was subsequently transferred to the Mainboard of the Singapore Exchange Securities Trading Limited in September 2006. The BBR Group currently has business presence in key markets such as Singapore, Malaysia, Thailand, Philippines and Korea.

Our History

Incorporated in 1993 in partnership with the Switzerland-based BBR Network, BBR commenced operations in 1994 under its previous name, BBR Construction Systems Pte Ltd. It was established as part of a global strategy to form a worldwide network whereby BBR Network grants access to the latest technical know-how, resources and the exchange of information on a broad scale and within international partnering alliances.

The BBR Network was founded in 1944 when three Swiss engineers, Brandestini, Birkenmaier and Ros, formed a partnership under the name BBR Bureau. Today, the BBR Network comprises a worldwide network of affiliated companies, joint ventures and franchisees that offer specialist construction engineering activities spanning some 50 countries from around the world.

In 2001, Singapore Piling & Civil Engineering Private Limited and its wholly owned subsidiary company, Singa Development Pte Ltd, was integrated into the BBR Group. Singapore Piling & Civil Engineering Private Limited was incorporated in 1970 and is registered with the Building and Construction Authority of Singapore under A1 classification for both Building (CW01) and Civil Engineering (CW02). Singa Development Pte Ltd, another company actively involved in general construction works, has a B1 and C3 classification for CW01 and CW02, respectively. Since 1984, A1 is the highest classification of registration under Building and Construction Authority that enables the company to tender for public sector contracts of unlimited value.

To build up its strength and business in bored piling specialist works, the Group has set up BBR Piling Pte Ltd on 1 January 2010. We have been recognised through the years for our specialist know-how in piling works, which used to be housed under Singapore Piling & Civil Engineering Private Limited.

Property development is highly synergetic to the Group’s broad construction activities. After completing its maiden development in 2003, it went on to develop other up-market projects from 2006. Following a corporate reorganisation in 2010, the property development division is currently housed under BBR Development Pte Ltd.

Our Activities

Responsible for expanding the activities of the BBR Network in the Asia Pacific region, the BBR Group currently has business presence in key markets in South-east Asia and Korea. Through close collaboration with the BBR Network, the BBR Group is able to tap their technical know-how, expertise and resources to provide clients with innovative structural engineering solutions and a wide spectrum and integrated range of construction services.

OUR PRINCIPAL ACTIVITIES

General Construction

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

Property Development

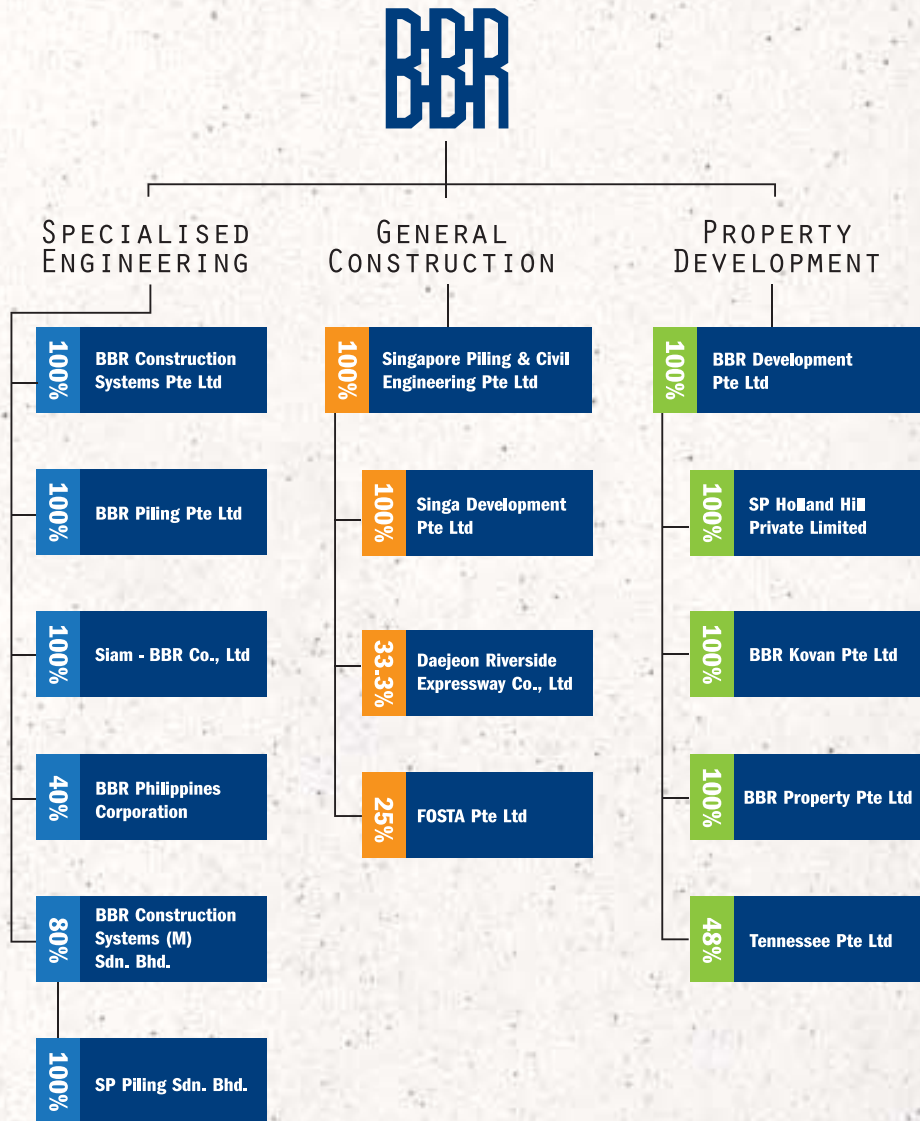
- Boutique developer focusing on developing residential properties

Specialised Engineering

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



CORPORATE STRUCTURE



CHAIRMAN'S MESSAGE

Prof Yong Kwet Yew



Independent Non-Executive Director
and Chairman of the Board

Dear Shareholders,

The past year has been a good year for BBR Holdings (S) Ltd ("BBR") despite the turbulence and uncertainties from the global economic climate, and the cooling measures introduced by the Singapore government in the property sector. The Group has done well and doubled its revenue and attained higher profits.

We are building on our strengths as an established company with three core business activities - General Construction, Specialised Engineering and Property Development. Our aim remains - to position our company effectively by strengthening our capabilities in order to compete in the domestic building, civil engineering and property markets.

The Group seeks to provide clients with innovative structural engineering solutions by leveraging on our strengths, such as expertise in high specification construction methods, Swiss parentage, strong track record, established reputation and a dynamic management team. BBR will continue to exploit opportunities in new markets so as to further expand our geographical presence, and also intensify efforts to bid for both building and infrastructure projects in the region.

Our strong financial performance demonstrates that with a steady base of projects, proven track record and expertise, and a strong commitment to service quality, the Group can have a winning formula in a highly competitive market.

PERFORMANCE REVIEW

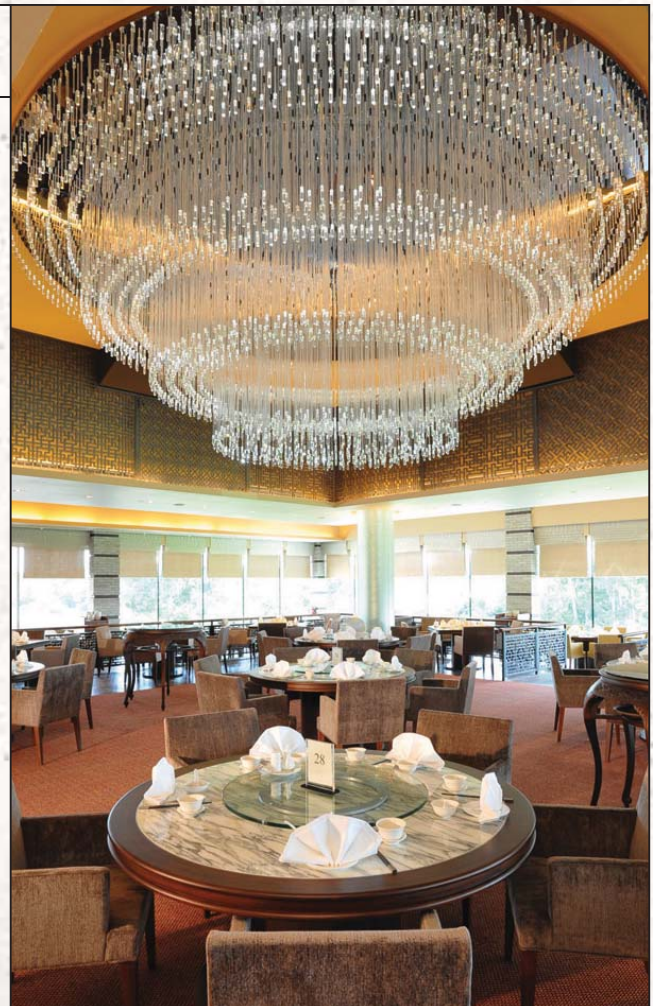
On behalf of the Board, I am pleased to report that the Group has performed well in the financial year ended 31 December 2011. BBR's net profit attributable to shareholders rose by 3 per cent to \$20.1 million and revenue increased by 101 per cent to \$413.3 million, compared to the previous financial year. In line with the increase in profits, earnings per share was 3 per cent higher at 6.57 Singapore cents against 6.36 Singapore cents a year ago.

The higher revenue achieved was mainly attributable to revenue contribution from various general construction projects, which were in their active stage of construction, and from revenue progressively recognised since first quarter of 2011 from Lush on Holland Hill, a property development project.

In tandem with the growth in revenue, gross profit increased by 32 per cent to \$41.7 million compared to \$31.6 million in the previous year. However, gross profit margin of 10 per cent was lower than the gross profit margin of 15 per cent recorded previously, mainly due to different project mix. Project margins had also been affected by rising cost of construction components such as concrete and steel, and manpower costs.

The Group's share of results from its associates decreased to \$1.9 million from \$7.6 million in the previous corresponding year. Profits from associates relate mainly to the Group's share of profit from properties held for sale at 8 Nassim Hill.

Singapore and Malaysia continued to be the main revenue contributors, with revenue from Singapore jumping 114 per cent to \$386.3 million, and Malaysia up 8 per cent to \$27.0 million compared to the previous year.



Singapore Island Country Club at Island Club Road

FINANCIAL POSITION

The Group believes that its solid business model and sound fundamentals have enabled BBR to build on its strengths and stay focus in its business. The Group maintained its strong financial position backed by net assets of \$98.3 million, and net asset value per share was 31.7 Singapore cents.

Investments in associates decreased to \$15.0 million from the previous year's \$22.7 million, after Tennessee Pte Ltd ("Tennessee") distributed dividends in the first half of 2011. The value of development properties rose to \$138.2 million as at 31 December 2011 from \$77.0 million a year ago. This was due largely to acquisition of land for development of Bliss@Kovan at Simon Lane, and costs for ongoing construction at Lush on Holland Hill, which were partially offset by progressive payments received for sold units at the two development properties.

Trade receivables, current and non-current, decreased by \$3.3 million to \$54.6 million compared to \$57.9 million in the previous year, as trade collections were relatively prompt up to 31 December 2011. Other receivables, including non-current portion, decreased significantly from \$11.4 million at end 2010 to \$2.6 million as at end 2011 after Tennessee repaid a shareholders' loan to the Group.

Cash and cash equivalents increased by \$7.0 million to \$51.9 million from \$44.9 million a year ago, mainly from dividends received and repayment of a shareholders' loan from Tennessee. Cash inflows were partially offset by payments (net after borrowings) for the purchase of the development property at Simon Lane, prepayments in respect of early settlement for property development term loan, purchases of leasehold land and construction equipment, and dividends paid to shareholders.



Singapore Island Country Club at Island Club Road

CHAIRMAN'S MESSAGE

Current and non-current trade and other payables decreased to \$57.8 million from \$63.8 million in the previous year because certain major general construction projects were nearing completion and project costs had been substantially paid to suppliers and subcontractors.

Net amounts due to customers for work-in-progress decreased to \$13.8 million as at end 2011 from \$29.0 million a year ago. This was attributable to increasing stages of completion for certain major projects, which have been translated into revenue and costs recognition.

Total bank loans and borrowings increased by \$54.0 million to \$108.9 million as at end 2011. This was mainly due to an increase in borrowings of \$68.8 million for the purchase of the development property at Simon Lane and was partially offset by prepayments of an existing term loan.

DIVIDEND PAYOUT

The Board of Directors has proposed a one-tier tax-exempt first and final dividend of 0.8 cent per share. This works out to a dividend payout ratio of 12 per cent.

INDUSTRY OUTLOOK

In 2012, the global economic outlook appears uncertain with the United States' slow recovery, unstable debt woes in Europe and slower growth in Asian economies due to external factors affecting export performance. The Singapore Ministry of Trade and Industry's ("MTI") statistics showed that the Singapore economy expanded by 4.9 per cent for 2011. For 2012, it forecasts that Singapore's gross domestic product growth will be at 1.0 to 3.0 per cent, reflecting a slowdown in the economy.

According to the Building and Construction Authority's forecast, the overall construction demand will be between \$21.0 billion and \$27.0 billion for 2012. The public sector projects are expected to sustain construction demand. Public sector construction orders are expected to contribute between \$13.0 billion and \$15.0 billion, with civil engineering works accounting for between \$4.6 billion and \$5.7 billion. The support is likely to come from the continued strong demand from public housing developments and construction demand for institutional buildings and civil engineering projects.

Major public sector projects likely to be awarded in 2012 include JTC's Medical Technology Hub at Tukang Innovation Grove; Yale-NUS College at University Town; expansion of Kallang Paya Lebar Expressway (KPE)/ Tampines Expressway (TPE) Interchange; and extension and reconstruction of Newton Flyover.



Bliss@Kovan

The private sector construction demand may soften to between \$8 billion and \$12 billion in 2012. Private residential building construction demand is projected to drop to between \$3.4 billion and \$4.8 billion in 2012, in view of the current subdued property market sentiments. For 2013 and 2014, the average construction demand is projected to range between \$19 billion and \$27 billion per annum. The public sector construction demand is likely to reach between \$12 billion and \$15 billion a year in 2013 to 2014, with about 60 per cent of the total demand coming from building projects while the remaining 40 per cent of demand will come from civil engineering projects.

While construction demand in Singapore appears to be healthy, the global economic outlook is expected to remain subdued with major Asian economies also likely to see slower growth, according to the MTI. It is maintaining its 2012 economic growth forecast at between 1.0 and 3.0 per cent. In view of the estimated moderate growth in the Singapore economy, increasing local and foreign competition and expected increase in labour and material costs, the outlook for the construction industry is expected to be challenging in the next 12 months.

As for the property market, the Singapore government has implemented a number of cooling measures over the past two years to address concerns over soaring property prices, and dampen investment demand and speculative buying behaviour. These new measures include restrictions on concurrent home ownership, changes to seller's stamp duty charges, and the tightening of rules on second home purchases. These new rulings have made a substantial impact on the property market in the immediate and short-term.



LOOKING AHEAD STRATEGICALLY

In the light of the slower economic climate globally and in Singapore, the Group will continue to focus on building its strengths and core business. It will do this by leveraging on its strong track record and expertise in building construction and civil engineering to secure more public sector projects. BBR expects construction demand in Singapore to continuously drive its revenue in the near term and will bid for more public sector projects locally.

It will also explore ways of improving productivity by enhancing cost effectiveness and optimise its efficiency in the management of potential and on-going projects. The Group will continue to monitor and study the property market before undertaking any new projects.

BBR has an order book of approximately \$590 million to date with projects going until 2015. These projects comprised mainly civil engineering and building contracts in Singapore and Malaysia.



Common Services Tunnel Phase 3A in Marina Bay, Singapore

A NOTE OF THANKS

On behalf of the Board, I would like to express my deepest thanks for the invaluable support of our shareholders, clients, business partners, subcontractors, and suppliers. We are grateful for the continued partnership and support from all of you.

Our heartfelt appreciation also goes to the staff and management team for their hard work, commitment and dedication for they have helped BBR to excel and succeed in many ways.

Last but not least, I would also like to place on record my sincere thanks to our Board of Directors. They have contributed greatly to the Group with their invaluable experience and counsel. I also take this opportunity to

thank Dr Pietro Brenni, who has stepped down as Alternate Director for his contributions since April 2009, and welcome Mr Marcel Poser, who was appointed as Alternate Director on 4 August 2011. We look forward to his expertise and professional advice.

The immediate economic climate is not promising but with all of your support, I believe we can build on our strengths and expertise and move with optimism and confidence to meet the challenges ahead.

Prof Yong Kwet Yew

Independent Non-Executive Director and Chairman of the Board

CEO'S BUSINESS REVIEW

Tan Kheng Hwee Andrew



Executive Director and
Chief Executive Officer

BBR Holdings (S) Ltd ("BBR") had a successful year in 2011 and posed good financial results. This positive performance was achieved in the midst of the uncertain global economic outlook and the Singapore government's measures to cool the property market. Indeed, the uncertainties from the sovereign debts in Europe, slow economic recovery in the United States, softening of China's economy and the Singapore government's curbs in the property sector had posed many challenges to BBR. The Group remains cautious and nimble in order to effectively manage these obstacles for the foreseeable future.

To date, its order book remains healthy with approximately \$590 million worth of projects going on until 2015. The majority of the projects are civil engineering and building contracts in Singapore and Malaysia.

During the year, BBR has been building on its strengths as an established company focusing on three core business activities - General Construction, Specialised Engineering and Property Development.

The Group leverages on its strengths which include BBR's expertise in high specification construction methods, Swiss parentage, strong track record, established reputation and dynamic management team. These strengths have enabled BBR to attain a steady base of projects from both the public and private sectors through the years.



Putrajaya Bridge, Malaysia

GENERAL CONSTRUCTION

The Group's general construction business involves design-and-build, general building construction, and civil structural engineering.

Its general construction activities are mainly undertaken through its wholly-owned subsidiary, Singapore Piling & Civil Engineering Private Limited ("Singapore Piling"). With a 40-year track record, it has been registered with the Building and Construction Authority of Singapore under the "A1" classification for both Building (CW01) and Civil Engineering (CW02). Since 1984, A1 is the highest classification of registration under Building and Construction Authority that enables the company to tender for public sector contracts of unlimited value.

Singapore Piling's wholly owned subsidiary company, Singa Development Pte Ltd, which is another company actively involved in general construction works, has a B1 and C3 classification for CW01 and CW02, respectively. Both subsidiaries are well recognised for their experience and quality standards, which have contributed to our success in securing projects.

To date, the Group has won several civil engineering and building projects from both the public and private sectors. These include:

- a \$48.3 million contract secured from Yang Kee Holdings Pte Ltd to construct Phase 2 of the Yang Kee Logistics & Chemical Hub at Jurong Pier Road scheduled for completion in the fourth quarter of 2012;



- a \$79.8 million contract secured from the Land Transport Authority to widen Keppel Viaduct targeted to be completed in the first half of 2015;
- a \$413.8 million construction contract awarded to a joint venture, Takenaka–Singapore Piling Joint Venture by the National Heritage Board to restore two iconic heritage monuments in the heart of the Civic District, the former Supreme Court and the adjacent City Hall targeted for completion in the second half of 2014. Singapore Piling has a 25 per cent share in the joint venture;
- a \$129.8 million contract from the Urban Redevelopment Authority to construct Phase 3B (MC02) of the Proposed Common Services Tunnel at Marina Bay targeted for completion in the second half of 2014;
- a Land Transport Authority contract worth \$81.5 million to design and construct the Tai Seng Facility Building for the Downtown Line Project with completion in November 2014;
- a \$104.2 million contract from the Housing and Development Board to build seven blocks of flats in Yishun Neighbourhood 4 to be delivered in 2012; and
- a \$179 million contract from the Housing and Development Board to build 1,386 new homes in Pasir Ris Neighbourhood 5 due to be completed in second quarter 2014.

Among the Group's three business segments, general construction continued to be the main revenue generator with \$243.2 million and 59 per cent of total revenue. In the previous financial year, general construction contributed \$144.1 million and 70 per cent of total revenue. Profit before tax from this business decreased to \$6.6 million during the year from \$9.1 million in the previous financial year. This was due mainly to lower profit margins from ongoing projects as a result of rising cost of construction components such as concrete and steel, and higher manpower costs.



Common Services Tunnel Phase 3A in Marina Bay, Singapore

CEO'S BUSINESS REVIEW

SPECIALISED ENGINEERING

BBR's specialised engineering business involves piling and foundation systems, post-tensioning, stay cable systems, heavy lifting, bridge design and construction, and maintenance repair and retrofitting.

BBR is able to provide its clients with innovative structural engineering solutions because it has access to the latest engineering and construction technology, engineering methods and techniques developed locally for the regional markets through the Swiss-based BBR Network.

The BBR Network was founded in 1944 when three Swiss engineers, Brandestini, Birkenmaier and Ros, formed a partnership under the name BBR Bureau. Today, the BBR Network comprises a worldwide network of affiliated companies, joint ventures and franchisees that offer specialist construction engineering activities spanning some 50 countries from around the world. This network is recognised as the leading group of specialised engineering contractors in the field of post-tensioning, stay cables and related construction engineering.

The network offers the latest internationally acclaimed and approved post-tensioning technology. It covers current market needs throughout the world and suits all applications. In the case of stay cables, many of the most dramatically beautiful architectural designs have been realised with the use of state-of-the-art BBR stay cable technology in more than 400 projects worldwide. In addition, the network has extensive experience of construction methods, such as heavy lifting, launching, balanced cantilever and advanced shoring. Thus, the Group has access to the latest technical know-how, resources and exchange of information on a broad scale and within international partnering alliances.

In Singapore, BBR is involved in numerous post-tensioning projects across the island and has secured many jobs from the Housing and Development Board to strengthen void deck columns of residential buildings using polymer fibre wrapping. Across the causeway, the Group is involved in post-tensioning works for numerous bridge projects. Currently, it is working on two major contracts totalling RM76.45 million to construct and complete the facilities works for the Kelana Jaya LRT Line Extension Project, Packages A and B, in Kuala Lumpur, Malaysia.

Bored piling works is another activity under specialised engineering. In this area, BBR has carried out many bored piling activities for condominiums, commercial buildings and in-house projects.

Revenue from specialised engineering amounted to \$78.9 million and contributed 19 per cent of the Group's revenue for 2011. In the previous financial year, specialised engineering contributed \$61.6 million and 30 per cent of total revenue. Its profit decreased to \$8.6 million compared to \$10.3 million a year ago due mainly to higher depreciation expenses from bored piling equipment purchased during the year.



Prestressing in progress



Bored piling works



Bliss@Kovan

PROPERTY DEVELOPMENT

The Group's strategy in its property development business is to focus as a boutique developer of residential properties. Since its move into the property market in 2006 in order to diversify and strengthen its revenues, property development has made good progress and contributed significantly to the Group's performance.

Currently, the Group is involved in three condominium projects - Lush at Holland Hill, Bliss@Kovan and 8 Nassim Hill.

- Lush at Holland Hill is a freehold development with 56 spacious units in two 12-storey blocks. Completion is scheduled for end 2013.
- Bliss@Kovan is another freehold site to be developed into a five-storey condominium with superior design elements consisting of 140 units. Located at Simon Lane, it was launched in the second half of 2011 and is scheduled to be completed at end 2015.
- 8 Nassim Hill is an upmarket freehold development comprising 16 super luxury triplex units with basement car parks completed in 2010. Each unit has an average area of 4,000 to 6,000 square feet and is spread over three stories with a private pool, private garden and balconies. 8 Nassim Hill is a property developed by Tennessee Pte Ltd, an associated company which was formed through a joint venture with Shing Kwan (Pte) Ltd. in 2006 with the Group holding 48 per cent equity interest.

Property development has started to make contributions to total revenue over the past year, with \$91.3 million and 22 per cent of the total revenue earned. Its profit rose to \$9.1 million in 2011 compared to \$5.1 million in the previous corresponding period, attributable to profits progressively recognised since first quarter of 2011 from Lush on Holland Hill. The increase was partially offset by higher interest expense from a new term loan for its development property at Bliss@Kovan on Simon Lane, sales commission and marketing expense, and lower share of profits from 8 Nassim Hill.

Looking ahead, the Group will continue to monitor the property market and if the opportunities arise, seek to buy land for niche projects and develop residential properties in prime locations.

Tan Kheng Hwee Andrew

Executive Director and Chief Executive Officer

PROJECTS GALLERY



1] National Art Gallery, Singapore



1] National Art Gallery, Singapore



2] Keppel Viaduct, Singapore

- 1] Construction of the restoration of the former Supreme Court and City Hall buildings commenced in January 2011 shortly after the award of the \$413.8 million contract by the National Heritage Board to Takenaka–Singapore Piling Joint Venture. BBR's wholly-owned subsidiary, Singapore Piling & Civil Engineering Private Limited has a 25 per cent share in this joint venture. This project is expected to be completed in the second half of 2014.

When completed, the buildings will have three additional basements and will house the new visual arts gallery, namely the National Art Gallery, Singapore, which will be one of the region's largest. The 60,000 square metres gallery will become a creative and civic area to be enjoyed by both Singapore residents and visitors alike. It will be home to permanent and temporary art galleries, and showcase local works of art and other international exhibitions.

- 2] This is a contract worth \$79.8 million from the Land Transport Authority to widen Keppel Viaduct. Construction work has started on 18 February 2011 and is targeted to be completed in the first half of 2015. Apart from the upgrading and widening of Keppel Viaduct, the project also includes works on part of the South Quay Viaduct and ramps, the widening of city-bound Keppel Road between Telok Blangah Viaduct, and widening of Keppel Viaduct from four to five lanes. In addition, the works also include the design, construction and completion of all associated structures and facilities such as the drainage system comprising culverts and drainage system for the viaduct.



3] Common Services Tunnel Phase 3B in Marina Bay, Singapore

- 3] This is a second contract worth \$129.8 million from the Urban Redevelopment Authority to construct Phase 3B (MC02) of the proposed Common Services Tunnel ("CST-3B") at Marina Bay. Construction of this project started in May 2010 and is targeted for completion in the second half of 2014. The scope of works includes completion of the box tunnel and backfill at Sheares Avenue and Central Boulevard as well as sewerage works.

The proposed CST-3B is a purpose-built tunnel network that will house and distribute various utility services to the 360-hectare waterfront development at Marina Bay. This includes electrical and telecommunication cables, potable water pipes, Newater, district cooling pipes and a pneumatic refuse conveying system. The 20-kilometre tunnel system which is said to be the second of its kind after Japan, is constructed at an average depth of 15 metres below ground level.

BBR secured its first contract worth \$189.6 million for Phase 3A of the Common Services Tunnel in December 2007. Work on this project is nearing completion in the first quarter of 2012.

PROJECTS GALLERY



4] 17 Blocks of 13-storey HDB Flats in Pasir Ris, Singapore



5] Yang Kee Logistics & Chemical Hub at Jurong Pier, Phase 2, Singapore

4] The \$179 million contract was the second contract awarded in recent years from the Housing and Development Board to build 1,386 new homes in Pasir Ris Neighbourhood 5. Work on the 17 blocks of 13 storeys each have commenced in November 2011 and will be carried out in 13 phases. The contract also includes the construction of a multi-storey car park, supermarket and childcare centre and shophouses. Hardscape and soft landscape works such as a precinct pavilion, pergola, shelter, site works and civil engineering works will also be undertaken. Completion is targeted to be around June 2014.

5] This is a design-and-build contract worth \$48.3 million from Yang Kee Holdings Pte Ltd for Phase 2 of the Yang Kee Logistics & Chemical Hub located at Jurong Pier. The project involves the design and building of a 10-storey warehouse with an eight-storey ancillary office administration block, including foundation works, mechanical and engineering services, steel structural roof system and ancillary external works. Work on the project has started and is scheduled for completion in the fourth quarter of 2012. BBR has recently completed Phase 1 of the Hub, which was secured in 2010 for \$42 million. It comprised a five-storey warehouse building with drive-up ramps serving each floor.



6] Tai Seng Facility Building for Downtown Line Project, Singapore



7] Kelana Jaya LRT Line Extension Project in Malaysia

6] The new Tai Seng Facility (“TSF”) Building is located at the north of Defu Lane 11 between Hougang Avenue 3 and Airport Road. This contract worth \$81.5 million is awarded by the Land Transport Authority, and involves the design and construction of the TSF Building in connection with the Downtown Line Project. Work on this project has been on-going since June 2010 and it is scheduled for completion in November 2014. Upon completion, the TSF Building will provide maintenance, operation and staff facilities for the Downtown Line Project and will comprise a train car delivery and access shaft, train workshops for maintenance and inspection, train wash bay and other facilities necessary to support the smooth operation of the railway.

7] Two projects comprising Packages A and B, totalling RM76.5 million were awarded in February 2011 and February 2012, respectively to construct and complete the facilities works for the Kelana Jaya (“KLJ”) LRT Line Extension Project in Kuala Lumpur, Malaysia. The projects involve mainly the segmental launching and post-tensioning works for the construction and completion of facilities works for KLJ LRT Line Extension Project. The KLJ LRT Line is a medium-capacity rail transport system and one of the three rail transit lines of the Kuala Lumpur Rail Transit System operated by RapidKL Rail network. The other two rail transit lines are the Ampang Line and Monorail Line.

When completed, the 17.3 km KLJ LRT Line Extension, comprising Package A (9.2 km) and Package B (8.1 km) will operate as a single line from the existing Kelana Jaya rail line to Gombak. The line will serve the Petaling Jaya region to the south, south-west and central Kuala Lumpur, and various low density residential areas further north in Kuala Lumpur. The existing 29 km Kelana Jaya rail line was completed in 1999 and also used BBR post-tensioning systems. Work for Packages A and B are expected to be completed by end 2012 and July 2013, respectively.

PROJECTS GALLERY



8] Bliss@Kovan, Singapore

- 8] This 98,063 square feet freehold land at 2A/B/C/D Simon Lane currently houses Goodrich Park Condominium and BBR is developing it to a five-storey low-rise condominium project comprising 140 homes of one to three bedroom units. Nestled in a quiet neighbourhood of landed properties and located in close proximity to the Kovan MRT Station which is about 360 metres away, the site is also easily accessible from the Tampines Expressway. Food outlets and other amenities are conveniently available along Upper Serangoon Road, and at Heartland Mall at Kovan Town Centre and the Nex Mall at Serangoon Central. The architect for this latest project is award-winning LOOK Architects, who recently clinched the President's Design Award Singapore 2009 - Designer of the Year. TOP is expected to be obtained by 31 December 2015, latest. The development project was launched in September 2011 and to date, approximately 55 per cent have been sold.



9] Lush On Holland Hill in Singapore's District 10



10] 8 Nassim Hill, Singapore



9] Lush On Holland Hill in Singapore's District 10

9] All 56 units at Lush on Holland Hill have been sold. This 53,094 square feet freehold site at No. 19 and 21 Holland Hill is being developed into 56 modern, spacious homes consisting of two, three and four-bedroom units and penthouses in two towering 12-storey blocks, which are set amidst lush landscaping. The property is just minutes away from Orchard Road and Singapore Botanic Gardens. Temporary occupation permit ("TOP") is expected to be obtained by 31 December 2013, latest.

10] This prime freehold property comprises 16 super luxury triplex units on a land area of 34,854 square feet. Each three-storey unit, at a generous average size of 4,000 to 6,000 square feet, is fitted with its own pool, private garden and balcony. This creates the sense of living in a landed property but will have all the security features and conveniences of an exclusive condominium on Nassim Hill. This project is a joint venture between Shing Kwan (Pte) Ltd and BBR. To date, 9 units have been sold.

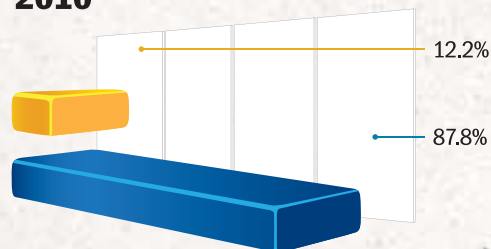
FINANCIAL HIGHLIGHTS

5-Year Financial Summary		2007	2008	2009	2010	2011
Revenue	\$'000	204,074	253,899	205,390	205,771	413,323
Gross Profit	\$'000	14,402	15,525	20,608	31,554	41,674
Profit Before Tax	\$'000	5,133	3,868	15,694	22,154	23,060
Profit After Tax (PAT)	\$'000	4,555	3,741	13,663	20,013	20,367
Profit Attributable To Equity Holders Of The Company	\$'000	4,467	3,652	13,352	19,564	20,120
Earnings Per Share (note 1)	Cents	1.45	1.18	4.35	6.36	6.57
Dividend Per Share	Cents	–	–	0.6	0.6	0.8
Dividend Payout	%	–	–	13.9%	9.4%	12.2%
Net Assets (NAV)	\$'000	44,837	48,720	62,522	80,642	98,314
NAV Per Share (note 1)	Cents	15.13	15.81	20.28	25.90	31.73
Net Debt To Equity (note 2)	%	111.1%	79.0%	13.9%	12.5%	58.0%
Return On Equity (note 3)	%	10.2%	7.7%	21.9%	24.8%	20.7%
Return On Total Assets (note 4)	%	2.5%	1.8%	6.5%	8.0%	6.8%

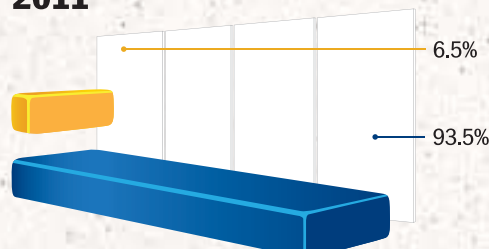
Revenue By Business Segment (\$'000)	2007	2008	2009	2010	2011
General Construction	162,539	212,594	166,225	144,140	243,168
Specialised Engineering	41,535	41,305	39,146	61,603	78,871
Property Development	–	–	–	–	91,256

Revenue By Geographical Segment (\$'000)	2007	2008	2009	2010	2011
Singapore	157,598	228,534	188,070	180,734	386,336
Malaysia	25,618	19,882	15,637	25,037	26,987
Thailand	358	1,220	–	–	–
Sri Lanka	20,500	4,263	1,683	–	–

2010



2011



■ Singapore ■ Malaysia

Note:

¹ Computation based on theoretical post-consolidated number of shares (FY2007 - FY2009) and exclude treasury shares

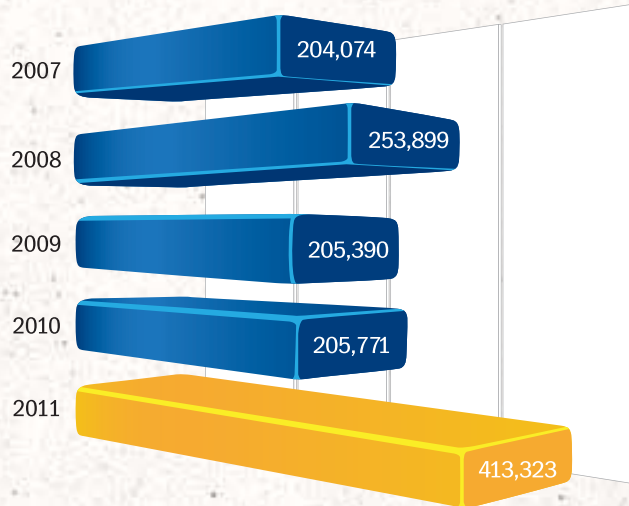
² Net Debt to Equity = Long term and short term borrowings less cash divided by shareholders' equity

³ Return on Equity = PAT divided by shareholders' equity

⁴ Return on Total Assets = PAT divided by total assets

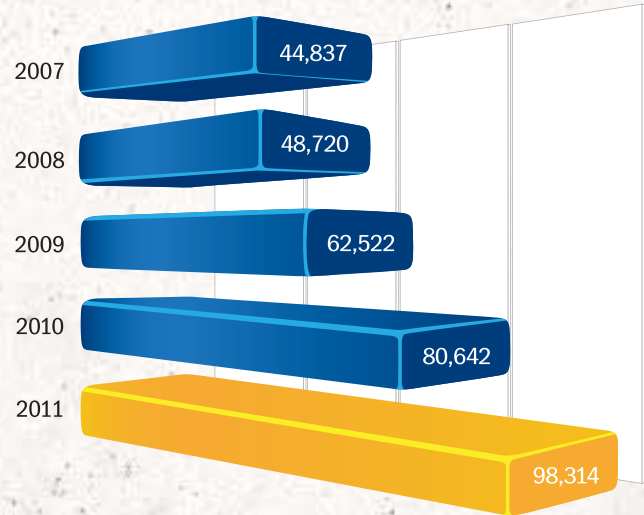
Revenue

\$'000



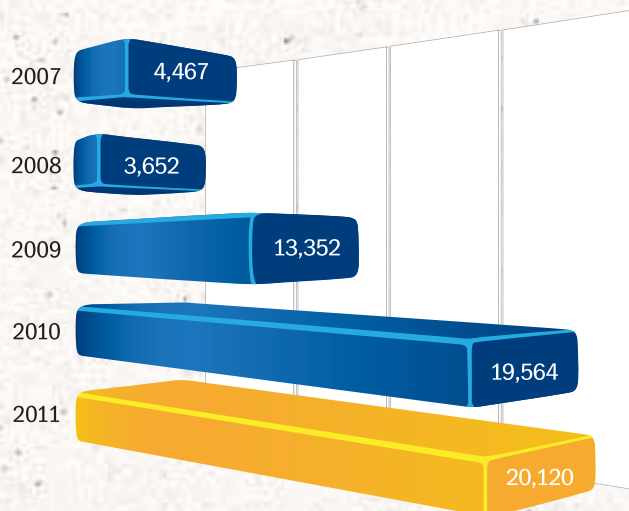
Net Assets

\$'000



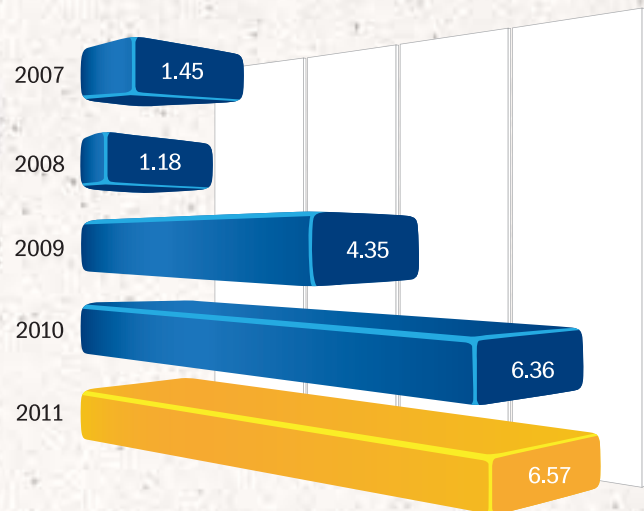
Profit Attributable To Equity Holders Of The Company

\$'000



Earnings Per Share

Cents



BOARD OF DIRECTORS



[1] Prof Yong Kwet Yew

[2] Mr Bruno Sergio Valsangiacomo

[3] Mr Tan Kheng Hwee Andrew

1] Prof Yong Kwet Yew

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

Prof Yong Kwet Yew was appointed a Director of BBR Holdings (S) Ltd on 19 August 1997. He serves as Chairman of the Board, Chairman of the Nomination, Remuneration and BBR Share Plan Committees as well as a member of the Audit Committee. He is a Professor of Civil Engineering and Vice President (Campus Infrastructure) at the National University of Singapore. He has conducted extensive research in the field of deep excavation, deep foundation, ground improvement and land reclamation techniques and has published more than 200 technical papers. He has also served as a consultant to government agencies as well as local and international companies on over 100 major construction projects in Singapore, China and the region.

Prof Yong is the Chairman of the Association of Geotechnical Societies in South-east Asia and chairs several government advisory committees and professional committees. He is a Fellow of the Institution of Engineers and an Accredited Adjudicator, Singapore Mediation Centre. He is also a Board Member and Executive Committee Member of the Land Transport Authority of Singapore, and Non-Executive Chairman of Tritech Group Ltd. For significant contributions to land transport development, he was awarded the Public Service Star in the National Day Awards 2008.

2] Mr Bruno Sergio Valsangiacomo

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

Mr Bruno Sergio Valsangiacomo was appointed a Director of BBR Holdings (S) Ltd on 11 February 1997. He serves as a member of the Remuneration and BBR Share Plan Committees. He is the Chairman of BBR Holding Ltd, Switzerland and Chairman/Board member of Stahlton AG and Proceq S.A., which are member companies of the Tectus S.A. Group. He is also the Founder and Chairman of FFC Fincoord Finance Coordinators Ltd., an advisory firm based in Zurich, Switzerland.

He is a founding member and Executive Chairman of ITI Holdings S.A., Luxembourg, which controls the largest media group in Poland with business activities involving television, internet and entertainment. Mr Valsangiacomo is also the Vice Chairman of the Supervisory Board of TVN Group of Poland, a company listed on the Warsaw Stock Exchange, and a member of the Supervisory Board of other ITI Group companies. He graduated with a Bachelor of Business Administration degree.

3] Mr Tan Kheng Hwee Andrew

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

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

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



[4] Mr Peter Michael Ekberg

[5] Mr Marcel Poser

[6] Mr Soh Gim Teik

[7] Ms Luk Ka Lai Carrie

4] Mr Peter Michael Ekberg

Non-Executive Director

Mr Peter Michael Ekberg was appointed a Director of BBR Holdings (S) Ltd on 28 April 2009. He has more than 20 years of experience in accounting, finance and auditing. He is the Chief Financial Officer of the Tectus S.A. Group and serves on the boards of various Tectus S.A. Group companies including BBR Holding Ltd, Switzerland and other BBR companies. He is a graduate in business administration (lic. oec.) of the University of St. Gallen, Switzerland, and a Swiss Certified Accountant.

5] Mr Marcel Poser

Alternate Director to Mr Peter Michael Ekberg

Mr Marcel Poser was appointed an Alternate Director to Mr Peter Michael Ekberg on 4 August 2011. He started his professional career in the field of steel construction and construction engineering machinery for tunnels and bridges in Switzerland, the European Union, Asia-Pacific, Africa and the United States. In 2002, he joined the BBR Group as Project Manager, where he subsequently held the position of Chief Technical Officer. From 2006 until 2011, he spearheaded the development and formation of the BBR Network franchise as CEO of BBR VT International. In 2011, Mr Poser became CEO of the Tectus S.A. Group and currently, he is also the Chairman of BBR VT International and amongst others, on the board of directors of Proceq S.A. and BBR Holding Ltd, Switzerland.

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

6] Mr Soh Gim Teik

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

Mr Soh Gim Teik was first appointed a Director of BBR Holdings (S) Ltd on 8 August 2008. He has extensive years of experience in accounting,

finance and general management and holds a Bachelor of Accountancy degree from the then University of Singapore (now the National University of Singapore). He is currently a member of the Institute of Certified Public Accountants of Singapore (ICPAS) and a Fellow of the Singapore Institute of Directors. Besides serving as an independent director on the boards of other listed companies in Singapore, he also previously served as the Chairman of the CFO Committee of ICPAS and was a committee member of the Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC).

Apart from commercial establishments, he also holds other independent directorships and appointments in charitable and non-profit organisations.

7] Ms Luk Ka Lai Carrie (Mrs Carrie Cheong)

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

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

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

KEY EXECUTIVES



[1] Mr John Mo Kuan Sheng

[2] Mr Choo Siew Meng

[3] Mr Thomas Chiew Hock Meng

1] Mr John Mo Kuan Sheng

Executive Director, BBR Construction Systems Pte Ltd

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

Prior to joining the Group in 1994, Mr Mo worked in several construction companies from 1988 to 1993. He holds a Bachelor of Engineering (Civil) from the National University of Singapore.

2] Mr Choo Siew Meng

Executive Director, Singapore Piling & Civil Engineering Private Limited

Mr Choo Siew Meng was appointed Executive Director, Singapore Piling & Civil Engineering Private Limited on 1 March 2009. He has more than 35 years of experience in the construction industry in building, civil engineering and infrastructure works, including a stint with the Housing and Development Board from 1973 to 1977. Prior to joining the Group, he held a senior management position in Koh Brothers, where he was responsible for the overall performance of the Construction Division. Mr Choo has in-depth knowledge and experience in highly specialised civil engineering projects.

He holds an Engineering degree from the University of Singapore.

3] Mr Thomas Chiew Hock Meng

Executive Director, Singapore Piling & Civil Engineering Private Limited

Mr Thomas Chiew Hock Meng was appointed Executive Director of Singapore Piling & Civil Engineering Private Limited on 1 March 2009. He is in charge of the Building Division of the company. He has been with Singapore Piling & Civil Engineering Private Limited for more than 30 years in various capacities. He is also a Director of Singa Development Pte Ltd.

He holds a Bachelor of Applied Science in Construction Management from RMIT and a Diploma in Building from the Singapore Polytechnic.



[4] Mr Chan Tuck Meng

[5] Mr Voon Yok Lin

[6] Mr Paul Cheong Kin Foo

[7] Ms Maria Low Siew Joo

4] Mr Chan Tuck Meng

Commercial Manager, BBR Development Pte. Ltd.

Mr Chan Tuck Meng is the Commercial Manager of BBR Development Pte Ltd, where he is responsible for property development and sales and marketing of BBR Group's development properties. Prior to BBR Development Pte Ltd, he has worked in various other capacities within the BBR Group.

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

5] Mr Voon Yok Lin

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

Mr Voon Yok Lin is the Managing Director of BBR Construction Systems (M) Sdn. Bhd., where he is responsible for the overall operations and management. Prior to joining the Group in 1994, he worked in various capacities in a Malaysian construction firm, which specialises in pre-stressing construction technology.

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

6] Mr Paul Cheong Kin Foo

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

Mr Paul Cheong Kin Foo joined BBR Construction Systems (M) Sdn. Bhd. as an Accounts/ Administration Manager on 15 November 1997 and is responsible for the financial and administration matters for the company. He was appointed as a Director of BBR Construction Systems (M) Sdn. Bhd. on 4 January 2007. Prior to joining the Group, he worked for about 15 years in the trading, manufacturing and services industries.

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

7] Ms Maria Low Siew Joo

Chief Financial Officer

Ms Maria Low Siew Joo joined BBR Holdings (S) Ltd as Deputy Chief Financial Officer on 9 September 2009 and was appointed the Chief Financial Officer in December 2009. She is responsible for all financial matters within the Group. Prior to joining the Group, she was the General Manager, Finance of Portek International Ltd.

She holds a Bachelor of Accountancy degree from the National University of Singapore and is a Certified Public Accountant with the ICPAS, Singapore.

CORPORATE INFORMATION

Board Of Directors

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

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

Mr Bruno Sergio Valsangiacomo
Non-Executive Director
BBA

Mr Peter Michael Ekberg
Non-Executive Director
BBA

Mr Marcel Poser
Alternate Director to Mr Peter Michael Ekberg
(Appointed on 4 August 2011)
M.Sc. Eng./Dipl.Ing. SIA

Ms Luk Ka Lai Carrie
Independent Director
MBA, ACCA, ACIS, Dip MA, MSID, MSIM

Mr Soh Gim Teik
Independent Director
BAcc

Audit Committee

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

Nomination Committee

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

Remuneration Committee

Prof Yong Kwet Yew (Chairman)
Mr Bruno Sergio Valsangiacomo

BBR Share Plan Committee

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

Investment Committee

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

Company Secretary

Ms Chiang Chai Foong
ACIS

Registered Office

50 Changi South Street 1
BBR Building
Singapore 486126
Tel : (65) 6546 2280
Fax : (65) 6546 2268

Website

www.bbr.com.sg
Email : enquiry@bbr.com.sg

Share Registrar

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

Auditors

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

Bankers

Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd
United Overseas Bank Limited
Malayan Banking Berhad
RHB Bank Berhad
Standard Chartered Bank
The Hongkong & Shanghai Banking Corporation Limited
Hong Leong Finance Limited
AFC Merchant Bank
CIMB Bank Bhd

FINANCIAL CONTENTS

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DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of BBR Holdings (S) Ltd ("the Company") and its subsidiaries (collectively, "the Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2011.

Directors

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

Yong Kwet Yew	(Non-Executive Chairman)
Tan Kheng Hwee Andrew	(Executive Director and Chief Executive Officer)
Bruno Sergio Valsangiacomo	
Luk Ka Lai Carrie	
Soh Gim Teik	
Peter Michael Ekberg	
Marcel Poser	(Alternate Director to Peter Michael Ekberg; appointed on 4 August 11)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below :

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
The Company				
BBR Holdings (S) Ltd				
Ordinary shares				
Tan Kheng Hwee Andrew	16,600,474	16,600,474	228,400	228,400
Bruno Sergio Valsangiacomo	–	–	85,632,978	85,632,978
Peter Michael Ekberg	150,000	150,000	–	–
Contingent award of performance shares to be delivered after 2011				
Tan Kheng Hwee Andrew	–	250,000	–	–

DIRECTORS' REPORT

(CONT'D)

Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2012.

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

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

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The BBR Share Plan

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

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

- (a) the motivation of each participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) the retention of key executives and directors of the Group whose contributions are important to the long-term growth and profitability of the Group;
- (c) to instil loyalty to, and a stronger identification by employees with the long term prosperity of the Group;
- (d) to make employee remuneration sufficiently competitive to recruit and retain employees with relevant skills to contribute to the Group and to create value for the shareholders; and
- (e) to align the interests of the participants with the interests of the shareholders.

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

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

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

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

DIRECTORS' REPORT

(CONT'D)

The BBR Share Plan (cont'd)

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

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

Name of participant	Granted in financial year ended 31.12.11	Aggregate granted since commencement of Plan to 31.12.11	Released in financial year ended 31.12.11	Aggregate released since commencement of Plan to 31.12.11	Aggregate outstanding as at 31.12.11
Director of the Company – Tan Kheng Hwee Andrew	250,000	250,000	–	–	250,000
Key management and executives of the Group	920,000	920,000	–	–	920,000
As at 31 December 2011	1,170,000	1,170,000	–	–	1,170,000

The performance shares granted will be released via two equal tranches in 2012 subject to the completion of service and achievement of prescribed performance targets.

Audit committee

The Audit Committee (“AC”) carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50., including the following :

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

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

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

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

DIRECTORS' REPORT (CONT'D)

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors,

Tan Kheng Hwee Andrew
Executive Director and Chief Executive Officer

Luk Ka Lai Carrie
Non-Executive Director

26 March 2012

STATEMENT BY DIRECTORS

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

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

On behalf of the board of directors,

Tan Kheng Hwee Andrew
Executive Director and Chief Executive Officer

Luk Ka Lai Carrie
Non-Executive Director

26 March 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BBR HOLDINGS (S) LTD

Report on the financial statements

We have audited the accompanying financial statements of BBR Holdings (S) Ltd ("the Company") and its subsidiaries (collectively, "the Group") set out on pages 32 to 94, which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the statements of changes in equity of the Group and the Company and the statement of comprehensive income and statement of cash flow of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal Regulatory Requirements

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Notes	2011 \$'000	2010 \$'000
Revenue	4	413,323	205,771
Cost of sales		(371,649)	(174,217)
Gross profit		41,674	31,554
Other operating income	5	2,285	3,950
Other income/(expense)		505	(701)
Administrative costs		(7,565)	(4,655)
Other operating costs		(14,023)	(12,724)
Finance costs	6	(1,684)	(2,917)
Share of results of associates		1,868	7,647
Profit before taxation	7	23,060	22,154
Income tax expense	8	(2,693)	(2,141)
Profit for the year		20,367	20,013
Other comprehensive income :			
Foreign currency translation (loss)/gain		(673)	333
Other comprehensive income for the year		(673)	333
Total comprehensive income for the year		19,694	20,346
Profit attributable to :			
Equity holders of the Company		20,120	19,564
Non-controlling interests		247	449
		20,367	20,013
Total comprehensive income attributable to :			
Equity holders of the Company		19,475	19,921
Non-controlling interests		219	425
		19,694	20,346
Earnings per share	9		
Basic earnings per share		6.57 cents	6.36 cents
Fully diluted earnings per share		6.54 cents	6.36 cents

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Notes	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-current assets					
Property, plant and equipment	10	21,254	19,449	32	69
Intangible assets	11	119	119	-	-
Other investment	12	-	-	-	-
Investments in subsidiaries	13	-	-	39,383	39,164
Investments in associates	14	14,978	22,712	92	92
Deferred tax assets	15	486	761	-	-
Trade receivables	16	7,207	5,214	-	-
Other receivables	17	1,000	-	-	-
Current assets					
Amounts due from subsidiaries	18	-	-	21,045	19,879
Development properties	19	138,225	77,015	-	-
Gross amount due from customers for contract work-in-progress	20	10,952	9,658	-	-
Inventories	21	2,839	2,443	-	-
Trade receivables	16	47,397	52,641	-	-
Other receivables	17	1,560	11,374	28	11
Pledged deposits	22	1,709	2,366	-	-
Cash and cash equivalents	22	51,882	44,864	453	2,647
		254,564	200,361	21,526	22,537
Current liabilities					
Amounts due to subsidiaries	18	-	-	10,373	10,293
Gross amount due to customers for contract work-in-progress	20	24,728	38,619	-	-
Trade and other payables	23	51,379	61,885	153	80
Other liabilities	24	4,128	4,224	455	443
Derivatives	25	420	-	-	-
Loans and borrowings	26	3,420	2,527	-	-
Income tax payables		1,654	2,138	26	24
		85,729	109,393	11,007	10,840
Net current assets		168,835	90,968	10,519	11,697
Non-current liabilities					
Trade payables	23	6,378	1,868	-	-
Derivatives	25	-	2,234	-	-
Deferred tax liabilities	15	3,664	2,041	-	-
Loans and borrowings	26	105,523	52,438	-	-
Net assets		98,314	80,642	50,026	51,022
Equity attributable to equity holders of the Company					
Share capital	27	43,966	43,966	43,966	43,966
Treasury shares	28	(601)	(252)	(601)	(252)
Share plan reserve	29	166	-	166	-
Foreign currency translation reserve		(376)	269	-	-
Retained earnings		53,857	35,576	6,495	7,308
		97,012	79,559	50,026	51,022
Non-controlling interests		1,302	1,083	-	-
Total equity		98,314	80,642	50,026	51,022

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Group	Attributable to equity holders of the Parent						
	Share capital (Note 27) \$'000	Treasury shares (Note 28) \$'000	Share plan reserve (Note 29) \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total equity \$'000
Opening balance at 1 January 2011	43,966	(252)	–	269	35,576	1,083	80,642
<u>Total comprehensive income</u>							
Profit for the year	–	–	–	–	20,120	247	20,367
Other comprehensive income for the year	–	–	–	(645)	–	(28)	(673)
Total comprehensive income for the year	–	–	–	(645)	20,120	219	19,694
<u>Contributions by and distributions to owners</u>							
Share based compensation expense	–	–	166	–	–	–	166
Purchase of treasury shares	–	(349)	–	–	–	–	(349)
Dividends paid on ordinary shares (Note 30)	–	–	–	–	(1,839)	–	(1,839)
Total transactions with owners in their capacity as owner	–	(349)	166	–	(1,839)	–	(2,022)
Closing balance at 31 December 2011	43,966	(601)	166	(376)	53,857	1,302	98,314

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

Group	Attributable to equity holders of the Parent					
	Share capital (Note 27) \$'000	Treasury shares (Note 28) \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total equity \$'000
Opening balance at 1 January 2010	43,966	–	(88)	17,859	785	62,522
<u>Total comprehensive income</u>						
Profit for the year	–	–	–	19,564	449	20,013
Other comprehensive income for the year	–	–	357	–	(24)	333
Total comprehensive income for the year	–	–	357	19,564	425	20,346
<u>Contributions by and distributions to owners</u>						
Purchase of treasury shares	–	(252)	–	–	–	(252)
Dividends paid on ordinary shares (Note 30)	–	–	–	(1,847)	–	(1,847)
Dividends paid to non-controlling interests	–	–	–	–	(127)	(127)
Total transactions with owners in their capacity as owner	–	(252)	–	(1,847)	(127)	(2,226)
Closing balance at 31 December 2010	43,966	(252)	269	35,576	1,083	80,642

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

Company	Attributable to equity holders of the Company				
	Share capital (Note 27) \$'000	Treasury shares (Note 28) \$'000	Share plan reserve (Note 29) \$'000	Retained earnings/ (accumulated losses) \$'000	Total equity \$'000
Opening balance at 1 January 2011	43,966	(252)	–	7,308	51,022
Profit for the year	–	–	–	1,026	1,026
Total comprehensive income for the year	–	–	–	1,026	1,026
Contributions by and distributions to owners					
Share based compensation expense	–	–	166	–	166
Purchase of treasury shares	–	(349)	–	–	(349)
Dividends paid on ordinary shares (Note 30)	–	–	–	(1,839)	(1,839)
Total transactions with owners in their capacity as owner	–	(349)	166	(1,839)	(2,022)
Closing balance at 31 December 2011	43,966	(601)	166	6,495	50,026
Opening balance at 1 January 2010	43,966	–	–	(4,157)	39,809
Profit for the year	–	–	–	13,312	13,312
Total comprehensive income for the year	–	–	–	13,312	13,312
Contributions by and distributions to owners					
Purchase of treasury shares	–	(252)	–	–	(252)
Dividends paid on ordinary shares (Note 30)	–	–	–	(1,847)	(1,847)
Total transactions with owners in their capacity as owner	–	(252)	–	(1,847)	(2,099)
Closing balance at 31 December 2010	43,966	(252)	–	7,308	51,022

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	2011 \$'000	2010 \$'000
Cash flows from operating activities :		
Profit before taxation	23,060	22,154
Adjustments for :		
Depreciation of property, plant and equipment	3,874	2,523
Interest expense	3,498	2,075
Allowance for doubtful receivables (net)	597	83
Share based compensation expense	166	-
Write off of :		
Trade receivables	5	543
Property, plant and equipment	-	332
Impairment loss on property, plant and equipment	-	12
Share of results of associates	(1,868)	(7,647)
Fair value (gain)/loss on derivatives	(1,814)	842
Foreign currency translation differences	(1,080)	-
Gain on disposal of property, plant and equipment	(270)	(105)
Interest income	(183)	(163)
Write-back of provision for loss in value of land relating to a development property	-	(1,441)
Operating profit before working capital changes	25,985	19,208
Decrease in other investment	-	13
Increase in development properties	(60,456)	(8,145)
(Decrease)/increase in amount due to customers for work-in-progress (net)	(15,185)	12,009
Decrease/(increase) in trade receivables	2,245	(18,419)
Decrease/(increase) in other receivables	8,816	(972)
Decrease in inventories	534	1,532
(Decrease)/increase in trade and other payables	(5,891)	6,057
(Decrease)/increase in other liabilities	(96)	1,500
Cash from operations	(44,048)	12,783
Interest paid	(4,357)	(3,508)
Interest received	183	163
Income tax paid	(1,279)	(1,298)
Net cash (used in)/from operating activities	(49,501)	8,140
Cash flows from investing activities :		
Dividends received from an associate	9,600	-
Proceeds from disposal of property, plant and equipment	1,946	1,400
Purchase of property, plant and equipment (Note 22)	(4,569)	(3,570)
Acquisition of equity interest in investment in an associate	-	(30)
Net cash from/(used in) investing activities	6,977	(2,200)
Cash flows from financing activities :		
Proceeds from/(repayment of) bank borrowings, secured	821	(489)
Dividends paid on ordinary shares	(1,839)	(1,847)
Dividends paid to non-controlling interests	-	(127)
Purchase of treasury shares	(349)	(252)
Proceeds from long term borrowings	68,800	-
Repayment of long term borrowings	(15,675)	(6,800)
Repayment of finance leases	(3,321)	(1,451)
Decrease in pledged deposits	657	-
Net cash from/(used in) financing activities	49,094	(10,966)
Net increase/(decrease) in cash and cash equivalents	6,570	(5,026)
Net effect of exchange rate changes in consolidating subsidiaries	448	347
Cash and cash equivalents at beginning of the year	44,864	49,543
Cash and cash equivalents at end of the year (Note 22)	51,882	44,864

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

1. Corporate information

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

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

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries and associates are stated below.

The subsidiaries and associates at 31 December are :

Name of company	Proportion of ownership interest		Country of incorporation	Cost of investment		Principal activities
	2011 %	2010 %		2011 \$'000	2010 \$'000	
Subsidiaries held by the Company						
BBR Construction Systems Pte Ltd ⁽¹⁾	100	100	Singapore	55,012	55,012	Structural engineering and design and build services
BBR Construction Systems (M) Sdn. Bhd. ⁽²⁾	80	80	Malaysia	793	793	Structural engineering and design and build services
BBR Development Pte. Ltd. ⁽¹⁾	100	100	Singapore	1,000	1,000	Property development and investment holding
BBR Piling Pte Ltd ⁽¹⁾	100	100	Singapore	3,500	3,500	Bored piling works
Singapore Piling & Civil Engineering Private Limited ⁽¹⁾	100	100	Singapore	18,119	18,119	General building and piling, civil and structural engineering, renovation and retro-fitting and investment holding
Siam-BBR Co., Ltd ⁽⁴⁾	100	100	Thailand	432	432	Dormant
				<u>78,856</u>	<u>78,856</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

1. Corporate information (cont'd)

Name of company	Proportion of ownership interest		Country of incorporation	Cost of investment		Principal activities
	2011 %	2010 %		2011 \$'000	2010 \$'000	
Associate held by the Company						
BBR Philippines Corporation ⁽³⁾	40	40	Philippines	92	92	Structural engineering
Subsidiaries held by Singapore Piling & Civil Engineering Private Limited						
Singa Development Pte Ltd ⁽⁴⁾	100	100	Singapore	3,600	3,600	Building contractors, project and contract managers, reinforced concrete specialist and contractor for all kinds of building and civil engineering works
Singapore Piling and Building Construction Lanka (Private) Limited	–	100	Sri Lanka	–	368	Under strike off proceedings
Associate held by Singapore Piling & Civil Engineering Private Limited						
FOSTA Pte Ltd ⁽⁵⁾	25	25	Singapore	125	125	Soil investigation, instrumentation and monitoring, and structural health monitoring using fibre optic sensors
Subsidiaries held by Singa Development Pte Ltd						
Singa Construction (S) Pte Ltd	–	100	Singapore	–	857	Struck-off
SD Metals Pte Ltd	–	100	Singapore	–	++	Struck-off
Subsidiary held by BBR Construction Systems (M) Sdn. Bhd.						
SP Piling Sdn. Bhd. ⁽²⁾	100	100	Malaysia	15	15	Building contractors. Temporary ceased operations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

1. Corporate information (cont'd)

Name of company	Proportion of ownership interest		Country of incorporation	Cost of investment		Principal activities
	2011	2010		2011	2010	
	%	%		\$'000	\$'000	
Subsidiaries held by BBR Development Pte. Ltd.						
SP Holland Hill Private Limited ⁽¹⁾	100	100	Singapore	1,000	1,000	Property development
BBR Property Pte. Ltd. ⁽¹⁾ (Formerly known as SP Property Pte. Ltd.)	100	100	Singapore	+	+	Dormant
BBR Kovan Pte Ltd ⁽⁴⁾	100	100	Singapore	1,000	1,000	Property development
Associate held by BBR Development Pte. Ltd.						
Tennessee Pte Ltd ⁽⁴⁾	48	48	Singapore	480	480	Property development

⁽¹⁾ Audited by Ernst & Young LLP, Singapore.

⁽²⁾ Audited by member firms of Ernst & Young Global in the respective countries.

⁽³⁾ Not required to be audited by the law of its country of incorporation.

⁽⁴⁾ Audited by CPA House Accounting Co., Ltd.

⁽⁵⁾ Audited by Singapore Assurance PAC.

+ Cost of investment is \$2.

++ Cost of investment is \$3.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "\$") and all values are rounded to the nearest thousand ("'\$000") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.3 Standards issued but not yet effective

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

	Effective for annual periods beginning on or after
FRS 12 : Amendments to FRS 12 Deferred Tax – Recovery of Underlying Assets	1 January 2012
FRS 1 : Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 19 : Employee Benefits (Revised 2011)	1 January 2013
FRS 27 : Separate Financial Statements (Revised 2011)	1 January 2013
FRS 28 : Investment in Associates and Joint Ventures (Revised 2011)	1 January 2013
FRS 110 : Consolidated Financial Statements	1 January 2013
FRS 111 : Joint Arrangements	1 January 2013
FRS 112 : Disclosure of Interest in Other Entities	1 January 2013
FRS 113 : Fair Value Measurements	1 January 2013

Except for the Amendments to FRS 1, Revised FRS 27, FRS 110, FRS 112 and FRS 113, the directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial applications. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1, Revised FRS 27, FRS 110, FRS 112 and FRS 113 are described below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income ("OCI") is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 110 Consolidated Financial Statements and Revised FRS 27 Separate Financial Statements

FRS 110 and the revised FRS 27 are effective for financial periods beginning on or after 1 January 2013.

FRS 110 establishes a single control model that applies to all entities (including special purpose entities). The changes introduced by FRS 110 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, joint ventures and associates in separate financial statements. The Group is currently determining the impact of the changes to the concept of control and assess whether the adoption of this FRS 110 in 2013 will likely lead to more entities being consolidated to the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.3 Standards issued but not yet effective (cont'd)

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interest in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented.

FRS 113 Fair Value Measurements

FRS 113 is effective for financial periods beginning on or after 1 January 2013.

FRS 113 provides a single source of guidance for all fair value measurements. FRS 113 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted by FRS. The Group does not expect the adoption of this standard to have material impact to the financial statements.

2.4 Foreign currency

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

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.5 Basis of consolidation and business combinations

(a) *Basis of consolidation*

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 has not been restated.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.5 Basis of consolidation and business combinations (cont'd)

(b) Business combinations

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of comprehensive income on the acquisition date.

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest will not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.7 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2.8 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after taxation and non-controlling interests in the subsidiaries of associates.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.8 Associates (cont'd)

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

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the statement of comprehensive income.

2.9 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using the equity method. Under the equity method, the interest in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The joint venture is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

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

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

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former joint venture upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.10 Property, plant and equipment

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

When an asset is revalued, any increase in the carrying amount is credited directly to the asset revaluation reserve. However, the increase is recognised in the statement of comprehensive income to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the statement of comprehensive income. However, the decrease is deducted against the asset revaluation reserve to the extent of any balance existing in the reserve in respect of that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The whole of the revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.10 Property, plant and equipment (cont'd)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows :

Leasehold properties	8 to 30 years
Plant and equipment	1 to 13 years
Motor vehicles	5 years
Other assets	1 to 10 years

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

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

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

2.11 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the statement of comprehensive income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.11 Intangible assets (cont'd)

Goodwill (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the statement of comprehensive income except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.13 Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the statement of comprehensive income.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.13 Financial assets (cont'd)

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

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the statement of comprehensive income. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

The Group does not designate any financial assets not held for trading as financial assets at fair values through profit and loss.

(b) *Loans and receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group classifies the following financial assets as loans and receivables :

- Cash and short-term deposits; and
- Trade and other receivables, including amounts due from subsidiaries, associates and a joint venture.

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the statement of comprehensive income. The cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2.14 Investment securities

Investment securities are classified as financial assets at fair value through profit or loss, or available-for-sale financial assets, as appropriate.

The accounting policies for the aforementioned categories of financial assets are stated in Note 2.13.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include unsecured bank overdrafts that form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.16 Development properties, completed properties held for sale and revenue recognition

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are measured at the lower of cost and net realisable value.

The costs of development properties include:

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

Non-refundable commissions paid/payable to sales or marketing agents on the sale of real estate units are expensed.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties sold and are recognised in profit or loss are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.17 Trade and other receivables

Trade and other receivables, including amounts due from subsidiaries, associates and a joint venture are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.13.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.18 below.

2.18 Impairment of financial assets

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

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.18 Impairment of financial assets (cont'd)

(a) *Assets carried at amortised cost* (cont'd)

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount reversed is recognised in the statement of comprehensive income.

(b) *Assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses in respect of equity instruments are not recognised in the statement of comprehensive income. Reversals of impairment losses on debt instruments are recognised in the statement of comprehensive income if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

2.19 Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.20 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the statement of financial position date, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

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

2.21 Trade and other payables

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

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

2.22 Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

2.23 Financial liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.24 Provision

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

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.25 Employee benefits

(a) **Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) **Employee leave entitlement**

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

(c) **Performance share plan**

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

2.26 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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

(a) **As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of comprehensive income. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.26 Leases (cont'd)

(a) As lessee (cont'd)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.28 (e).

2.27 Taxation

(a) Current tax

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

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

(b) Deferred tax

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

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

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;
- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.27 Taxation (cont'd)

(b) *Deferred tax* (cont'd)

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date.

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

(c) *Sales tax*

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.28 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Construction contracts*

Accounting policy for recognising construction contract revenue is stated in Note 2.20.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.28 Revenue (cont'd)

(b) Sale of development properties under construction

The Group recognises income on property development projects when the controls and significant risks and rewards of ownership of the work-in-progress in its current state have been continuously transferred to the buyer as the construction progresses. In cases where the Group is obliged to perform any significant acts after the transfer of legal title or equitable interest, revenue is recognised as the acts are performed based on the percentage of completion method. Under the percentage of completion method, profit is recognised in the statement of comprehensive income only in respect of sales procured and to the extent that such profit relates to the progress of construction work. The stage of completion is determined by reference to professional surveys of work performed. Depending on the selling conditions associated with each development project, revenue is generally not recognised if the Group provides various guarantees and other financial support to the buyers ("continuing involvement") during the period of property development. Such continuing involvement by the Group would then require revenue to be deferred until the Group's continuing involvement ceases.

(c) Sale of goods

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

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Rental income

Rental income arising on commercial property sub-leases is accounted for on a straight-line basis over the lease terms.

(f) Dividend income

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

(g) Management fees

Management fees are recognised when services are rendered.

2.29 Related parties

A party is considered to be related to the Group if:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person,
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.29 Related parties (cont'd)

- (b) An entity is related to the Group and the Company if any of the following conditions applies :
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.30 Derivative financial instruments

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each statement of financial position date.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the statement of comprehensive income for the year.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

2.31 Treasury shares

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

2.32 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

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

2.33 Government grants

Grants from government authorities are recognised in the statement of comprehensive income at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Grants from government authorities are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Grants from government authorities relating to assets are deducted against the carrying amount of the assets.

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

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

Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax, deferred tax provisions and deferred tax assets in the period in which such determination is made. The carrying amounts of the Group's income tax payables, deferred tax assets and deferred tax liabilities at 31 December 2011 were \$1,654,000 (2010: \$2,138,000), \$486,000 (2010: \$761,000) and \$3,664,000 (2010: \$2,041,000), respectively.

3.2 Key sources of estimation uncertainty

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

Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipments' useful lives. Management estimates the useful lives of these plant and equipment to be within 1 to 13 years. These are common life expectancies applied in the construction industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the statement of financial position date is disclosed in Note 10 to the financial statements. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 1% (2010: 1%) variance in the Group's profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

3. Significant accounting estimates and judgements (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Revenue recognition on construction contracts

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

Significant judgments by management are required in assessing the recoverability of the contracts based on estimated total contract revenue and contract costs. In assessing total contract revenue, an estimation of the recoverable variation works from the customers and claims have been included. In making the judgement, management's evaluation is based on the actual level of work performed and past experience.

Revenue recognition on development property under construction

The Group recognises revenue for pre-completion sales of development property by reference to the stage of completion using the percentage of completion method. The stage of completion is determined by reference to professional surveys of work performed. Significant assumptions are required to estimate the works performed that affect the stage of completion and the revenue respectively. In making these estimates, management has relied on past experience and knowledge of the professional surveyors. The carrying amounts of assets and liabilities as well as the revenue from sale of development property (recognised on percentage of completion basis) are disclosed in Note 19 (Development Properties) and Note 4 (Revenue) to the financial statements respectively.

Provision for foreseeable losses

The Group reviews its work-in-progress for projects to determine whether there is any indication of foreseeable losses. Identified foreseeable losses are recognised immediately in the statement of comprehensive income when it is probable that total contract costs will exceed total contract revenue. As at 31 December 2011, the Group has provided for \$2,109,000 (2010: \$2,030,000) of foreseeable losses in respect of certain work-in-progress for projects.

4. Revenue

	Group	
	2011 \$'000	2010 \$'000
Construction revenue	321,885	205,520
Sale of development properties	91,256	-
Sale of goods	154	223
Management fee from an associate	28	28
	413,323	205,771

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

5. Other operating income

	Group	
	2011	2010
	\$'000	\$'000
Rental income of equipment	781	17
Rental income of premises	680	840
Gain on disposal of property, plant and equipment	270	105
Interest income from deposits	183	163
Forfeiture income	105	98
Training and testing fees	102	418
Write-back of provision for loss in value of land relating to a development property	-	1,441
Project management service fees	-	743
Others	164	125
	2,285	3,950

6. Finance costs

	Group	
	2011	2010
	\$'000	\$'000
Interest expense on :		
Bank loans and bank overdrafts	1,156	10
Obligations under finance leases	178	116
Interest rate swap	2,164	1,949
Fair value (gain)/loss on derivatives	(1,814)	842
	1,684	2,917

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

7. Profit before taxation

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

	Group	
	2011 \$'000	2010 \$'000
Audit fees paid to :		
Auditors of the Company	182	171
Other auditors	13	10
Depreciation of property, plant and equipment	3,874	2,523
Impairment loss on property, plant and equipment	–	12
Inventories recognised as expenses in cost of sales (Note 21)	67,446	44,482
Foreign exchange (gain)/loss (net)	(505)	701
Grant income from government authorities	(40)	(5)
Allowance for doubtful receivables (net)	597	83
Share based compensation expense	166	–
Write off of :		
Trade receivables (Note 16)	5	543
Property, plant and equipment	–	332
Rental of :		
Premises	2,100	1,729
Equipment	68	46

8. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are :

	Group	
	2011 \$'000	2010 \$'000
Statement of comprehensive income		
Current income tax :		
– Singapore	325	1,360
– Foreign	742	913
Overprovision in respect of previous years	(272)	(549)
	795	1,724
Deferred income tax :		
Origination and reversal of temporary differences (Note 15)	1,898	385
Under provision in respect of previous years	–	32
	1,898	417
Income tax expense recognised in the statement of comprehensive income	2,693	2,141

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

8. Income tax expense (cont'd)

Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows :

	Group	
	2011 \$'000	2010 \$'000
Profit before taxation	23,060	22,154
Tax at the domestic rates applicable to profits in the countries where the Group operates	4,045	4,041
<i>Adjustments :</i>		
Income not subject to taxation	(209)	(24)
Overprovision of income tax and deferred income tax in respect of previous years	(272)	(517)
Benefits from previously unrecognised tax losses	(733)	(946)
Utilisation of investment and enhanced allowances	(295)	(115)
Non-deductible expenses	197	628
Effect of partial tax exemption and tax relief	(80)	(109)
Deferred tax assets not recognised	185	421
Share of results of associates	(318)	(1,300)
Others	173	62
Income tax expense recognised in the statement of comprehensive income	2,693	2,141

During the financial year, in relation to the Singapore group relief system, the Group utilised tax losses of \$3,726,000 (2010: \$865,000) to set off the assessable income of certain companies within the Group. At the statement of financial position date, the Group recognised deferred tax assets of \$486,000 (2010: \$761,000) arising from unutilised tax losses amounting to \$2,859,000 (2010: \$4,476,000) as disclosed in Note 15. The Group has unused tax losses of approximately \$24,125,000 (2010: \$39,871,000) that are available for offset against future taxable profits of the companies in which these arose for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses and capital allowances are subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

9. Earnings per share

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

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

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

	2011	2010
	\$'000	\$'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	20,120	19,564
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share computation *	306,305,886	307,755,062
Effect of dilution:		
– Performance shares (Note 29)	1,170,000	–
Weighted average number of ordinary shares for diluted earnings per share computation *	307,475,886	307,755,062

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

10. Property, plant and equipment

Group	At valuation		At cost				Total \$'000
	Leasehold building \$'000	Plant and equipment \$'000	Plant and equipment \$'000	Leasehold properties \$'000	Motor vehicles \$'000	Other assets \$'000	
Cost or valuation							
At 1 January 2010	2,735	325	27,563	948	3,615	2,574	37,760
Additions	–	–	8,529	3	391	98	9,021
Disposals	–	(325)	(1,969)	(296)	(299)	(4)	(2,893)
Written-off	–	–	(3,828)	–	(798)	(1,598)	(6,224)
Net exchange differences	–	–	61	21	27	(11)	98
At 31 December 2010 and 1 January 2011	2,735	–	30,356	676	2,936	1,059	37,762
Additions	–	–	3,575	2,200	528	339	6,642
Disposals	(2,735)	–	(1,819)	(117)	(61)	–	(4,732)
Written-off	–	–	(14)	–	–	(24)	(38)
Transfers to inventories	–	–	–	(542)	–	–	(542)
Net exchange differences	–	–	(74)	(17)	(34)	(21)	(146)
At 31 December 2011	–	–	32,024	2,200	3,369	1,353	38,946
Accumulated depreciation and impairment loss							
At 1 January 2010	2,441	325	15,393	12	2,780	2,240	23,191
Depreciation charge for the year	212	–	1,876	2	314	119	2,523
Disposals	–	(325)	(1,041)	–	(229)	(3)	(1,598)
Written-off	–	–	(3,501)	–	(798)	(1,593)	(5,892)
Impairment loss for the year	–	–	7	–	–	5	12
Net exchange differences	–	–	45	–	19	13	77
At 31 December 2010 and 1 January 2011	2,653	–	12,779	14	2,086	781	18,313
Depreciation charge for the year	–	–	3,166	226	360	122	3,874
Disposals	(2,653)	–	(1,633)	(4)	(45)	–	(4,335)
Written-off	–	–	(14)	–	–	(24)	(38)
Net exchange differences	–	–	(69)	(16)	(22)	(15)	(122)
At 31 December 2011	–	–	14,229	220	2,379	864	17,692
Net carrying amount							
At 31 December 2010	82	–	17,577	662	850	278	19,449
At 31 December 2011	–	–	17,795	1,980	990	489	21,254

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

10. Property, plant and equipment (cont'd)

Company	Motor vehicles \$'000	Other assets \$'000	Total \$'000
Cost			
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	185	28	213
Accumulated depreciation			
At 1 January 2010	80	9	89
Depreciation charge for the year	37	18	55
At 31 December 2010 and 1 January 2011	117	27	144
Depreciation charge for the year	37	-	37
At 31 December 2011	154	27	181
Net carrying amount			
At 31 December 2010	68	1	69
At 31 December 2011	31	1	32

Other assets

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

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold properties with a carrying amount of \$Nil (2010: \$109,000) (Note 26) are pledged to the financial institutions for banking facilities granted to the Group.

Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate fair value of \$4,488,000 (2010: \$7,256,000) by means of finance leases. The carrying amounts of property, plant and equipment held under finance leases for the Group as at 31 December 2011 were \$9,227,000 (2010: \$8,590,000).

Leased assets are pledged as security for the related finance lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

11. Intangible assets

	Group	
	2011 \$'000	2010 \$'000
Goodwill	119	119

Goodwill acquired through business combinations has been allocated to the Group's cash-generating units identified according to each individual business unit, for impairment testing. The recoverable amount for goodwill was determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a one year-period. Management have considered and determined the factors applied in these financial budgets which include budgeted gross margins and average growth rates. The budgeted gross margins are based on past performance and its expectation of market development. Average growth rates used are consistent with forecasts included in industry reports. The discount rate applied is assumed at 6.03% (2010: 8.54%) for value-in-use calculations, which is also the Group's weighted average cost of capital.

12. Other investment

	Group	
	2011 \$'000	2010 \$'000
Non-current :		
Unquoted equity shares, at cost	2,981	2,981
Impairment in value of unquoted equity shares	(2,981)	(2,981)
	-	-

Unquoted equity shares relates to a 33.3% equity interest in a Korean incorporated company, whose principal activities are those of the construction, operation and collection of tolls for expressway. This company was formed pursuant to a joint venture agreement entered by a subsidiary and two other consortium parties. As the Group does not exercise any significant influence over the financial and operating policy decisions of this Korean company, the equity interest has been accounted for as other investment. In prior years, the Group recognised an impairment loss of \$2,981,000 pertaining to the unquoted equity shares carried at cost.

13. Investments in subsidiaries

	Company	
	2011 \$'000	2010 \$'000
Unquoted shares, at cost	78,856	78,856
Additional investment *	109	-
Impairment losses	(39,582)	(39,692)
Carrying amount	39,383	39,164

* This arises from performance shares of the Company granted under the BBR Share Plan to the employees of the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

13. Investments in subsidiaries (cont'd)

Details of subsidiaries at the end of the financial year are set out in Note 1.

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

	Company	
	2011 \$'000	2010 \$'000
At 1 January	39,692	48,240
Write-back to statement of comprehensive income	(110)	(8,548)
At 31 December	39,582	39,692

An impairment loss of \$110,000 (2010: \$8,548,000) was written back to the statement of comprehensive income, subsequent to an assessment performed on recoverable amount of the investments in subsidiaries as at 31 December 2011 and 2010.

14. Investments in associates

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Unquoted shares, at cost	697	697	92	92
Share of post-acquisition reserves	23,883	22,016	-	-
Dividends received from an associate	(9,600)	-	-	-
Net exchange differences	(2)	(1)	-	-
Carrying amount	14,978	22,712	92	92

Details of associates at the end of the financial year are set out in Note 1.

The summarised financial information of the associates not adjusted for the proportion of ownership interest held by the Group are as follows :

	Group	
	2011 \$'000	2010 \$'000
Assets and liabilities :		
Non-current assets	2,554	652
Current assets	48,880	93,170
Total assets	51,434	93,822
Non-current liabilities	(1,264)	(50)
Current liabilities	(18,758)	(46,450)
Total liabilities	(20,022)	(46,500)
Results :		
Revenue	18,550	41,752
Profit for the year	3,421	16,138

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

15. Deferred tax assets/(liabilities)

	Group	
	2011 \$'000	2010 \$'000
Deferred tax assets :		
At 1 January	761	761
Charged to statement of comprehensive income (Note 8)	(275)	-
At 31 December	486	761
Deferred tax liabilities :		
At 1 January	(2,041)	(1,624)
Charged to statement of comprehensive income (Note 8)	(1,623)	(417)
At 31 December	(3,664)	(2,041)
Net deferred tax liabilities	(3,178)	(1,280)
Deferred tax as at 31 December related to the following :		
Deferred tax assets :		
Unutilised tax losses	486	761
Gross deferred tax assets	486	761
Deferred tax liabilities :		
Differences in depreciation for tax purposes	(1,802)	(2,041)
Income taxed on completion basis for development properties	(1,828)	-
Others	(34)	-
Gross deferred tax liabilities	(3,664)	(2,041)
Net deferred tax liabilities	(3,178)	(1,280)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

16. Trade receivables

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-current:				
Retention receivables	7,207	5,838	–	–
Less: Allowance for doubtful receivables	–	(624)	–	–
Total non-current receivables	7,207	5,214	–	–
Current:				
Contract receivables	39,145	44,735	–	–
Less : Allowance for doubtful receivables	(1,475)	(593)	–	–
	37,670	44,142	–	–
Retention receivables	10,355	8,810	–	–
Less : Allowance for doubtful receivables	(628)	(311)	–	–
	9,727	8,499	–	–
Total current receivables	47,397	52,641	–	–
Total trade receivables	54,604	57,855	–	–
Add :				
– Amounts due from subsidiaries (Note 18)	–	–	21,045	19,879
– Other receivables (Note 17)	2,560	11,374	28	11
– Pledged deposits (Note 22)	1,709	2,366	–	–
– Cash and cash equivalents (Note 22)	51,882	44,864	453	2,647
Total loans and receivables	110,755	116,459	21,526	22,537
Write-off of trade receivables directly to statement of comprehensive income (Note 7)	5	543	–	122

Retention receivables

Retention receivables from external parties relate to construction contracts.

Contract receivables

Contract receivables are non-interest bearing and are generally on 30 to 90 days' (2010: 30 to 90 days') terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

16. Trade receivables (cont'd)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to \$9,361,000 (2010: \$5,211,000) that are past due at the statement of financial position date but not impaired. These receivables are unsecured and the analysis of their ageing at the statement of financial position date is as follows :

	Group	
	2011	2010
	\$'000	\$'000
<hr/>		
Trade receivables past due :		
Lesser than 30 days	3,966	806
30 to 60 days	828	727
61 to 90 days	2,569	307
91 to 120 days	1,670	570
More than 120 days	328	2,801
	<hr/>	<hr/>
	9,361	5,211
	<hr/>	<hr/>
 <i>Trade receivables that are impaired</i>		
Trade receivables – nominal amounts	2,103	1,528
Less: Allowance for doubtful receivables	(2,103)	(1,528)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

16. Trade receivables (cont'd)

Allowance for doubtful receivables

Movements in allowance for doubtful receivables are as follows :

	Group	
	2011 \$'000	2010 \$'000
<i>Contract receivables</i>		
At 1 January	593	1,327
Charged to statement of comprehensive income	1,023	2
Write-back to statement of comprehensive income	(129)	(702)
Bad debts written off against allowance	-	(74)
Net exchange differences	(12)	40
	1,475	593
<i>Retention receivables</i>		
At 1 January	935	183
Charged to statement of comprehensive income	86	838
Write-back to statement of comprehensive income	(383)	(55)
Bad debts written off against allowance	-	(31)
Net exchange differences	(10)	-
	628	935
	2,103	1,528

17. Other receivables

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-current:				
Amount due from a joint venture	1,000	-	-	-
Current:				
Other deposits	779	1,127	-	3
Amount due from a joint venture	383	-	-	-
Other recoverables	169	88	7	8
Other receivables	98	606	-	-
Amounts due from associates	69	9,531	21	-
Staff loans	62	22	-	-
	1,560	11,374	28	11
Total current other receivables	1,560	11,374	28	11
Total other receivables	2,560	11,374	28	11

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

17. Other receivables (cont'd)

Amount due from a joint venture (non-current)

On 27 December 2010, the Company, via its wholly-owned subsidiary, Singapore Piling & Civil Engineering Private Limited ("SPACE") formed an unincorporated and fully integrated jointly controlled entity, Takenaka – Singapore Piling Joint Venture ("JV") with Takenaka Corporation ("TAK") in Singapore to undertake restoration works to the former Supreme Court and City Hall buildings. The percentage of participation of SPACE and TAK in the JV is 25% and 75% respectively.

During the year, SPACE provided an interest-free cash advance of \$1,000,000 (2010: Nil) to the JV to finance preliminary project expense. This amount is unsecured and is not expected to be repaid within the next 12 months. The summarised financial information of the joint venture not adjusted for the proportion of participation held by the Group, is as follows:

	Group	
	2011 \$'000	2010 \$'000
Assets and liabilities:		
Current assets	14,371	–
Current liabilities	(10,362)	–
Results:		
Revenue	35,975	–
Loss for the financial year	(9)	–

Amounts due from associates/joint venture

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

Allowance for doubtful receivables

Movements in allowance for doubtful receivables during the year are as follows :

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Associates :				
At 1 January	–	425	–	425
Bad debts written-off against allowance	–	(425)	–	(425)
At 31 December	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

18. Amounts due from/(to) subsidiaries

	Company	
	2011 \$'000	2010 \$'000
Amounts due from subsidiaries	21,091	20,661
Less : Allowance for doubtful receivables	(46)	(782)
	21,045	19,879
Amounts due to subsidiaries	(10,373)	(10,293)

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

Movements in allowance for doubtful receivables are as follows :

	Company	
	2011 \$'000	2010 \$'000
At 1 January	782	3,390
Write-back to statement of comprehensive income	(736)	(2,608)
At 31 December	46	782

19. Development properties

	Group	
	2011 \$'000	2010 \$'000
Land and related costs	158,736	80,659
Construction costs	20,112	4,957
Interest costs	5,250	4,275
Stamp duties	4,726	4,727
Others	7,794	3,647
	196,618	98,265
Add: Attributable profits	10,754	-
Less: Progress billings	(69,147)	(21,250)
	138,225	77,015
(i) Interest capitalised during the financial year at an average rate of 1.79% (2010: 2.67%) were paid/payable to :		
– financial institutions	754	1,433

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

19. Development properties (cont'd)

- (ii) Land with carrying amounts of \$156,600,000 (2010: \$70,600,000) are pledged to the bank in respect of the Group's long term borrowings (Note 26).

Details of development properties:

Description and location	% owned	Site area (sq.m)	Gross floor area (sq.m)	Stage of completion as at 31 December 2011 (expected year of completion)
<i>Lush on Holland Hill</i> A 12-storey condominium development on Nos. 19 & 21 Holland Hill, Singapore	100%	4,933	8,682	66% (2013)
<i>Bliss @ Kovan</i> A 5-storey condominium development on Nos. 2A/B/C/D Simon Lane, Singapore	100%	9,110	14,030	0% (2015)

20. Gross amount due from/(to) customers for contract work-in-progress

	Group	
	2011 \$'000	2010 \$'000
Contract costs to date	576,509	332,657
Recognised profits	41,017	22,572
Less: Provision for foreseeable losses	(2,109)	(2,030)
Aggregate amount of costs incurred and recognised profits less recognised losses to date	615,417	353,199
Less: Progress billings	(629,193)	(382,160)
	(13,776)	(28,961)
Presented as :		
Gross amount due from customers for contract work-in-progress	10,952	9,658
Gross amount due to customers for contract work-in-progress	(24,728)	(38,619)
	(13,776)	(28,961)
Advances received from customers (included in trade payables)	5,754	3,396
Retention sums on construction contract (included in trade receivables)	16,934	13,713

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

20. Gross amount due from/(to) customers for contract work-in-progress (cont'd)

Movement in provision for foreseeable losses are as follows:

	Group	
	2011 \$'000	2010 \$'000
At 1 January	2,030	–
Charged to statement of comprehensive income	79	2,030
	2,109	2,030
At 31 December	2,109	2,030

21. Inventories

	Group	
	2011 \$'000	2010 \$'000
Statement of financial position:		
Construction materials, at cost	2,839	2,443
Statement of comprehensive income:		
Construction materials recognised as expenses in cost of sales (Note 7)	67,446	44,482

22. Cash and cash equivalents/pledged deposits

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash at bank and in hand	22,079	22,660	453	1,647
Fixed deposits	31,512	24,570	–	1,000
	53,591	47,230	453	2,647

Fixed deposits are mainly short-term deposits made for varying periods of approximately one to twelve months depending on the immediate cash requirements of the Group, and bears interest ranging from 0.1% to 3.2% (2010: 0.09% to 2.8%) per annum during the year.

As at 31 December 2011, cash and fixed deposits of the Group of \$1,335,000 (2010: \$2,977,000) are denominated in US dollars.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

22. Cash and cash equivalents/pledged deposits (cont'd)

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

	Group	
	2011	2010
	\$'000	\$'000
Cash and short-term deposits	53,591	47,230
Less: Pledged deposits	(1,709)	(2,366)
Cash and cash equivalents	<u>51,882</u>	<u>44,864</u>

Pledged fixed deposits include an amount of \$709,000 (2010: \$629,000) placed as a security for banking facilities granted to a subsidiary by a bank and \$1,000,000 (2010: \$1,737,000) pledged to a bank by a subsidiary as collateral for the issue of a performance bond.

Note to the consolidated statement of cash flows

	Group	
	2011	2010
	\$'000	\$'000
Purchase of property, plant and equipment :		
Aggregate cost of property, plant and equipment acquired (Note 10)	6,642	9,021
Adjustment :		
Finance leases	(2,073)	(5,451)
Cash payments to acquire property, plant and equipment	<u>4,569</u>	<u>3,570</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

23. Trade and other payables

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-current:				
Trade payables	6,378	1,868	–	–
Current:				
Trade payables	46,919	58,183	–	–
Other payables	4,460	3,702	153	80
	51,379	61,885	153	80
Total trade and other payables	57,757	63,753	153	80
Add :				
– Amounts due to subsidiaries (Note 18)	–	–	10,373	10,293
– Other liabilities (Note 24)	4,128	4,224	455	443
– Loans and borrowings (Note 26)	108,943	54,965	–	–
	170,828	122,942	10,981	10,816
Less :				
– Total obligations under finance leases (Note 26)	(5,108)	(5,075)	–	–
– Accrued staff costs	(2,557)	(1,958)	(132)	(84)
Total financial liabilities carried at amortised cost	163,163	115,909	10,849	10,732

Trade payables

Trade payables are non-interest bearing and are generally on 30 to 90 days' (2010: 30 to 90 days') terms.

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Euro	–	40	–	–
Hong Kong Dollar	98	–	–	–
United States Dollar	83	200	–	–
Malaysian Ringgit	34	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

24. Other liabilities

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Accrued operating expenses	460	1,035	323	359
Accrued staff costs	2,557	1,958	132	84
Deposits	502	783	–	–
Workers' retention	359	448	–	–
Amount due to an associate	250	–	–	–
	4,128	4,224	455	443

Amount due to an associate is unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

25. Derivatives

	2011		2010	
	Contract/ Notional amount \$'000	Liabilities \$'000	Contract/ Notional amount \$'000	Liabilities \$'000
Non-current:				
Interest rate swap contract	–	–	65,000	2,234
Current:				
Interest rate swap contract	65,000	420	–	–

The Group entered into an interest rate swap amounting to \$65,000,000 (2010: \$65,000,000) to hedge interest rate risk arising from a floating rate SGD long-term bank loan. The interest rate swap received floating interest rate equal to 3 months SOR % p.a. (2010: 3 months SOR % p.a.) and paid a floating interest rate of 4% – (1.5 x 3 months SOR %) p.a. (2010: 4% – (1.5 x 3 months SOR %)) every quarter. The interest rate swap will mature in March 2012.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

26. Loans and borrowings

	Group	
	2011	2010
	\$'000	\$'000
Non-current :		
Obligations under finance leases	2,508	2,548
Long term borrowings (secured)	103,015	49,890
	105,523	52,438
Current :		
Obligations under finance leases	2,600	2,527
Bankers' acceptances (secured)	820	-
	3,420	2,527
Total loans and borrowings	108,943	54,965

The Group has undrawn loans and guarantee facilities of \$27,756,000 (2010: \$30,187,000) that may be available in the future for operating activities, settling capital commitments and issuing of guarantees. There is no restriction for the Group to use these facilities.

Obligations under finance leases

These obligations are secured by charges over plant and equipment and motor vehicles (Note 10). In addition, obligations under finance leases of \$3,064,000 (2010: \$1,480,000) are secured by a corporate guarantee from the Company. The average discount rate implicit in the leases is 2.4% to 7.0% (2010: 2.4% to 7.6%) per annum.

Bankers' acceptances

In 2011, an amount of \$820,000 (2010: Nil), which is denominated in Malaysian Ringgit, with effective interest rates ranging from 4.3% to 4.6% per annum, was secured by a fixed charge on a leasehold property of the Group with a net book value of \$Nil (2010: \$109,000) (Note 10), a charge on the fixed deposits of a subsidiary amounting to \$709,000 (2010: \$629,000) (Note 22) and a corporate guarantee from the Company.

Long term borrowings

	Group	
	2011	2010
	\$'000	\$'000
Term loan 1	34,215	49,890
Term loan 2	68,800	-
	103,015	49,890

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

26. Loans and borrowings (cont'd)

Term loan 1

Term loan 1 is a Singapore dollar denominated loan of up to \$63,540,000 (2010: \$63,540,000) to finance the purchase of land in respect of a development property of the Group. The loan is repayable not later than six months after the date of issuance of Temporary Occupation Permit for the project, or 1 January 2013, whichever is the earlier.

The average interest rate was 1.72% (2010: 2.67%) per annum and is secured by the land with a carrying amount of \$70,600,000 (2010: \$70,600,000) (Note 19) and a corporate guarantee from a subsidiary.

Term loan 2

Term loan 2 is a Singapore dollar denominated loan of up to \$68,800,000 secured in 2011 to finance the purchase of land in respect of a development property of the Group. The loan is repayable not later than six months after the date of issuance of Temporary Occupation Permit for the project, or 8 October 2014, whichever is the earlier.

The average interest rate was 1.86% per annum and is secured by the land with a carrying amount of \$86,000,000 (Note 19) and a corporate guarantee from the Company.

Obligations under finance leases

The Group have finance leases for certain items of plant and equipment and motor vehicles (Note 10).

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

	2011 \$'000		2010 \$'000	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Group				
Not later than one year	2,722	2,600	2,640	2,527
Later than one year but not later than five years	2,582	2,508	2,620	2,548
Total minimum lease payments	5,304	5,108	5,260	5,075
Less : Amounts representing finance charges	(196)	–	(185)	–
Present value of minimum lease payments	5,108	5,108	5,075	5,075

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

27. Share capital

	Group and Company			
	2011		2010	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid:				
At 1 January	308,210	43,966	1,541,052	43,966
Share consolidation	–	–	(1,232,842)	–
At 31 December	308,210	43,966	308,210	43,966

On 26 February 2010, every five ordinary shares of the Company were consolidated into one ordinary share, with 1,541,052,000 shares of the Company consolidated into 308,210,418 shares.

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

28. Treasury shares

	Group and Company			
	2011		2010	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 January	(1,000)	(252)	–	–
Acquired during the financial year	(1,438)	(349)	(1,000)	(252)
At 31 December	(2,438)	(601)	(1,000)	(252)

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

The Company acquired 1,438,000 (2010: 1,000,000) shares of the Company by way of market acquisitions on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was \$349,000 (2010: \$252,000) and this was presented as a component within shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

29. Share plan reserve

	Group and Company			
	2011		2010	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 January	–	–	–	–
Performance shares granted	1,170	166	–	–
At 31 December	1,170	166	–	–

In 2011, 1,170,000 (2010: Nil) performance shares were granted to eligible employees. The performance shares granted will be released via two tranches in 2012 subject to the completion of service and the achievement of prescribed performance targets.

30. Dividends

	Group and Company	
	2011 \$'000	2010 \$'000
Declared and paid during the financial year:		
Dividends on ordinary share		
– First and final (tax exempt one-tier) dividend for 2010 of 0.6 cents (2009: 0.6 cents) per ordinary share	1,839	1,847
Proposed but not recognised as a liability as at 31 December		
First and final (tax exempt one-tier) dividend for 2011 of 0.8 cents (2010: 0.6 cents) per ordinary share	2,446	1,843

Proposed dividend per ordinary share for 2011 is based on 305,772,418 (2010: 307,210,418) consolidated shares (excluding treasury shares) as disclosed in Note 27.

31. Commitments and contingencies

(a) Capital commitments

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

	Group	
	2011 \$'000	2010 \$'000
Capital commitments in respect of:		
Leasehold building	–	1,980
Property, plant and equipment	–	713
Freehold land for property development	–	77,400
	–	80,093

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

31. Commitments and contingencies (cont'd)

(b) Operating lease commitments – as lessor

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

Operating lease income recognised in the statement of comprehensive income during the year amounted to \$625,000 (2010: \$838,000).

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

	Group	
	2011 \$'000	2010 \$'000
Not later than one year	535	356
Later than one year but not later than five years	766	–
	1,301	356

(c) Operating lease commitments – as lessee

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

Operating lease payments recognised in the statement of comprehensive income during the year amounted to \$2,849,000 (2010: \$2,410,000).

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

	Group	
	2011 \$'000	2010 \$'000
Not later than one year	2,964	1,774
Later than one year but not later than five years	4,233	3,746
Later than five years	–	6
	7,197	5,526

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

31. Commitments and contingencies (cont'd)

(d) Contingent liabilities

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Corporate guarantees given to banks for credit facilities granted	1,822	1,856	3,884	1,480

The Company provided corporate guarantees to banks as securities for credit facilities granted to subsidiaries. The subsidiaries have utilised the credit facilities of \$3,884,000 (2010: \$1,480,000) as of 31 December 2011.

The Group provided a corporate guarantee of KRW 1,626,666,666 (2010: KRW 1,626,666,666) equivalent to S\$1,822,000 (2010: S\$1,856,000) as security for bank facility granted to a Korean incorporated company (Note 12).

32. Employee benefits

	Group	
	2011 \$'000	2010 \$'000
Employee benefits expense (including executive directors)		
– Salaries and bonuses	26,572	21,046
– Central Provident Fund	2,712	1,986
– Others	731	640
– Share-based compensation	166	–
– Job Credit Scheme grant	–	(105)
	30,181	23,567

Employee benefits expenses capitalised during the year under contract work-in-progress and development properties amounted to \$21,087,000 (2010: \$16,211,000) and \$13,000 (2010: \$19,000) respectively.

During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme ("Scheme"). Under this Scheme, the Group received a 12% cash grant on the first \$2,500 of each month's wages for each employee on their Central Provident Fund payroll. The Government extended the Scheme with another two payments at stepped-down rates of 6% and 3% in March and June 2010 respectively. During the financial year ended 31 December 2010, the Group received grant income of \$105,000 under the Scheme.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

33. Directors' remuneration

The number of directors in remuneration bands are as follows:

	Company	
	2011	2010
\$500,000 and above	1	1
\$250,000 to \$499,999	–	–
Below \$250,000	6	6
	<u>7</u>	<u>7</u>

34. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties :

	Group	
	2011 \$'000	2010 \$'000
Dividends received from an associate	(9,600)	–
Construction contract revenue from a joint venture	(7,136)	–
Licence fees received from an associate	(45)	(39)
Management fees received from an associate	(28)	(28)
Rental income from associate and joint venture	(18)	(19)
Project management fees received from a related party	–	(725)
Advances to a joint venture	1,000	–
Engineering services fees paid to an associate	300	180
License fees paid to a related party	193	181
Professional fees paid to a firm in which a director has an interest	60	60
	<u> </u>	<u> </u>

(b) Compensation of key management personnel

	Group	
	2011 \$'000	2010 \$'000
Short-term employee benefits	3,685	2,839
Central Provident Fund	72	73
Share-based compensation	138	–
	<u>3,895</u>	<u>2,912</u>
Comprise amounts paid/payable to :		
– Directors of the Company	2,365	1,446
– Other key management personnel	1,530	1,466
	<u>3,895</u>	<u>2,912</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

35. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. It is, and has been the Group's policy throughout the current and previous financial year, that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At the statement of financial position date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

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

	Group			
	2011		2010	
	\$'000	% of total	\$'000	% of total
By country :				
Singapore	37,114	67.97	44,857	77.53
Malaysia	17,490	32.03	12,998	22.47
	54,604	100.00	57,855	100.00

Financial assets that are neither past due nor impaired

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

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 Trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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

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

Group	Within 1 year \$'000	2 - 5 years \$'000	Total \$'000
2011			
Financial assets:			
Trade receivables	47,397	7,207	54,604
Other receivables	1,560	1,000	2,560
Pledged deposits	1,709	–	1,709
Cash and cash equivalents	51,882	–	51,882
Total undiscounted financial assets	102,548	8,207	110,755
Financial liabilities:			
Trade and other payables	51,379	6,378	57,757
Other liabilities	4,128	–	4,128
Finance lease obligations	2,722	2,582	5,304
Long term borrowings	1,835	105,304	107,139
Derivatives	420	–	420
Total undiscounted financial liabilities	60,484	114,264	174,748
Total net undiscounted financial assets/(liabilities)	42,064	(106,057)	(63,993)
2010			
Financial assets:			
Trade receivables	52,641	5,214	57,855
Other receivables	11,374	–	11,374
Pledged deposits	2,366	–	2,366
Cash and cash equivalents	44,864	–	44,864
Total undiscounted financial assets	111,245	5,214	116,459
Financial liabilities:			
Trade and other payables	61,885	1,868	63,753
Other liabilities	4,224	–	4,224
Finance lease obligations	2,640	2,620	5,260
Long term borrowings	1,098	51,079	52,177
Derivatives	–	2,234	2,234
Total undiscounted financial liabilities	69,847	57,801	127,648
Total net undiscounted financial assets/(liabilities)	41,398	(52,587)	(11,189)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

35. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

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

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. Surplus funds are placed with reputable banks.

The Group entered into an interest rate swap to manage the risk of interest rate hikes for Term loan 1 as disclosed in Note 26.

Sensitivity analysis for interest rate risk

At the statement of financial position date, if interest rates had been 10% (2010: 10%) lower/higher with all other variables held constant, the Group's profit before taxation would have been \$208,000 (2010: \$151,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

At the statement of financial position date, if SGD 3 months Swap Offer Rate had been 10% (2010: 10%) lower/higher with all other variables held constant, the Group's profit before taxation would have been \$217,000 (2010: \$202,000) lower/higher (net), arising as a result of higher/lower interest expense on interest rate swap.

(d) Foreign currency risk

The Group has transactional currency exposures arising from its ordinary course of business that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD. The foreign currency in which these transactions are denominated is mainly the United States Dollar ("USD"). The Group does not consider foreign exchange risk arising from Euro, Malaysian Ringgit and Hong Kong Dollar to be significant.

The Group also holds cash and short term deposits denominated in foreign currencies for working capital purposes. Such foreign currency balances for the Group and the Company are detailed in Note 22.

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

Sensitivity analysis for foreign currency risk

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

	Group	
	2011	2010
	\$'000	\$'000
USD – strengthened 5% (2010: 5%)	+63	+179
USD – weakened 5% (2010: 5%)	-63	-179

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 45% to 60%. The Group includes within net debt, bank borrowings and long term borrowings, trade and other payables, and other liabilities less cash and short-term deposits. Capital includes equity attributable to the equity holders of the parent.

	Group	
	2011	2010
	\$'000	\$'000
Loans and borrowings (Note 26)	108,943	54,965
Trade and other payables (Note 23)	57,757	63,753
Other liabilities (Note 24)	4,128	4,224
Less: Cash and short-term deposits (Note 22)	(53,591)	(47,230)
Net debt	117,237	75,712
Equity attributable to the equity holders of the parent	97,012	79,559
Total capital	97,012	79,559
Capital and net debt	214,249	155,271
Gearing ratio	55%	49%

37. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The Group has carried other investment at cost, less impairment loss (Note 12).

Financial instruments that are carried at fair value

Derivatives (Note 25)

Interest rate swap contracts are valued using a valuation technique with market observable input (Level 2 inputs) including the credit quality of counterparties and interest rate curves.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

37. Fair values of financial instruments (cont'd)

Non-current trade receivables and trade payables (Note 16 and 23)

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

There were no significant differences between the fair values and the carrying amounts of the non-current trade receivables and trade payables of the Group as at 31 December 2011.

Financial instruments whose carrying amounts approximate fair value

Current trade and other receivables and payables (excluding accrued staff costs) (Note 16, 17, 23 and 24), cash and short-term deposits (Note 22) and amounts due from/(to) subsidiaries (Note 18)

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

Loans and borrowings at floating rate (Note 26)

The carrying amount of these financial liabilities are reasonable approximation of fair values estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing arrangements at the statement of financial position date.

There were no significant differences between the fair values and the carrying amounts of the loans and borrowings of the Group as at 31 December 2011.

38. Segment information

(a) ***Business information***

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

Specialised engineering

This segment is in the business of post-tensioning, laying stay cable systems for structural engineering applications, piling and foundation systems, heavy lifting, bridge design and construction, maintenance, repair and retrofitting.

General construction

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

Property development

This segment is in the business of property development, focusing on developing residential properties.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

38. Segment information (cont'd)

(a) Business information (cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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

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

	Specialised engineering \$'000	General construction \$'000	Property development \$'000	Total \$'000
2011				
Revenue				
External revenue	78,871	243,168	91,256	413,295
Inter-segment revenue	20,090	36,153	–	56,243
Total revenue	98,961	279,321	91,256	469,538
Results:				
Interest income	(90)	(81)	(12)	(183)
Interest expense	112	85	3,301	3,498
Depreciation of property, plant and equipment	2,160	1,677	–	3,837
Share of results of associates	147	2	1,719	1,868
Other non-cash items:				
Allowance for doubtful receivables (net)	597	–	–	597
Fair value gain on derivatives	–	–	(1,814)	(1,814)
Write off of trade receivables	5	–	–	5
Share based compensation expense	52	57	–	109
Segment profit before tax	8,595	6,612	9,060	24,267
Income tax expense/(credit)	909	(45)	1,837	2,701
Assets				
Investment in associates	520	–	14,458	14,978
Additions to property, plant and equipment	4,004	2,638	–	6,642
Segment assets	49,615	75,328	174,152	299,095
Segment liabilities	32,063	60,828	107,771	200,662

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

38. Segment information (cont'd)

(a) Business information (cont'd)

	Specialised engineering \$'000	General construction \$'000	Property development \$'000	Total \$'000
2010				
Revenue				
External revenue	61,603	144,140	–	205,743
Inter-segment revenue	16,538	–	–	16,538
Total revenue	78,141	144,140	–	222,281
Results:				
Interest income	(102)	(56)	(3)	(161)
Interest expense	34	86	1,949	2,069
Depreciation of property, plant and equipment	581	1,887	–	2,468
Share of results of associates	103	–	7,544	7,647
Other non-cash items:				
(Write-back of)/allowance for doubtful receivables (net)	(238)	321	–	83
Fair value loss on derivatives	–	–	842	842
Write off of property, plant and equipment	–	332	–	332
Write off of trade receivables	419	–	–	419
Write-back of provision for loss in value of land relating to a development property	–	–	1,441	1,441
Segment profit before tax	10,339	9,137	5,067	24,543
Income tax expense	839	1,232	54	2,125
Assets				
Investments in associates	373	–	22,339	22,712
Additions to property, plant and equipment	3,409	5,612	–	9,021
Segment assets	35,688	96,575	113,592	245,855
Segment liabilities	26,186	87,863	53,375	167,424

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

38. Segment information (cont'd)

(a) Business information (cont'd)

Reconciliations of reported segment revenue, profits, assets, liabilities and other material items

	2011 \$'000	2010 \$'000
Revenue		
Total revenues for reportable segments	469,538	222,281
Management fee from an associate	28	28
Elimination of intersegment revenue	(56,243)	(16,538)
	413,323	205,771
Profit before taxation		
Total profit before tax for reportable segments	24,267	24,543
Management fee from an associate	28	28
Unallocated amounts:		
Other corporate income	1,018	33
Finance costs	–	(6)
Other corporate expenses	(2,253)	(2,444)
	23,060	22,154
Assets		
Total assets for reportable segments	299,095	245,855
Other unallocated amounts	513	2,761
	299,608	248,616
Liabilities		
Total liabilities for reportable segments	200,662	167,424
Other unallocated amounts	632	550
	201,294	167,974

	2011			2010		
	Reportable segment totals \$'000	Adjustments \$'000	Entity totals \$'000	Reportable segment totals \$'000	Adjustments \$'000	Entity totals \$'000
Other material items						
Interest income	183	–	183	161	2	163
Interest expense	3,498	–	3,498	2,069	6	2,075
Depreciation	3,837	37	3,874	2,468	55	2,523
Write off of trade receivables	5	–	5	419	124	543
Allowance for doubtful receivables (net)	597	–	597	83	–	83
Share based compensation expense	109	57	166	–	–	–
Additions to property, plant and equipment	6,642	–	6,642	9,021	–	9,021
Income tax expense	2,701	(8)	2,693	2,125	16	2,141

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011 (CONT'D)

38. Segment information (cont'd)

(b) Geographical segment

	Revenue		Non-current assets	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Countries				
Singapore	386,336	180,734	42,017	44,255
Malaysia	26,987	25,037	2,929	3,737
Sri Lanka	–	–	–	165
Others	–	–	98	98
	413,323	205,771	45,044	48,255

Information about a major customer

Revenue from one major customer amount to \$82,976,000 (2010: \$49,180,000) arising from the provision of building works and civil engineering services.

39. Events occurring after statement of financial position date

The Company acquired 544,000 treasury shares of the Company by way of market acquisition on the Singapore Exchange. The total amount paid to acquire the shares was \$125,379.

40. Comparative figures

The Company revisited classifications of its expenses to ensure that foreign exchange fluctuations will not affect the reporting of the Group's other operating income and administrative costs and ensure consistent presentation in the statement of comprehensive income, resulting in certain reclassifications being made to financial year 2010 financial statements to conform to financial year 2011 presentation. The reclassifications had no impact on profit for the year or equity.

A summary of the reclassifications described above are as follows:

	As previously reported 2010 \$'000	Reclassification 2010 \$'000	As restated 2010 \$'000
Statement of comprehensive income			
Administrative costs	(5,285)	630	(4,655)
Other expense	–	(701)	(701)
Finance costs	(2,988)	71	(2,917)

41. Authorisation of financial statements

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 26 March 2012.

CORPORATE GOVERNANCE

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

Board of Directors (Code of Corporate Governance Principles 1, 2 and 4)

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

Executive : **Mr. Tan Kheng Hwee Andrew**

Non-Executive : **Mr. Bruno Sergio Valsangiacomo**
Mr. Peter Michael Ekberg
Mr. Marcel Poser (alternate to Mr. Peter Michael Ekberg, appointed on 4 August 2011)

Independent : **Prof. Yong Kwet Yew**
Ms. Luk Ka Lai Carrie
Mr. Soh Gim Teik

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

Six (6) board meetings were convened and held in the financial year ended 31 December 2011. Directors of the Company attended meetings of the Board as well as meetings of the committees on which they served during the year 2011.

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

Every Director will receive appropriate orientation training when he/she is first appointed to the Board. This is to ensure that each incoming Director is familiar with the Company's business and governance practice. The Directors are also kept informed of the relevant new laws, regulations and changing commercial risks, from time to time.

Access to Information (Code of Corporate Governance Principles 6 and 10)

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

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

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

Chairman and Chief Executive Officer (Code of Corporate Governance Principle 3)

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

CORPORATE GOVERNANCE (CONT'D)

The Chairman's role includes the following:

- (a) scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- (b) preparing agendas for meetings in consultation with the Chief Executive Officer;
- (c) exercise control over quality, quantity and timeliness of the flow of information between management and the Board;
- (d) assist in ensuring compliance with Company's guidelines on corporate governance;
- (e) facilitating the effective contribution of the Independent Directors;
- (f) ensuring effective communication with shareholders.

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

Audit Committee (Code of Corporate Governance Principles 11, 12 and 13)

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

Ms. Luk Ka Lai Carrie – Chairperson

Prof. Yong Kwet Yew

Mr. Soh Gim Teik

Four (4) meetings were held during the financial year 2011.

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

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

The AC has reviewed and is satisfied that the external auditors have not provided any non-audit services to the Group during the financial year 2011 that will prejudice their independence and objectivity.

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

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

The Company has in place a whistle-blowing framework which serves to encourage and provide a channel whereby employees may, in good faith and in confidence, raise concerns about possible improprieties in financial reporting and other concerns, to ensure independent investigation of such matters and appropriate follow-up action.

CORPORATE GOVERNANCE

(CONT'D)

Internal Control (Code of Corporate Governance Principle 12)

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

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

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

Internal Audit (Code of Corporate Governance Principle 13)

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

The Internal Auditors report primarily to the Audit Committee.

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

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

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

CORPORATE GOVERNANCE

(CONT'D)

Nomination Committee (Code of Corporate Governance Principles 4 and 5)

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

Prof. Yong Kwet Yew – Chairman

Ms. Luk Ka Lai Carrie

Mr. Soh Gim Teik

Two (2) NC meetings were held in year 2011 to advise, recommend the re-election of retiring directors and election of Mr Marcel Poser, an alternate Director to Mr. Peter Michael Ekberg. The Committee has the responsibility of determining the independence of Directors.

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

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

Name	Date of First Appointment	Date of Last Re-election/Re-appointment
Mr. Tan Kheng Hwee Andrew	01/04/1994	28/04/2010
Mr. Bruno Sergio Valsangiacomo	11/02/1997	28/04/2011
Prof. Yong Kwet Yew	19/08/1997	28/04/2011
Ms. Luk Ka Lai Carrie	24/09/1997	28/04/2010
Mr. Soh Gim Teik	08/08/2008	28/04/2009
Mr. Peter Michael Ekberg	28/04/2009	28/04/2010
Mr. Marcel Poser (alternate to Mr. Peter Michael Ekberg)	04/08/2011	–

In accordance with the Articles of Association of the Company, the following Directors are due to retire pursuant to Article 117 at the AGM:

Mr. Soh Gim Teik

Ms. Luk Ka Lai Carrie

The NC has recommended (with Mr. Soh Gim Teik and Ms. Luk Ka Lai Carrie abstained from the voting of their own respective nomination) their re-election as Directors of the Company at the AGM. In making their recommendations, the NC evaluates their contributions and performance at the Board or Board committees, where applicable, participation and any special contributions.

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

If re-elected at the AGM, Ms. Luk Ka Lai Carrie, being an independent Non-executive Director, will remain as the Chairperson of the AC, and a member of the NC.

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

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

CORPORATE GOVERNANCE
(CONT'D)**Remuneration Committee (Code of Corporate Governance Principles 7, 8 and 9)**

The Remuneration Committee ("RC") comprises two (2) non-executive Directors, with the chairman being an independent non-executive Director. They are:

Prof. Yong Kwet Yew - Chairman
Mr. Bruno Sergio Valsangiacomo

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

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

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

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

Directors' Remuneration

The following information relates to remuneration of Directors of the Company:

The remuneration bands and components of the Directors' Remuneration for FY2011 are as follows:

Directors	Basic salary %	Variable performance bonus %	Benefits-in-kind and others %	Director's fee %	Total %
\$500,000 and above					
Mr. Tan Kheng Hwee Andrew	22	74	3	1	100
\$250,000 to below \$500,000					
Below \$250,000					
Mr. Bruno Sergio Valsangiacomo	—	—	—	100	100
Prof. Yong Kwet Yew	—	—	—	100	100
Ms. Luk Ka Lai Carrie	—	—	—	100	100
Mr. Soh Gim Teik	—	—	—	100	100
Mr. Peter Michael Ekberg/Dr. Pietro Brenni ⁽¹⁾	—	—	—	100	100

Notes:

(1) Dr. Pietro Brenni was alternate director to Mr. Peter Michael Ekberg until 4 August 2011

The Directors' fees were approved at the annual general meeting.

Key Executives

The Company does not have any employee who is a relative of a director or Chief Executive Officer or substantial shareholder in FY2011. Key executives' compensation consists of salary, bonus and performance awards that are dependent on the performance of the Group and individual performance.

CORPORATE GOVERNANCE

(CONT'D)

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

Remuneration Bands	2011	2010
\$500,000 and above	–	–
\$250,000 to below \$500,000	3	2
Below \$250,000	2	3
Total	5	5

The Company is of the view that given the sensitive nature of employees' remuneration, disclosure of the top five key executives based on their respective remuneration is not in the best interest of the Company and the Group as it would disadvantage the Group in relation to its competitors.

The BBR Share Plan

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

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

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

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

Communication with Shareholders (Code of Corporate Governance Principles 14 and 15)

The Directors and management of the Company believe that regular, effective and fair communication with shareholders is part of a good corporate governance practice. The Company releases information on financial statements within the prescribed period set by the authorities and other material information is disclosed to the shareholders on a timely basis via SGXNET announcements, press releases on major developments of the Group, press and analysts briefings on the Company's financial results.

The Company does not issue summary annual reports; instead shareholders of the Company receive detailed annual reports and notices of annual general meetings.

The general meetings are the principal forum for dialogue with shareholders and venues for shareholders to express their views on various matters affecting the Company and to stay informed of the Group's strategy and goals. The chairpersons of the respective committees, if possible, are present and available to address questions at general meetings. The external auditors are invited to general meetings, in particular, the annual general meetings, to assist the Directors in addressing any relevant queries by the shareholders.

Dealings in the Company's Shares (Rule 1207(18) of the Mainboard Rules of SGX-ST Listing Manual)

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

CORPORATE GOVERNANCE

(CONT'D)

Risk Management Policies and Processes (Rule 1207(4)(d) of the Mainboard Rules of SGX-ST Listing Manual)

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

The financial risks and management of the Group are disclosed in the financial statements ended 31 December 2011. Other risks and their management are as follows:

Contractual Risks and Management

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

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

Technical Risks and Management

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

Material Contracts (Rule 1207(8) of the Mainboard Rules of SGX-ST Listing Manual)

There were no material contracts entered into by the Company and its subsidiaries in FY2011 which involved the interests of the chief executive officer, any director or controlling shareholder of the Company, except as disclosed in the financial statements.

Interested Person Transactions (Rule 907 of the Mainboard Rules of SGX-ST Listing Manual)

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

Name of interested person	Aggregate value of all interested persons transactions conducted during the year	
	2011 \$'000	2010 \$'000
<i>Provision of Services</i>		
Engineering 2000 (A firm where the Chief Executive Officer of the Company is a partner)	60	60
<i>Licence Fee</i>		
BBR VT International Ltd (A related corporation of BBR Holding Ltd, Switzerland, a controlling shareholder of the Company)	193	181

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

STATISTICS OF SHAREHOLDINGS

AS AT 22 MARCH 2012

Number of shares issued : 305,248,418
 Class of securities : Ordinary shares
 Voting Rights : One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1,714	16.18	811,522	0.26
1,000 – 10,000	6,118	57.74	27,557,258	9.03
10,001 – 1,000,000	2,743	25.89	118,947,989	38.97
1,000,001 and above	20	0.19	157,931,649	51.74
Total	10,595	100.00	305,248,418	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	BBR Holding Ltd	85,632,978	28.05
2	Tan Kheng Hwee Andrew	16,600,474	5.44
3	DB Nominees (S) Pte Ltd	11,467,000	3.76
4	DBS Nominees Pte Ltd	7,760,400	2.54
5	Ong Kian Kok	4,865,000	1.59
6	Hong Leong Finance Nominees Pte Ltd	4,304,000	1.41
7	United Overseas Bank Nominees Pte Ltd	3,921,200	1.28
8	Koh Seow Ngang	3,102,000	1.02
9	Duncan Products Pte Ltd	2,700,073	0.88
10	Phillip Securities Pte Ltd	2,425,000	0.79
11	OCBC Nominees Singapore Pte Ltd	2,276,400	0.75
12	OCBC Securities Private Ltd	1,976,400	0.65
13	Tiong Woon Crane & Transport (Pte) Ltd	1,696,788	0.56
14	HSBC (Singapore) Nominees Pte Ltd	1,640,796	0.54
15	TYT Builders Pte Ltd	1,560,182	0.51
16	Ryobi-Kiso (S) Pte Ltd	1,481,200	0.49
17	Maybank Kim Eng Securities Pte Ltd	1,286,558	0.42
18	Jonathan Chadwick	1,166,000	0.38
19	Khoo Kah Hoe	1,038,000	0.34
20	UOB Kay Hian Pte Ltd	1,031,200	0.34
Total		157,931,649	51.74

PUBLIC SHAREHOLDING

As at 22 March 2012, based on the registers of shareholders and to the best knowledge of the Company, approximately 66.38% of the Company's shares were held in the hands of the public. The Company has complied with the Mainboard Rule 723 of the Listing Manual of the Singapore Securities Trading Limited.

STATISTICS OF SHAREHOLDINGS
AS AT 22 MARCH 2012 (CONT'D)

SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2012

Name	Direct Interest No of Shares	Deemed Interest No of Shares	Total Interest No of Shares
BBR Holding Ltd, Switzerland	85,632,978	–	85,632,978
Tectus S.A. ⁽¹⁾	–	85,632,978	85,632,978
Marco Brandestini ⁽²⁾	–	85,632,978	85,632,978
Claudia Valsangiacomo-Brandestini ⁽²⁾	–	85,632,978	85,632,978
Bruno Sergio Valsangiacomo ⁽³⁾	–	85,632,978	85,632,978
Tan Kheng Hwee Andrew ⁽⁴⁾	16,600,474	228,400	16,828,874

Notes:

- (1) Tectus S.A. is deemed to have interests in the Company's shares held by BBR Holding Ltd, Switzerland by virtue of their holding in aggregate not less than 20% of the voting shares of BBR Holding Ltd.
- (2) Mr. Marco Brandestini and Mrs Claudia Valsangiacomo-Brandestini are each deemed to have an interest in the Company's shares held by BBR Holding Ltd, Switzerland by virtue of his/her holding not less than 20% of the voting shares of Tectus S.A..
- (3) Mr. Bruno Sergio Valsangiacomo is deemed to have an interest in the Company's shares held by BBR Holding Ltd, Switzerland by virtue of him together with his wife, Mrs Claudia Valsangiacomo-Brandestini, holding an aggregate not less than 20% of the voting shares of Tectus S.A..
- (4) Mr. Tan Kheng Hwee Andrew is deemed to have an interest in the Company's shares held by his wife, Ms Koh Peck Poh, Phyllis.

NOTICE OF ANNUAL GENERAL MEETING

BBR HOLDINGS (S) LTD

(Incorporated in the Republic of Singapore)
Company Registration No. 199304349M

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of BBR HOLDINGS (S) LTD (the "Company") will be held at 50 Changi South Street 1, BBR Building, Singapore 486126 on Friday, 27 April 2012 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited Financial Statements of the Company for the year ended 31 December 2011 together with the Auditors' Report thereto. **(Resolution 1)**
2. To declare a first and final (tax exempt one-tier) dividend of 0.8 cents per ordinary share for the financial year ended 31 December 2011 (2010: 0.6 cents). **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 117 of the Company's Articles of Association:-
 - 3.1 Mr. Soh Gim Teik
(Note: Mr. Soh Gim Teik is an Independent Non-Executive Director, a member of Audit Committee/Nomination Committee. He will upon re-election as a Director of the Company, remains as a member of Audit Committee/Nomination Committee.) **(Resolution 3)**
 - 3.2 Ms. Luk Ka Lai Carrie
(Note: Ms. Luk Ka Lai Carrie is an Independent Non-Executive Director, Chairperson of the Audit Committee and a member of the Nomination Committee. She will upon re-election as a Director of the Company, remains as the Chairperson of the Audit Committee and a member of the Nomination Committee.) **(Resolution 4)**
4. To approve the payment of \$230,000.00 as Directors' fees for the year ended 31 December 2011 (2010: \$225,000.00). **(Resolution 5)**
5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

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

General Share Issue Mandate

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

- (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares; and/or
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues, at any time upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

- (b) issue Shares in pursuance of any Instrument made or granted by the Directors while such authority was in force (notwithstanding that the authority conferred by the members may have ceased to be in force);

Provided that

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution):
- (A) does not exceed 50% of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below); and
- (B) the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under the aforesaid sub-paragraph (1) above, the percentage of issued shares shall be based on the number of issued shares excluding treasury shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:-
- (A) new shares arising from the conversion or exercise of convertible securities; or
- (B) new shares arising from the exercise of share option or the vesting of share awards outstanding or subsisting at the time this Resolution is passed; and
- (C) any subsequent bonus issue, consolidation or subdivision of shares, where applicable.
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by laws to be held, whichever is earlier." (See *Explanatory Note 1*)

(Resolution 7)

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

Authority to issue shares under the BBR Share Plan

"THAT the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the BBR Share Plan ("**Plan**") and to allot and issue from time to time such number of ordinary shares in the capital of the Company ("**Shares**") as may be required to be allotted and issued pursuant to the vesting of awards under the Plan provided that the aggregate number of new Shares issued and to be issued pursuant to the Plan shall not exceed 10% of the total number of issued Shares of the Company excluding treasury shares from time to time." (See *Explanatory Note 2*)

(Resolution 8)

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

BY ORDER OF THE BOARD

Chiang Chai Foong
Company Secretary

Singapore, 12 April 2012

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes to the Notice of Annual General Meeting

- (1) Ordinary Resolution 7 in item 6, if passed, will empower the Directors to issue shares and convertible securities in the Company up to a number not exceeding 50% of the total number of issued shares of the Company (excluding treasury shares), of which up to 20% may be issued other than on a pro rata basis to the existing shareholders. For the purpose of determining the aggregate number of shares and convertible securities that may be issued, the percentage of issued shares is based on the Company's issued share capital (excluding treasury shares) at the date of passing of the Resolution after adjusting for new issuance of shares, any subsequent consolidation or subdivision of shares, where applicable.
- (2) Ordinary Resolution 8 in item 7, if passed, will authorise the Directors of the Company to grant awards in accordance with the provisions of the BBR Share Plan and to allot and issue shares thereunder.

Notes:

1. A member of the Company entitled to attend and vote at the above meeting may appoint not more than two (2) proxies to attend and vote in his stead. However, where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
2. A proxy need not be a member of the Company. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorized.
3. The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Changi South Street 1, BBR Building, Singapore 486126 at least forty-eight (48) hours before the time appointed for the holding of the meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that the Transfer Book and the Register of Members of the Company will be closed from 9 May 2012 to 10 May 2012, both dates inclusive for the purpose of determining members' entitlements to the first and final (tax exempt one-tier) dividend of 0.8 cents per share (the "Proposed Dividend").

Duly completed registrable transfers received by the Company's share registrar, Boardroom Corporate and Advisory Services Pte. Ltd. of 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 pm on 8 May 2012 will be registered to determine members' entitlements to the Proposed Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 pm on 8 May 2012 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved at the Eighteenth Annual General Meeting to be held on 27 April 2012, will be paid on 18 May 2012.

BY ORDER OF THE BOARD

Chiang Chai Foong
Company Secretary

Singapore, 12 April 2012

PROXY FORM

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

BBR HOLDINGS (S) LTD

(Incorporated in the Republic of Singapore)

Company Registration No. 199304349M

IMPORTANT:

1. For investors who have used their CPF monies to buy the shares of BBR Holdings (S) Ltd, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

* I/We _____

of _____

being a *member/members of BBR Holdings (S) Ltd (the "Company"), hereby appoint

Name	NRIC/Passport No	Proportion of Shareholdings	
Address		No. of Shares	%

*and/or

Name	NRIC/Passport No	Proportion of Shareholdings	
Address		No. of Shares	%

as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Eighteenth Annual General Meeting ("AGM") of the Company to be held at 50 Changi South Street 1, BBR Building, Singapore 486126 on Friday, 27 April 2012 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated below. If no specific direction as to voting is given or in the event of any matter arising at the AGM, *my/our *proxy/proxies will vote or abstain from voting at *his/her own discretion.

No	Resolution relating to	To be used on a show of hands		To be used in the event of a poll	
		For ⁽¹⁾	Against ⁽¹⁾	No. of votes	
				For ⁽²⁾	Against ⁽²⁾
	Ordinary Business				
1.	Audited Financial Statements, Report of Directors' and Auditors				
2.	Approval of Dividend				
3.	Re-election of Mr. Soh Gim Teik as Director				
4.	Re-election of Ms. Luk Ka Lai Carrie as Director				
5.	Approval of Directors' Fees				
6.	Re-appointment of Auditors and authority to fix their remuneration				
	Special Business				
7.	General Share Issue Mandate				
8.	Authority to issue shares under the BBR Share Plan				

* Delete where applicable

(1) Please indicate your vote "For" or "Against" with a "√" within the box provided

(2) If you wish to use all your votes "For" or "Against", please indicate with a "√" within the box provided. Otherwise, please indicate the number of votes.

Dated this _____ day of _____ 2012

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

Signature(s) of the Shareholder(s)/
Common Seal of Corporate Shareholder

Notes:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of shares to be represented by each proxy.
3. A member should insert the total number of shares held.
- 3.1 If the member has shares entered against his name in the Depository Register (as defined under Section 130A of the Companies Act, Chapter 50, he should insert that number of shares.
- 3.2 If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. The instrument appointing a proxy or proxies must be executed either under its common seal or under the hand of its attorney or a duly authorised officer if it is to be executed by a corporation.
5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof shall be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporate member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50.
7. The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Changi South Street 1, BBR Building, Singapore 486126 at least forty-eight (48) hours before the time appointed for the holding of the meeting.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
9. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member is not shown to have shares entered against his name in the Depository Register forty-eight (48) hours before the time appointed for the holding of the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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AFFIX
STAMP

Company Secretary
BBR HOLDINGS (S) LTD
50 CHANGI SOUTH STREET 1
BBR BUILDING
SINGAPORE 486126

Please fold here



BBR HOLDINGS (S) LTD

Registration No.: 199304349M

BBR Building/50 Changi South Street 1/Singapore 486126
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